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FRAUD TYPOLOGY: FRAUD AND MONEY LAUNDERING SCHEME

SUMMARY:

On 18th November 2022 the Financial Intelligence Unit received a Suspicious Transaction Report (STR) from a Real Estate Agent/Broker. The local real estate firm (the Institution) reported receiving an email inquiry from a senior associate at a local law firm (the Firm), seeking an update on the status of a proposed development involving a potential new client (John). The inquiry referenced a letter of intent (LOI) purportedly issued on the Institution's letterhead, which suggested that the Institution was already engaged with the client in relation to a purchase agreement. However, upon investigation, the Institution confirmed it had no record of any association with the client in question and deemed the LOI to be fraudulent, as it did not originate from their office. This incident raises concerns regarding the authenticity of the documents and the potential risks of misrepresentation in the real estate and legal sectors.

BACKGROUND INFORMATION:

1. John (non-Bahamian) was introduced to a lawyer, Sam, through a mutual acquaintance, Curt (non-Bahamian), in relation to a potential real estate investment opportunity in The Bahamas.
 2. Curt, who was already conducting business with Sam's law firm concerning a real estate acquisition, engaged John in discussions regarding another investment.
 3. Subsequently, John retained Sam's law firm to facilitate his own real estate purchase, transferring an initial payment of \$70,000 into an account held by the firm at a local commercial bank.
 4. Several months later, John made an additional payment of \$120,000 to the same bank account, based on representations that the payment would result in savings from a seller-paid stamp tax as well as reduced legal fees.
 5. Despite the passage of time, there was no tangible progress or updates on the real estate transaction. After multiple attempts to obtain information, John requested the return of his funds. However, communication from Sam's law firm ceased entirely, leaving John with no resolution.
 6. In response, John engaged the services of The Firm to report the matter to the authorities and pursue legal action against Sam and his law firm for potential fraud and breach of trust.
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POSSIBLE FRAUD TYPOLGIES:

1. Investment Fraud / Real Estate Fraud:

- Fraudulent schemes target individuals with promises of investment opportunities that do not exist or are misrepresented. There may be potential fraudulent representation to promote real estate transactions as legitimate, encouraging the victim to make investments based on false premises.

2. Document Forgery and Misrepresentation:

- Involves creating and using fake documents (e.g., the forged LOI) to deceive parties into believing a false relationship or agreement exists. Also. misusing a company or professional's identity (e.g., using the real estate firm's letterhead) to create the appearance of legitimate transactions.

3. Breach of Trust and Fiduciary Duty:

- The misuse of the letterhead and the creation of fraudulent documents undermine the trust that clients and partners place in these institutions. This type of fraud typically involves professionals exploiting their position to deceive or misappropriate client funds or assets.

4. Money Laundering via Legal Services:

- The illegal use of client's funds for unauthorized purposes hidden behind fraudulent activities and documents. The investment funds received were misappropriated, misused, and never recovered.
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All relevant intelligence and documents obtained by the FIU were forwarded to Law Enforcement Authorities for investigation.