

Proliferation Financing

Proliferation financing is defined as the act of providing funds or financial services that are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling, or use of nuclear, chemical, or biological weapons (weapons of mass destruction) and their means of delivery and related materials—including technologies and dual-use goods used for non-legitimate purposes—in violation of national laws or international obligations

What are the common tactics used to evade proliferation financing sanctions?

Common tactics used to **evade proliferation financing sanctions** include:

- **Using intermediaries and front companies:** Illicit actors often set up shell or front companies, or use third-party suppliers and intermediaries, to hide the true beneficiary and origin of goods or funds.
- **Obscuring beneficial ownership:** Complex ownership structures are used to conceal the identities of those ultimately controlling or benefiting from transactions.
- **Utilising third-party bank accounts:** Transactions may be routed through accounts in third countries or via third-party payments to avoid detection.
- **Exploiting virtual assets and new technologies:** Digital currencies and other financial technologies are leveraged to move funds covertly.
- **Co-mingling funds:** Illicit transactions are mixed with legitimate business operations to disguise their true purpose.
- **Exploiting trade and shipping networks:** Use of transshipment hubs, vessels, or ports with weak controls to move goods or funds undetected.
- **Changing company directors or ownership:** Frequently altering the management or ownership of companies to avoid links to sanctioned parties.
- **Withdrawing bulk cash or gold:** Moving physical assets across borders to bypass formal financial systems.

These tactics are designed to obscure the origin, destination, and beneficiaries of funds or goods, making detection and enforcement challenging.