

FINANCIAL INTELLIGENCE AGENCY



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5. TYPOLOGIES, METHODS AND TRENDS

Among the functions included in the FATF/GAFI and MONEYVAL's mandate are the identification of the methods of money laundering and terrorist financing and the definition as well as the description of the typologies of the above mentioned crimes, with the purpose of suggesting the appropriate measures to combat such cases.

In fact, the progressive development of the capital markets and their available instruments has led to an improvement of the money laundering and terrorist financing techniques together with the enhancement of the regulations and dispositions aimed at combating such cases.

FATF/GAFI and MONEYVAL monitor this operating evolution so that the qualified bodies periodically carry out a technical analysis (Judicial Authorities, Police Forces, Supervisory Authorities and FIUs of different Countries, with the collaboration of experts of International Organizations, such as the International Monetary Fund, the World Bank, Interpol and Egmont Group).

As a consequence, the international bodies qualified in such matters draw up reports on the various typologies, methods and trends of money laundering and terrorist financing in this perspective and which FIA thought it advisable to collect in a specific section named "Typologies, methods and trends" in its website (www.aif.sm) in order to dispose them at the obliged parties' disposal to increase their awareness on this matter.

The following are some cases analyzed by the Financial Intelligence Agency which describe by way of an example and not exhaustively some techniques carried out in order to conceal the illegal origin of the some funds by injection in the system of San Marino.

The operating schemes, the techniques, the areas as well as the most adopted behaviours in order to conceal the illegal origin of money deriving from the financial analyses carried out are schematically described.

Case 1

A and B have opened two fiduciary mandates with an intermediary of San Marino aimed at managing liquidities and characterized by the following movements: deposit of cash, disposition of different foreign transfers and several cash withdrawals.

The acquired information and the financial analysis carried out led FIA to consider sound reasons to believe that the funds moved on the fiduciary mandate registered in A's name were referable to B's supposed illegal activities. In fact, on the basis of the obtained documentation, we can clearly deduce that the beneficial owner of the activities carried out on the mandate registered in A's name was B, unlike what declared by the former during due diligence.

Furthermore, the suspect was increased by the ways of making deposits and subsequently this was confirmed by some news items, since B was under investigation abroad and a part of the hidden capital was found in San Marino.

Case 2

Mr A has opened an account with an intermediary, subsequently Mr B has requested the opening of a fiduciary mandate with the same intermediary aimed at transferring the amounts contributed by A.

After analyzing the documentation and the financial movements, FIA could establish that the funds initially invested might be linked to a crime which had been carried out abroad few years earlier. Furthermore, it was possible to find a certain compatibility with the period of time in which the crime was committed. Finally, it was not possible to find any commercial information which could otherwise justify the generated provision. Furthermore, FIA detected the probability that Mr B, since his family ties, was perfectly aware of the fact that the amounts belonging to Mr A were the result of illegal activities.

Case 3

Mr Y and Z are the owners of two current accounts at the same bank. The movements of the current account opened in Y's name consisted in cash deposit transactions and issue of bank drafts in addition to cash withdrawal. It was found that Mr Z, besides owing his own current account, was delegated to operate as a director on the current account opened in the name of the company K, which was afterwards cancelled further to a discharge in bankruptcy for *"the impossibility to satisfy creditors"*. It turned out to be anomalous that the director had transferred some funds of the company K to his own current account through withdrawal transactions and concomitant cash deposit of thousand euros shortly before, and then he transferred a part of the collected funds to the current account in Mr Y's name seemingly difficult to find out.

Case 4

Mr A, a tradesman, had opened a current account in his name, on which he deposited several out-of-town cheques and cash. The bank, while monitoring the relationship, could find out that the commercial activities of Mr A resulted to be ceased, that is in liquidation.

Furthermore, among the transactions carried out by Mr A we noticed a transaction consisting in the withdrawal of cash from his current account and the concomitant requirement of opening several bearer's bankbooks of low unit value in B's name. Such behaviour led to believe that the amount and the deposited securities on the accounts of Mr A could have an illegal origin.

Moreover, after analyzing the statement of account, several deposited cheques resulted to be dishonoured on the first presentation. Such behaviour led FIA to believe that this kind of provision could be linked to assumptions of usury or extortion.

Schemes of operations

Requirement of opening current accounts in the name of Associations and Institutions for fund collection by third parties;

Requirement of foreign currency exchange;

Requirement of deposit certificates collection issued by foreign financial intermediaries;

Operativeness mostly characterized by crediting of funds through bank transfer from abroad and subsequent requirement of cash withdrawal;

Requirement of deposit of foreign cheques;

Operativeness mostly characterized by cash deposit and subsequent withdrawals;

Operativeness mostly characterized by cheques deposit of various amounts not issued by intermediaries of San Marino and requirement of cash withdrawal;

Requirement of financing without or with unspecified real or personal guarantees;

Operativeness mostly characterized by crediting of funds through bank transfers deriving from abroad and subsequent transfer to fiduciary relations;

Operativeness mostly characterized by crediting of funds through bank transfers deriving from abroad and subsequent bank transfer to abroad, when withdrawing the remaining part or the issuing bank cheques and/or bank drafts is required;

Requirement of cash deposit of high amounts and subsequent bank deposits abroad;

Significant use of safe-deposit boxes after cash deposit and/or withdrawal.

Used techniques

Presumably false bills;

Submission of documentation not consistent with the required transactions;

Submission of documentation not consistent with the customer profile;

Submission of documentation relating to Donations and Inheritances;

Absent submission of documentation which permits to trace the commercial activity back to the operativeness of the relationship.

Reported economic sectors

Building industry/real estate

Vehicles

Waste disposal

Fuels

Distribution of machinery for food industry

Ferrous metals

Computers and telecommunication, informatics and electronic equipments

Electronics (mobile phones, watches, game consoles)

Financial/commercial counselling

Gambling

Feedstuff for pets

Beverage wholesale

Financial sector

Phone traffic

Oil and methane pipeline plant engineering

Anomalous behaviour of the customer

Withholding to provide information or documentation attesting specific transactions;

Withholding to sign anti-money laundering forms;

Withholding to provide information for the fulfillment of the customer due diligence obligations;

Persons known by the reporting person as "non grata"

Requirements of the customer aimed at evading the obligations set forth in the anti-money laundering regulations;

Inaccuracy and confusion of information provided by the customer;

Prejudicial information against the customer;

Discordant statements issued by the customer.

Customer's documents

Justificative documentation on transactions which are clearly false;

Declarations of the customer which are not true further to verifications;

Declarations of the customer on the activity carried out which are not supported by any documentations.

Indicators of anomalies mostly selected by the reporting subjects

Customers refusing or being unjustifiably reluctant to provide the required information needed to carry out transactions, declare their own activities, submit the records or other documentation, report the relationships with other intermediaries, give information which, under normal circumstances, would qualify the customer to carry out bank, financial or insurance transactions;

Transactions of a considerable amount being unusual in comparison with those generally carried out by the customer, especially if there are not plausible economic and financial justifications;

Cash withdrawal for significant amounts, unless the customer represents particular requirements;

Frequent deposits or withdrawals of disproportionate amounts in comparison with the economic availability and the activity carried out by the customer;

Accounts seemingly used for requirements which are not involved with the economic activity of the customer;

Relationships which show movements which are not justified by the activity carried out by the customer and which are characterized by:

- frequent cheques deposits or offering of securities for discount, above all if in round figures, with many endorsements, with other recurring elements, that is issue of bearer securities or on behalf of the drawer himself;
- calls and returns of unpaid amounts sometimes followed by a protest;
- substantial balancing of debits and credits;

Frequent transactions of the same kind, which are not justified by the activity carried out by the customer and in such a way to denote a disguising purpose;

Frequent and considerable transfer of amounts through bank transfers from or to abroad, especially if carried out with finance institutions situated in geographical areas which are considered to be "offshore centres" and not justified by the customer's activity;

Customers requiring to carry out transactions with unusual procedures, especially if characterized by high complexity or of significant amount;

Transactions structured with procedures in order to avoid identifications and recordings;

Transactions carried out by a customer in the name or on behalf of third parties in case the relationships are not justified;

Customers requiring or holding relationships with an illogical configuration with the intermediaries;

Transactions requested with manifestly incorrect or incomplete instructions, such as to consider the purpose to hide essential information, especially if they concern the subjects involved in the transaction;

Recourse to cash instead of the usual means of payment used by the customer;

Deposit of cash for considerable amounts, which is not justified by the economic activity of the customer;

Transactions frequently carried out by third parties on behalf of the owner who, without any reason, never appears personally;

The customer refuses or is unjustifiably reluctant to provide the required information needed to carry out professional services, declare the activity carried out, submit the requested documentation, report the relationships with other professionals, provide any other information which, under normal circumstances, is acquired in the course of the professional service;

Current accounts which have not been moved for a long time and on which considerable deposits and withdrawals are suddenly carried out, especially of cash for no apparent reason.





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