

Why the Use of Algorithmic Manipulation is Essential in Sanction Screening System Testing

INSIGHT

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UNDERSTANDING NAME STRUCTURES IN LATIN AMERICA

This paper aims to provide specific insight and understanding about the construction of Latin American names. It will help you to fully appreciate the high number of name variations that could potentially be used by a citizen of a Latin American country, either legitimately or to avoid detection during the sanction screening process.

It also demonstrates the importance of using algorithmically manipulated datasets to test your sanction screening system. By using manipulated test sets, your screening software will be carefully tested to ensure it can match and create an alert for a sanctioned individual if they are using (or attempting to use) a variant of their name.

Individuals and entities involved in illicit financial activities will go to extreme lengths to hide and move money and do so in many ways. They may open bank accounts, create complex networks of offshore entities or purchase property overseas. During this process, they may deliberately attempt to disguise their identity by using false names, aliases, or unusual name variations.

All these eventualities increase the challenge for financial institutions and drive how thresholds are set for matching and alerting against sanctioned names and entities when routinely screening customer and transaction data.

A high number of Venezuelan citizens have recently been sanctioned by the United States. These individuals are mostly high-ranking government officials associated with the Venezuelan state-owned oil company or involved with the Venezuelan Constituent Assembly elections in 2017.

Most countries in Latin America follow a traditional naming system that differs from those used in Europe, North America and Asia Pacific. The following examples demonstrate the name structure most Latin American countries follow and accept. In Argentina, however, using a maternal surname is more unusual – normally, only the first and paternal names are used.

Example: Nicolás Maduro Moros

The first example is Nicolás Maduro Moros, the current President of the Bolivarian Republic of Venezuela, born on 23 November 1962. This individual was first sanctioned by the United States on 31 July 2017.

His name is constructed as follows:

<i>First name</i>	<i>Second name</i>	<i>Paternal name</i>	<i>Maternal name</i>
Nicolás	-	Maduro	Moros

The is the current entry for Nicolás Maduro Moros on the OFAC website, where he is named on the Specially Designated Nationals (SDN) list (no specified alias):

Type:	Individual	List:	SDN
Last Name:	MADURO MOROS	Program:	VENEZUELA; IRAN-CON-ARMS-EO
First Name:	Nicolas	Nationality:	Venezuela
Title:	President of the Bolivarian Republic of Venezuela	Citizenship:	Venezuela
Date of Birth:	23 Nov 1962	Remarks:	
Place of Birth:	Caracas, Venezuela		

Identifications:

Type	ID#	Country	Issue Date	Expire Date
Cedula No.	5892464	Venezuela		
Gender	Male			

Addresses:

Address	City	State/Province	Postal Code	Country
	Caracas	Capital District		Venezuela

The official OFAC entry does not provide any aliases or “AKAs”. However, this individual could legitimately use several acceptable name variations when attempting to carry out any financial or commercial activity.

A selection of these could be as follows:

- Nicolás Maduro
- Nicolas Maduro
- Nicolás Maduro Moros
- Nicolas Maduro Moros
- Nicolas Maduro M.
- Maduro, Nicolas
- Maduro, Nicolás
- Maduro Moros, Nicolas
- Maduro M, Nicolas

The following name variations represent more unusual examples of name usage where the paternal surname is omitted. However, they would all still correspond to the full name on a passport or identity document, which could be presented during the initial due diligence stage:

- Nicolas Moros
- Nicolás Moros
- Nicolas M. Moros
- Moros, Nicolas
- Moros, Nicolás M.
- M. Moros, Nicolas

In simple terms, these name variations could be used to deliberately change an individual's identity, thus avoiding detection in sanctions screening systems when attempting a financial or commercial activity.

Example: Nicolás Ernesto Maduro Guerra

A second example is Nicolás Ernesto Maduro Guerra, the son of the current President of the Bolivarian Republic of Venezuela. He was born on 21 June 1990 and was sanctioned by the United States on 28 June 2019.

This individual's name is constructed as follows:

First name	Second name	Paternal name	Maternal name
Nicolás	Ernesto	Maduro	Guerra

This is the current entry for Nicolás Ernesto Maduro Guerra on the OFAC website, where he is named on the Specially Designated Nationals (SDN) list (no specified alias):

Type:	Individual	List:	SDN
Last Name:	MADURO GUERRA	Program:	VENEZUELA
First Name:	Nicolas Ernesto	Nationality:	
Title:		Citizenship:	
Date of Birth:	21 Jun 1990	Remarks:	
Place of Birth:			

Identifications:

Type	ID#	Country	Issue Date	Expire Date
Cedula No.	19398759	Venezuela		
Gender	Male			

Addresses:

Address	City	State/Province	Postal Code	Country
	Caracas	Capital District		Venezuela

Nicolás Ernesto Maduro Guerra could use the following acceptable name variations, of which the first two are identical to those used by his father:

- Nicolas Maduro
- Nicolás Maduro
- Nicolas Maduro Guerra
- Nicolas Maduro Guerra
- Nicolas Ernesto Maduro Guerra
- Nicolás Ernesto Maduro
- Nicolas E Maduro
- Nicolas E Maduro G
- Maduro, Nicolas
- Maduro, Nicolas Ernesto

- Maduro, Nicolas E
- Maduro G, Nicolas E
- Maduro Guerra, Nicolás

The following name variations are an example of more unorthodox name usage where the maternal surname is used but not the paternal surname.

Again, they would all still correspond to the full name on a passport or identity document:

- Nicolas Guerra
- Nicolás Guerra
- Nicolas M. Guerra
- Nicolas E. M. Guerra
- Nicolas E. Guerra
- Guerra, Nicolas E.

In summary

It is important to be fully aware of the way Latin American names are constructed and of the high number of name variations that could be used by an individual.

It is also important to consider the implications of this when testing sanctions screening systems and manipulating test data with algorithms.

As criminals become more sophisticated, so do their methods to avoid detection. Therefore, the right technology, configured to suit your risk appetite and resources, must be used.


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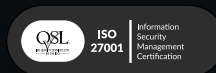
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