



# MONEY MULES: WHAT IS THEIR ROLE IN MONEY LAUNDERING?

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# WHAT IS A MONEY MULE?

According to several authorities, (Interpol 2022; Europol 2023aUS Department of Justice 2023):

- A money mule is a person who receives money from a third party in their bank account and transfers it to another one or takes it out in cash and gives the funds to another person.
- Money mules also open bank accounts and obtain cards, e-wallets and other financial instruments on behalf of a third party so it can be used to transfer funds and conduct other transactions.
- Money mules often obtain a commission from professional money launderers and/or criminals in exchange for moving illicit proceeds.
- In some cases, persons are tricked into becoming money mules by transferring cash or allowing their accounts to be used on someone else's direction.



# HOW ARE MONEY MULES RECRUITED?

Interpol (2022) notes that criminals recruit money mules in various ways, such as:

- **Job scams:** persons are contacted about a new job without having applied to any position and where the “employer” does not provide any details about their company.
  - These can also include fake job adverts announced via online job forums, emails, social media or pop-up ads.
- **Romance scams:** persons are contacted online via social media or a dating platform.
- **Investment scams:** messages are received promising to make big returns on an investment relatively easily.
- **Impersonation scams:** calls or messages from individuals pretending to be from courier companies or government agencies asking for personal/bank details.
- **On the street/in-person:** criminals may approach individuals directly on the street with promises of making quick cash.





## **WHO ARE TARGETED BY CRIMINALS TO BECOME MONEY MULES?**

Criminals often target groups who are financially vulnerable and may be more susceptible to offers of making easy money or who are trusting. These include: (Europol 2023; Council of Europe 2020, ps. 10-12)

- New immigrants to a country, who are often targeted soon after arrival.
- Unemployed individuals or those in economic hardship.
- Young persons under the age of 35 years old, and as young as 12 years old.
- Students, particularly at university level who may be experiencing difficulties due to education and living expenses.







# **HOW ARE MONEY MULES CONNECTED TO MONEY LAUNDERING (ML)?**

- Although they are not involved directly in the offences, money mules are accomplices as they launder the proceeds of the crimes.
- Even in cases where a person unwittingly becomes a money mule, there can still be serious legal and financial consequences.
  - These may include a fine, incarceration and being denied access to financial services and products.
- Considerable amounts of money mule transactions are linked to cybercrimes against individuals and institutions, such as phishing, malware attacks, credit card fraud, business e-mail compromise and other types of other scams.
- The mule is usually the physical part of a money laundering chain; the mechanism that turns the proceeds of cybercrime into 'real money' and obfuscates the illicit origins of the funds.



## **ROLE OF MONEY MULES IN ML**

Leukfeldt and Jansen 2015, ps. 3-5 described the specific roles of money mules in cybercrime:

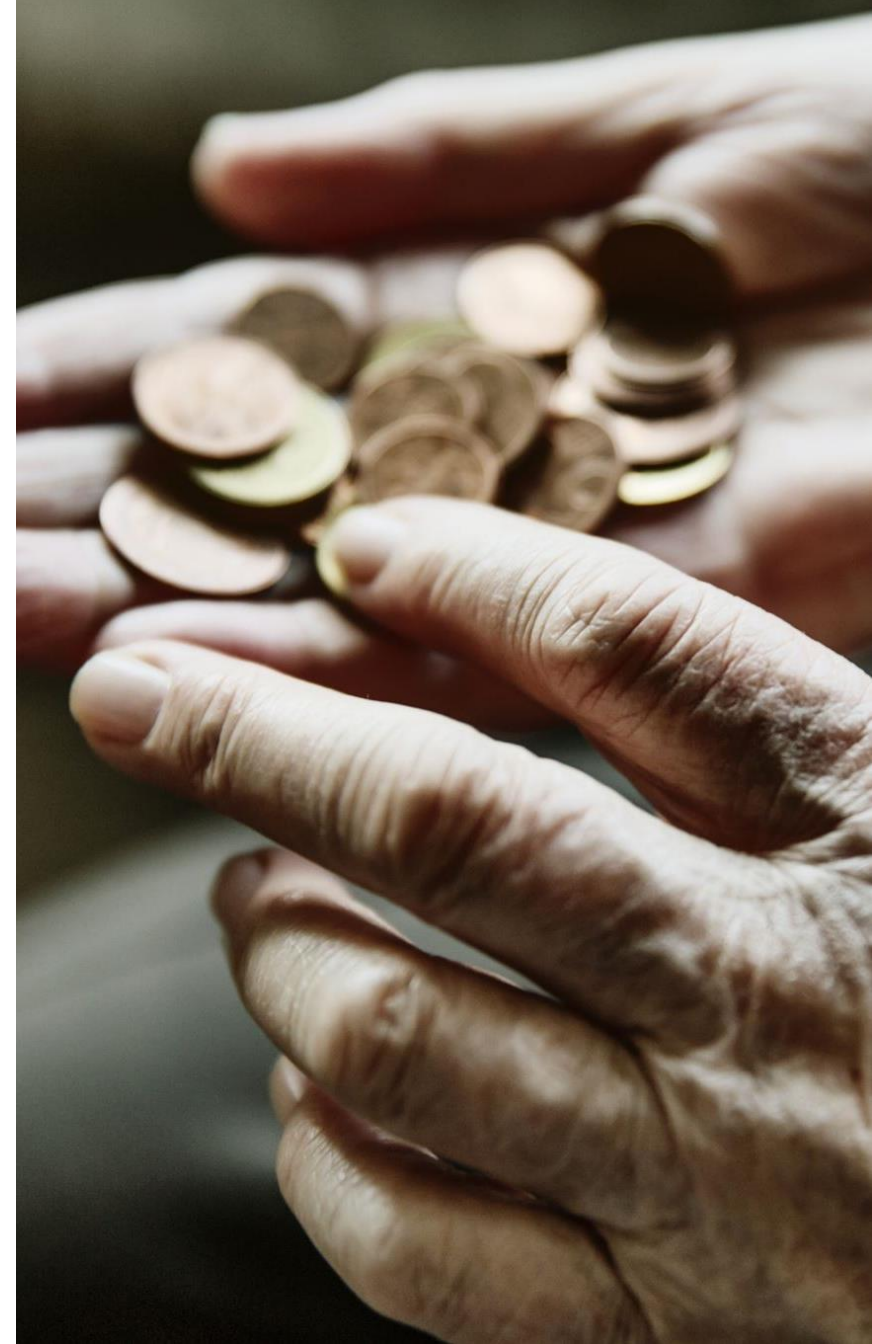
- Cyber criminals use phishing and malware to capture victims' login credentials and then pose as bank employees to get access to victims' accounts with 'one-time passwords'.
- To obscure the trail of stolen funds, money is transferred to the money mule's bank account.
- Multiple mule accounts may be used to further conceal the cash trail.
- The money is then quickly taken out in cash and given to another party or transferred to the criminals' accounts.





## **ROLE OF MONEY MULES IN ML**

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- In some cases, cyber criminals attack financial institutions by installing malware on the systems or by hacking databases with customer credentials.
- Stolen funds are then transferred to bank accounts or e-wallets of money mules before being sent to accounts controlled by the criminals.







# **MONEY MULE CASE STUDY: USE OF MONEY MULES TO LAUNDER CRIMINAL PROCEEDS**

Person A was recruited by a Nigerian syndicate to receive money in her bank accounts. She was promised commissions of up to SGD 5 000 (EUR 3 160) for each transaction. Person A received criminal proceeds from fraud committed in the US and the Bahamas into her bank accounts. Most of the funds were transferred out or withdrawn within a few days of receipt, upon instructions of the Nigerian-based OCG.

Not only did Person A serve as a receptacle for illicit proceeds, she also recruited two other money mules. The control of the mules' bank accounts allowed her to obscure the locations of the illicit proceeds through layering, and enabled her to evade detection as the funds were spread out over multiple accounts. Through this network, Person A and her money mule network received a total of 12 fraudulent wire transfers, amounting to SGD 5 million (EUR 3 16 million) from overseas victims into their bank accounts in Singapore, within a period of six weeks.

Person A was convicted and sentenced to 72 months' imprisonment for receiving stolen property and ML offences.

Source: Singapore





# **MONEY MULE NETWORKS**

The 2018 FATF Report on 'Professional Money Laundering' (ps. 22-23) describes the connection between money mule schemes and ML:

- Money mule schemes may evolve into a professional money laundering mechanism.
- These kinds of schemes are usually associated with criminal networks that operate illicit cross border crimes, such as cybercrime and the sale of illicit goods online.
- Money mule networks have been used to open numerous individual bank accounts locally as well as in global financial centres to facilitate the movement of criminal funds.
- Bank accounts opened by the mules serve as the initial layering stage in the laundering process.
- Criminals continue to find the combination of money mule accounts, cash withdrawals and wire transfers to be an effective way to layer proceeds.



# MEASURES TO MITIGATE MONEY MULING

As financial institutions are primarily used to transfer funds locally and internationally, they can be susceptible to money muling, as they provide criminals an avenue to launder money. The following are some measures that can be used to identify money muling activity:

## Financial Institutions

- Ongoing account monitoring: accounts must be reviewed for unusual and suspicious activity. Automated monitoring systems should capture details of transactions, such as the frequency, amount, identity and/or geographic location of the persons involved.
- Monitoring the origin of transactions: FIs can investigate the nature of the relationship between their customer who is transferring or investing funds for a third party from a high-risk country. If the funds are from criminal activity, a suspicious transaction report (STR) should be filed with the FIU.



## Financial Institutions (continued)

- Robust CDD and KYC measures: strong CDD processes includes identifying account owners and legal beneficiaries before the establishment of a business relationship, which can reduce exposure to money mules. High-quality, updated information on customers should also be maintained.

**Individuals** can also take steps to protect themselves from being used unwittingly as money mules, such as:

- Do not give bank account or any other personal details to anyone unless you know and trust them.
- Secure your bank cards. Never not disclose your online banking login details, PIN, CVV number.







## Individuals continued

- Be extremely cautious of unsolicited emails or offers made over social media or in person, promising easy money.
- Do not engage in any job offer involving money transfers through one's bank account, regardless of how authentic they may seem.





## REFERENCES

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We hope that you found this publication interesting. The final article in this series will be on the misuse of online payment systems and mobile money for ML/TF.



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