

# Money Mule Network and Potential Fraud Proceeds

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Case Type: Transaction Monitoring Alert | Typology: Money Mule Network | Channel: e-Transfer

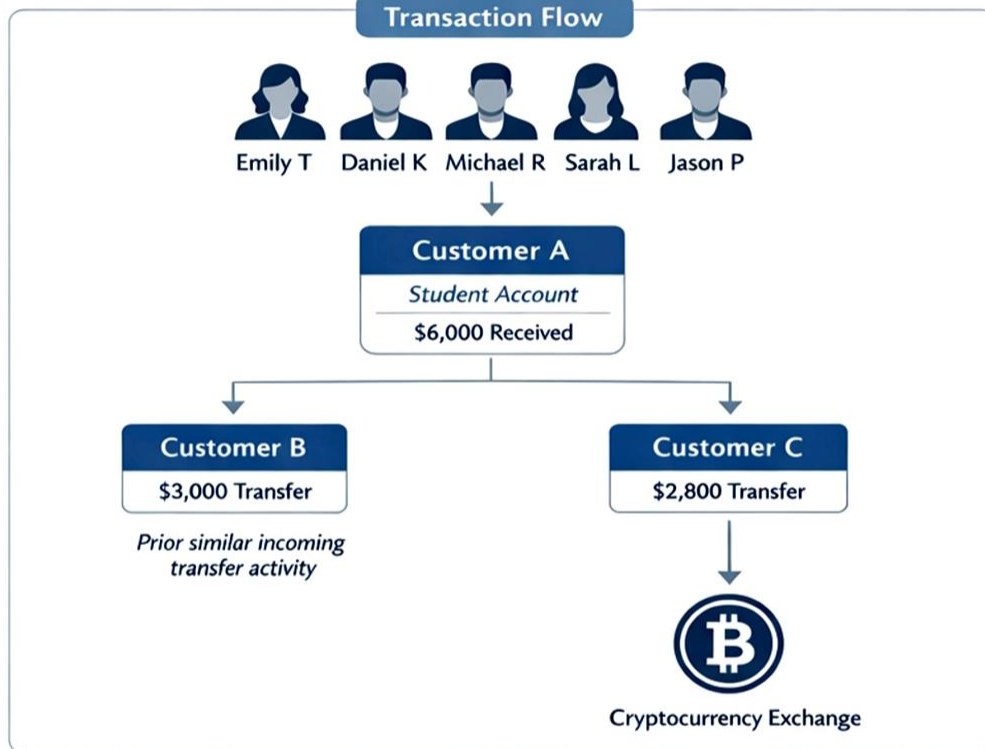
## AML Investigation Snapshot

### Money Mule Network & Potential Fraud Proceeds

#### Situation

Alert triggered by multiple incoming e-transfers from unrelated third parties followed by rapid outgoing transfers within 24 hours.

#### Transaction Flow



#### Key Risk Indicators

- Multiple third-party transfers
- Rapid movement of funds
- Pass-through account activity
- Linked accounts suggesting potential mule network
- Cryptocurrency-related risk

#### Analyst Assessment

*Pattern consistent with potential money mule activity involving movement of suspected fraud proceeds.*

*Escalation recommended for further investigation.*

This case study demonstrates my approach to identifying potential AML red flags, analyzing customer transaction patterns, and determining appropriate investigative and escalation actions in a simulated retail banking scenario.

## Case Overview

This case study analyzes suspicious transaction activity identified through an automated transaction monitoring system. The alert was triggered by multiple incoming transfers from unrelated third parties followed by rapid outgoing transfers to additional accounts within a short timeframe.

Such patterns are commonly associated with potential money mule activity, and the movement of fraud proceeds through intermediary accounts. The purpose of this review was to assess whether the observed activity aligned with the customer's expected financial profile and to determine the appropriate investigative action.

## Customer Profile

Account Holder: Customer A

Age: 22

Occupation: International Student

Declared Monthly Income: \$1,200

Account Age: 8 months

Typical account activity prior to the alert included:

- grocery purchases
- rent payments
- occasional peer-to-peer transfers

Average monthly transaction volume historically ranged between \$1,000 and \$1,500, consistent with the customer's declared financial profile.

No prior alerts had been generated on the account.

## Alert Trigger

The bank's transaction monitoring system generated an alert due to unusual activity involving multiple incoming transfers from unrelated senders followed by rapid outgoing transfers.

The rule that triggered the alert was designed to identify potential pass-through account activity and money mule activity.

Indicators included:

- multiple incoming e-transfers from unrelated parties
- rapid movement of funds
- significant deviation from the customer's expected transaction profile

## Transaction Activity

Within a 48-hour period, the following activity occurred on the account.

### Incoming e-Transfers

- Emily T — \$1,200
- Daniel K — \$1,450
- Michael R — \$900
- Sarah L — \$1,300
- Jason P — \$1,150

**Total Incoming Funds: \$6,000**

Within the following 24 hours, nearly all funds were transferred out.

### Outgoing Transfers

- Customer B — \$3,000
- Customer C — \$2,800

**Remaining Account Balance: \$200**

## Risk Indicators Identified

The review identified several indicators associated with potential money mule activity:

1. Multiple incoming transfers from unrelated third parties within a short period of time.
2. Transaction volume significantly exceeding the customer's expected transactional profile based on the declared monthly income.
3. Rapid movement of funds through the account, demonstrating pass-through characteristics.
4. Minimal remaining balance after outgoing transfers.
5. Link analysis revealed that Customer B had received similar transfers from multiple accounts in the prior week.
6. Customer C had a history of transferring funds to a cryptocurrency exchange.

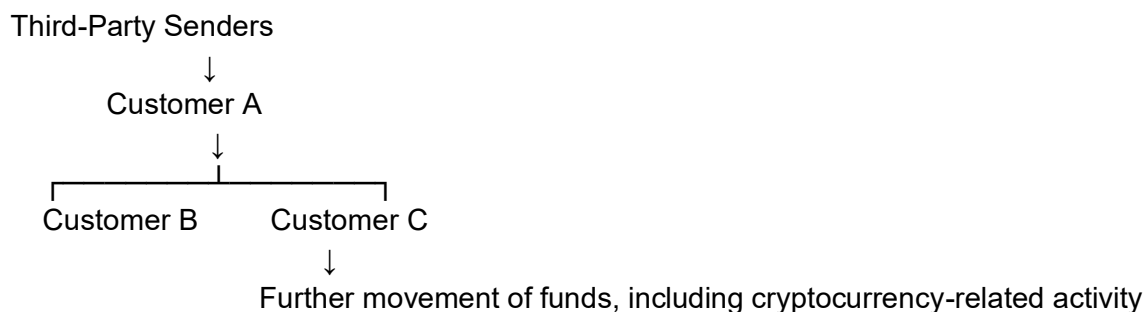
## Pattern Analysis

The observed transaction flow suggests a potential money mule network involving multiple accounts.

Funds appear to move through Customer A's account before being redistributed to additional accounts.

The observed activity demonstrates characteristics of a pass-through account, where funds enter and exit the account within a short timeframe with minimal retained balance.

### Transaction flow pattern



This structure may indicate layering activity in which funds are moved through several accounts to obscure their origin.

Such patterns are frequently associated with the laundering of fraud proceeds obtained through scams or online fraud schemes.

## Request for Information (RFI)

An RFI was issued to the customer requesting clarification regarding the nature of the incoming and outgoing transfers.

The customer was asked to provide:

- an explanation of the relationship with each sender
- the purpose of the incoming transfers
- an explanation of the outgoing transfers
- supporting documentation where applicable

## Customer Response

Customer A stated that the transfers were received from friends who asked the customer to purchase cryptocurrency on their behalf.

However, the customer did not provide any supporting documentation such as:

- cryptocurrency transaction records
- exchange account confirmation
- wallet transaction details
- agreements or records confirming the relationship with the senders

## Analyst Assessment

While the customer indicated that the funds were received from friends for the purpose of purchasing cryptocurrency on their behalf, the explanation could not be substantiated due to the absence of supporting documentation.

The explanation provided by the customer could not be independently verified due to the absence of supporting documentation.

The account activity demonstrates characteristics commonly associated with pass-through accounts and money mule activity.

Additionally, the involvement of linked accounts and the subsequent movement of funds toward cryptocurrency exchanges increases the risk that the funds may represent potential fraud proceeds undergoing layering.

Given the lack of verifiable documentation and the transaction pattern observed, the activity remains unexplained and presents elevated financial crime risk.

This pattern is consistent with typologies commonly observed in money mule networks used to facilitate the movement of fraud proceeds.

The combination of multiple third-party transfers, rapid fund movement, and linked accounts suggests potential coordination within a money mule network.

## Recommended Action

Based on the findings of the review, it is recommended that the case be escalated for further investigation.

The transaction pattern, the involvement of multiple accounts, and the lack of supporting documentation indicate potential money mule activity associated with the laundering of fraud proceeds.

Further investigation may determine whether the activity warrants the filing of a Suspicious Transaction Report (STR) in accordance with regulatory requirements.

## Key AML Concepts Demonstrated

- third-party transfers
- pass-through account activity
- money mule indicators
- potential fraud proceeds laundering
- cryptocurrency-related risk

## Appendix A – Sample RFI Request

Dear Customer,

As part of our standard account review process, we are requesting clarification regarding certain recent transactions on your account.

The transactions under review include:

Incoming e-transfers:

\$1,200

\$1,450

\$900

\$1,300

\$1,150

Outgoing transfers:

\$3,000

\$2,800

To assist us in completing our review, please provide:

1. A written explanation of your relationship with each of the senders.
2. The purpose of the incoming transfers and any supporting documentation (such as invoices, agreements, or other relevant records).
3. The purpose of the outgoing transfers and your relationship with the recipients, along with any supporting documentation.

Please provide the requested information by September 28, 2025.

If you have any questions, please contact us.

Thank you,  
Account Review Team