

MROS

Money Laundering Reporting Office Switzerland

4th Annual Report



2001

MROS

4th Annual Report

May 2002

2001

Federal Department of Justice and Police
Federal Office of Police
Money Laundering Reporting Office Switzerland
3003 Bern

Telephone: (++41) 031 323 40 40
Fax: (++41) 031 323 39 39
E-Mail: mros.info@bap.admin.ch

Internet: <http://www.bap.admin.ch>

Contents

1	Foreword	3
2	Annual Statistics of MROS for 2001	5
2.1	General Findings	5
2.2	The search for terrorism money	6
2.3	Detailed Statistics	9
2.3.1	General Overview MROS 2001	9
2.3.2	Monthly statistics of incoming reports	10
2.3.3	Home cantons of reporting financial intermediaries	12
2.3.4	Originator of the reports	14
2.3.5	Type of bank	16
2.3.6	Grounds on which reports are based	18
2.3.7	Nature of offences	20
2.3.8	Domicile of clients	22
2.3.9	Nationality of clients	24
2.3.10	Domicile of beneficial owners	26
2.3.11	Nationality of beneficial owners	28
2.3.12	Prosecuting authorities involved	30
2.3.13	Number of requests from other Financial Intelligence Units (FIU)	32
3.	Typology	34
3.1	The financial adviser always wins; the client always loses	34
3.2	The client who always wins	34
3.3	Dubious dealings	35
3.4	An ecclesiastical office buys a castle in the sky	35
3.5	The good fairy from „Good Luck“ magazine	36
3.6	Expensive tea	36
3.7	Another kind of leasing	36
3.8	Money laundering as a sport	37
3.9	Unhealthy excess	37
3.10	An odd hobby for a holy man	37
3.11	Money for nothing	38
3.12	The fine art of money laundering	38
3.13	An insured retirement	39
3.14	A postal clerk is on the ball	39
3.15	Nebulous finances	40
4.	International	41
4.1	Memorandum of Understanding (MOU)	41
4.2	The Egmont Group	41
4.3	GAFI/FATF	42
4.3.1	<i>Switzerland and the Financial Action Task Force</i>	42
4.3.2	<i>Tasks of the FATF XIII</i>	42

5. Internet Links	46
5.1 Switzerland	46
5.1.1 Money Laundering Reporting Office Switzerland	46
5.1.2 Supervisory Authorities	46
5.1.3 Additional Links	46
5.2 International	46
5.2.1 Foreign Reporting Offices	46
5.2.2 International Organisations	46
5.3 Additional Links	47

1 Foreword

2001 was a year of diverse challenges for the Money Laundering Reporting Office Switzerland (MROS). Elevated to a higher organisational level, MROS had to establish itself in the new organisational structure of the Federal Office of Police (FOP) with a brand-new staff.

The new structure of the police services within the FOP does not include a single centre of competence responsible for money laundering. Instead, the anti-money laundering strategy consists of the following three elements:

- MROS: Money Laundering Reporting Office. It connects the financial sector and the prosecuting authorities,
- SAP: The Service of Analysis and Prevention, which acts as the centre for strategic analysis,
- FCP: Federal Criminal Police, as the criminal prosecution branch.

The year 2001 shows generally a positive record of accomplishment. The new services engaged in a productive teamwork and initiated the first steps for a further deepening of their co-operation.

The so-called Efficiency Bill (introduction of investigative powers of the federal government in cases of money laundering, organised crime and financial crime: Article 340^{bis} Penal Code) came into force on January 1, 2002. Due to this, no investigations on the federal level were conducted in the year 2001.

However, investigations under the supervision of the Attorney General's Office were conducted within the specially formed "Task Force USA". This Task Force was set up in the wake of the September 11, 2001 terrorist attacks in the United States.

A new staff at MROS

Since the departure of the old team at the end of 2000, the Money Laundering Reporting Office has been run since 2001 under a new leadership and a new team of employees. During the transition period, the personnel gaps within MROS were filled with financial investigation experts from the FOP. In this way, no delays occurred in carrying out the prescribed tasks, which were managed in a competent and orderly fashion. By June 2001, the transition was complete, and MROS was up to full strength. The six team-members of MROS combine professional experience and expertise from various branches. This includes experts from the banking and trusts sector, insurance, notary-offices, law-firms and the prosecution and law enforcement sector.

During the past year, MROS has been receiving positive feedback from all its partners. These reactions show that the new team has earned its trust. Therefore, the co-operation between the financial sector and the prosecuting authorities in 2001 can be considered productive and successful.

Despite the above-mentioned difficult situation, MROS was able to carry out its international activities. The office was actively engaged within the Egmont Group, as

well as a delegation member of the Financial Action Task Force (FATF/GAFI). The co-operation with foreign partner organisations and Financial Intelligence Units (FIU) was both intensive and constructive.

Events of September 11, 2001

The terrorist attacks on the World Trade Center in New York and the Pentagon in Washington, as well as the crash of a fourth hijacked aircraft in Pennsylvania shocked the entire world on September 11, 2001. In step with the international significance and scope of these tragic acts, MROS further intensified its actions in the fight against terrorism. Consequently, a notable number of suspicious transaction reports reached MROS. These reports were largely in relation to the lists of suspicious persons and organisations published by the US authorities, the lists according to the amendment of the Swiss ordinance of October 2, 2000 concerning measures against the Taliban and other suspicious activities related to a membership in or the association with a terrorist organisation. The suspicious transaction reports filed in the context of Article 9 of the Money Laundering Act (MLA) concern assets, which are presumably under control of a criminal organisation (article 260^{ter} para. 1 of the Penal Code). According to Swiss legal doctrine, terrorist organisations are subsumed under criminal organisations in this specific context. Thus, accounts presumably under the control of a criminal or terrorist organisation can be frozen without proving the illicit origin of the blocked assets.

Because of the events of September 11th, MROS also received other reports from financial intermediaries concerning suspicions of the financing of terrorist activities. This further raised awareness within the MROS as well as the financial sector about the issue of terrorism financing.

Judith Voney
Head of Money Laundering Reporting Office Switzerland (MROS)

Bern, April 2002

2 Annual Statistics of MROS for 2001

2.1 General Findings

Throughout the reporting-period 2001, MROS registered an increase in the amount of reports filed by 34 percent (417 in 2001 compared with 311 in 2000). On the one hand, this apparent rise can be attributed to a general increase in the overall number of reports filed. On the other hand, the investigations stemming from the terrorist attacks of September 11, contributed to the rise in numbers of reports as well. Ninety-five out of 417 reports are directly connected to these events and the corresponding search for money, which has allegedly been used to finance terrorist activities.

Under these premises, reports that can be clearly linked to the events in the USA will be grouped separately under item 2.2: "The search for terrorism money". Please note that these figures are also included in the overall statistics.

The number of cases passed on to the prosecuting authorities rose considerably, as well. 91 percent of all suspicious transaction reports were forwarded to the competent prosecuting authorities. All 95 reports filed concerning the events in the United States were forwarded to the Attorney General's office. Even without the 95 reports related to terrorism, there is still a notable increase in the ratio of forwarded reports (88.5 percent compared with 77 percent in the previous year).

While the year 2000 lacked any spectacular case, two cases in the reporting-period 2001 made headlines: One case was linked to the Lafayette bribery affair, while the other revolved around a Brazilian senator having allegedly embezzled public funds. The sum of suspicious transaction reports submitted to MROS by financial intermediaries stands at CHF 2,728 billion in the year 2001, while the reporting-period 2000 counted only about CHF 655 million. The result of 2001 also clearly surpasses the amount of CHF 1,374 million in the reporting-period 1999/2000. This massive increase can mainly be attributed to five cases, which add up to nearly two billion Swiss Francs.

2.2 The search for terrorism money

A few days after the horrible events of September 11, an intensive worldwide search was launched to uncover the financial resources and channels of the terrorist organisations deemed responsible for the attacks in the United States. A list with names of suspected persons and organisations - the so-called Bush List - was distributed by the US authorities. The list was then partially accepted by the UN Security Council. Switzerland incorporated the Security Council's list into its Taliban decree, which led automatically to the freeze of all assets attributed to the mentioned individuals. The financial intermediaries in Switzerland reacted quickly and checked their clients against the names on the Security Council's list. This was and remains a difficult undertaking, because many persons listed were not clearly identified.

Between September and December 2001, MROS received 95 reports from financial intermediaries concerning people assumed of having ties to persons on the list. In many cases of alleged terrorist financing, the Swiss Attorney General's office was able to refute any suspicion, in co-operation with the Federal Criminal Police and US authorities. In a number of cases, funds remain blocked and investigations continue.

The 95 reports concerning suspected terrorism financing can be classified as follows:

a) Home canton of reporting financial intermediaries

	<i>Number of Reports</i>	
ZH	13	14%
BE	33	35%
GE	43	45%
TI	2	2%
SG	4	4%
<i>Total</i>	<i>95</i>	<i>100%</i>

b) Financial intermediaries according to branch

	<i>Number of Reports</i>	
Banks	32	34%
Payment services	33	35%
Financial Advisors	24	25%
Insurance	1	1%
Foreign Exchange	1	1%
Credit Cards	4	4%
<i>Total</i>	<i>95</i>	<i>100%</i>

c) Type of Bank

Foreign Bank	18	56%
Major Bank	6	19%
Regional Bank	3	9%
Cantonal Bank	2	6%
Private Bank	3	9%
<i>Total</i>	<i>32</i>	<i>100%</i>

d) Nationality and Domicile of Beneficial Owners (BO)

<i>Country</i>	<i>Nationality BO</i>	<i>Domicile BO</i>
Saudi Arabia	35	34
Switzerland	33	41
Italy	5	3
Liechtenstein	3	3
Afghanistan	3	0
France	2	0
Egypt	2	2
Germany	0	2
USA	1	1
Great Britain	1	1
Turkey	1	1
Bosnia-Herzegovina	1	1
Bangladesh	1	1
Bahamas	1	0
Pakistan	1	0
Somalia	1	0
Syria	1	1
United Arab Emirates	1	1
Bahrain	1	1
Unidentifiable	1	1
Netherlands	0	1
Brazil	0	0
Albania	0	0
Malaysia	0	0
Congo	0	0
<i>Total</i>	<i>95</i>	<i>95</i>

e) Nationality and Domicile of clients

<i>Country</i>	<i>Nationality</i>	<i>Domicile</i>
Switzerland	33	41
Saudi Arabia	21	20
Liechtenstein	6	6
Italy	5	3
Great Britain	5	5
Cayman Islands	4	4
Afghanistan	3	0
Bahamas	2	2
Germany	0	2
France	2	0
Bosnia-Herzegovina	2	2
USA	1	1
Netherlands	0	1
Turkey	1	1
Brazil	1	1
Albania	1	1
Egypt	1	1
Malaysia	1	1
Bangladesh	1	0
Pakistan	1	0
Somalia	1	0
United Arab Emirates	1	1
Unidentifiable	1	0
Congo	0	1
Bahrain	1	1
<i>Total</i>	<i>95</i>	<i>95</i>

2.3 Detailed Statistics

2.3.1 General Overview MROS 2001

Summary of business year (1 Jan. 2001-31 Dec. 2001)

	2001		+ / -	2000	
	Absolute	Relative		Absolute	Relative
Number of Reports					
Total received	417	100.0%	34%	311	100.0%
Forwarded to prosecution authorities	380	91.0%	18%	240	77.0%
Not forwarded	35	8.5%		71	23.0%
Pending	2	0.5%		0	0.0%
Type of financial intermediary					
Bank	255	61.2%		234	75.2%
Payment service	55	13.2%		33	10.6%
Trustee	33	7.9%		17	5.5%
Investment consultant	5	1.2%		12	3.9%
Financial advisor	33	7.9%			
Insurance	6	1.4%		2	0.6%
Attorney	9	2.2%		7	2.3%
Foreign Exchange	2	0.5%		1	0.3%
Other	4	1.0%		1	0.3%
Credit card	7	1.7%		2	0.6%
Stock trader	0	0.0%		0	0.0%
Casino	8	1.9%		2	0.6%
Amounts involved in CHF					
(Sum of effective assets on hand at time of report)					
Grand total	2,728,182,377	100%	316%	655,654,826	100%
Sum of forwarded reports	2,700,428,687	99%	338%	615,965,442	93%
Sum of reports not forwarded	27,753,690	1%		39,689,385	7%
Average value of reports (total)	6,542,404			2,108,215	
Average value of reports (forwarded)	7,106,391			2,566,523	
Average value of reports (not forwarded)	792,963			559,005	

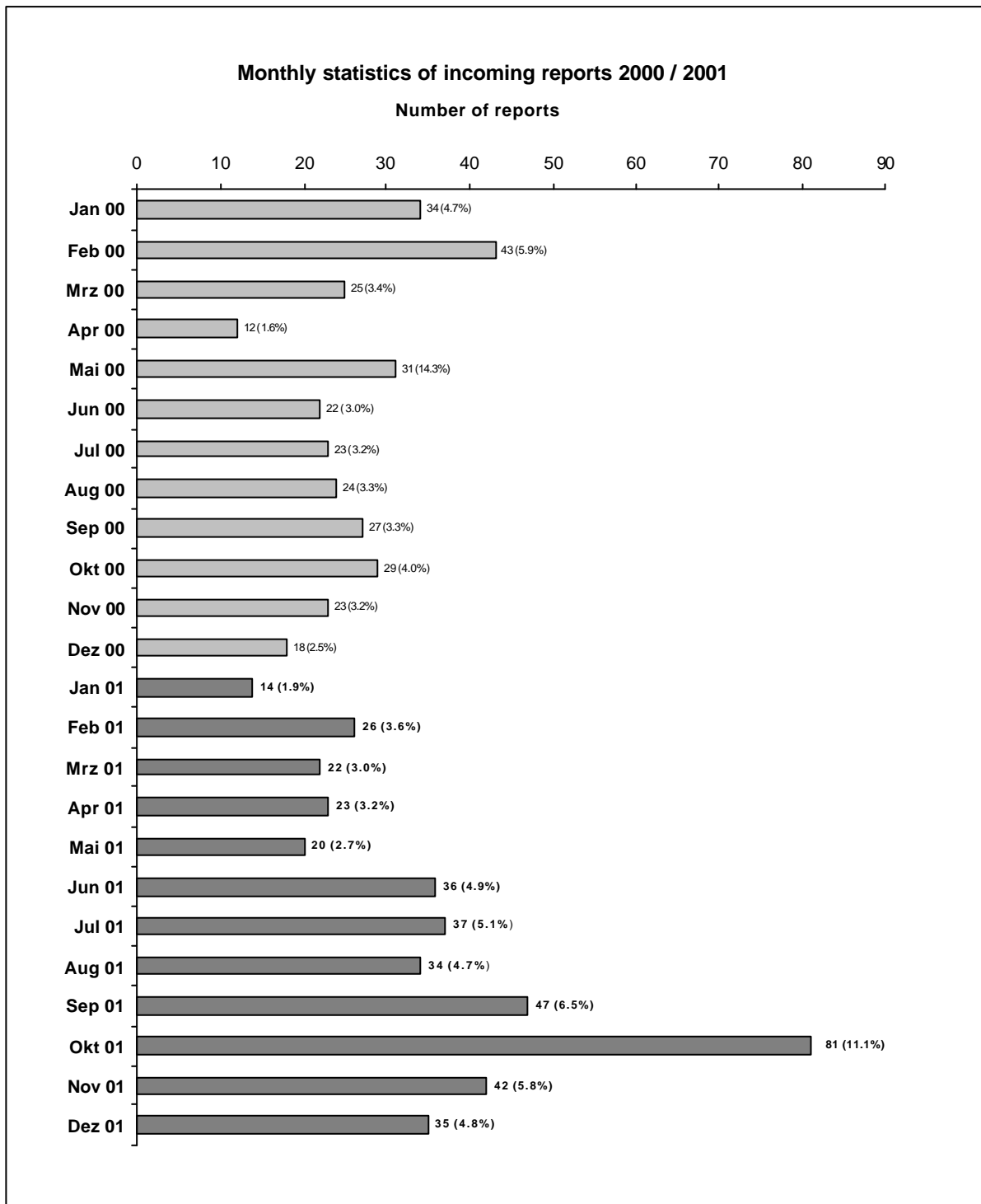
2.3.2 Monthly statistics of incoming reports

What the chart is showing

This chart shows a monthly breakdown of reports, received during the years 2000 and 2001.

What the chart indicates

417 reports were recorded in 2001. This represents an increase of 34 percent, compared to the previous reporting period. One third of the reports arrived during the first half of the year, while two thirds were submitted during the second half. Following the tragic events of September 11, the intensive search for funds linked to terrorist organisations led to a rapid increase in the number of reports submitted towards the end of the year. Between the months of September and December 2001, 95 (51.6 percent) of the reports fell into the category of "Terrorism". The financial intermediaries reacted promptly to the various distributed lists. The average monthly number of incoming reports amounts to 34.8, including those concerning alleged terror financing. Not counting the reports of this special category, the monthly average stands at 26.8 (2000: 25.9).



2.3.3 Home cantons of reporting financial intermediaries

What the chart is showing

This chart gives a breakdown by the home cantons of the financial intermediaries from whom MROS received suspicious transaction reports. This is in contrast to chart 2.3.12: "Prosecuting authorities involved". The latter shows to which prosecuting authorities the suspicious transaction reports were subsequently forwarded.

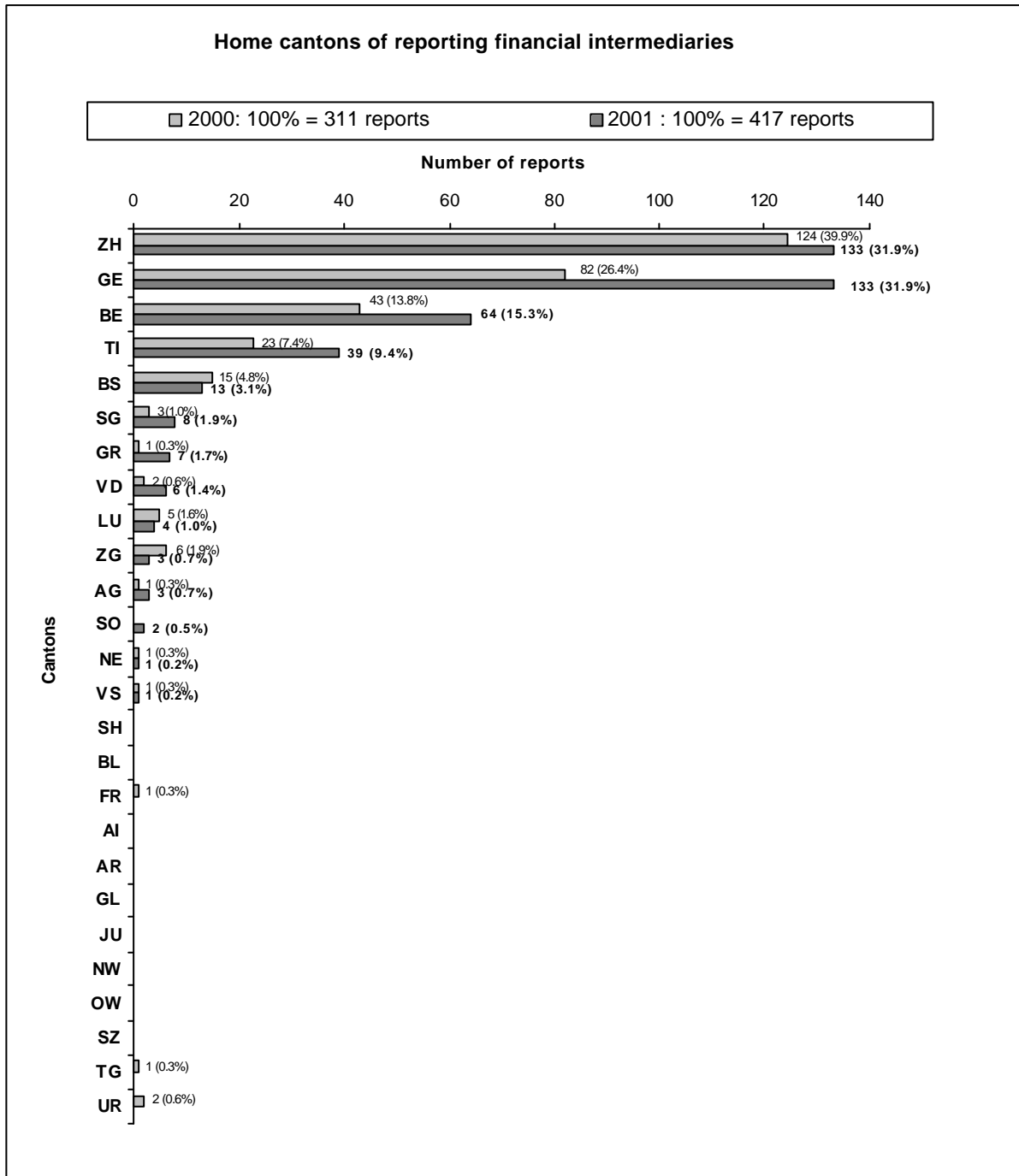
What the chart indicates

As in 1999 and 2000, once again in 2001 about 92 percent of reports came from financial intermediaries in the cantons of Zurich, Geneva, Bern, Ticino and Basel-Stadt. When compared with reports from the previous year, Geneva registered an increase of 5.5 percent, Ticino 2 percent and Bern 1.5 percent. In contrast, the canton of Zurich is showing a decrease of 8 percent. The rise in numbers of reports coming out of Geneva is probably connected with the increase of reports coming from private banks.

In 2001, there are again no reports from financial intermediaries from the cantons of Glarus, Uri, Obwalden, Nidwalden and both Appenzell cantons.

Key

AG	Aargau	GE	Geneva	OW	Obwalden	UR	Uri
AI	Appenzell Innerrhoden	GL	Glarus	SG	St. Gallen	VD	Vaud
AR	Appenzell Ausserrhoden	GR	Grison	SH	Schaffhausen	VS	Valais
BE	Berne	JU	Jura	SO	Solothurn	ZG	Zug
BL	Basel-Landschaft	LU	Lucerne	SZ	Schwyz	ZH	Zurich
BS	Basel-Stadt	NE	Neuchâtel	TG	Thurgau		
FR	Fribourg	NW	Nidwalden	TI	Ticino		



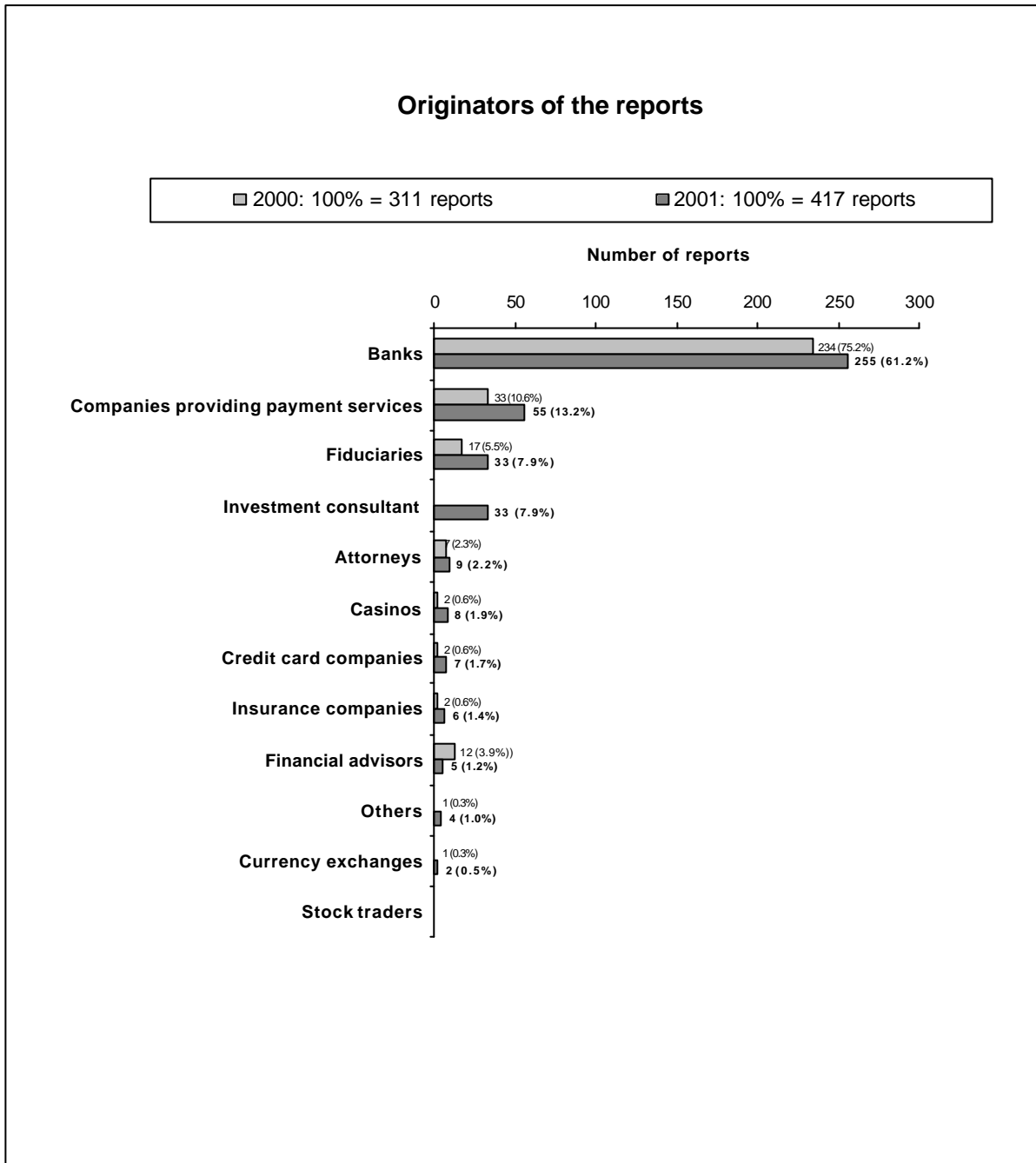
2.3.4 Originator of the reports

What the chart is showing

This chart gives a breakdown of the different types of financial intermediaries which submitted suspicious transaction reports to MROS.

What the chart indicates

Once again, the banks sent in the majority of reports (2001: 61.2 percent; 2000: 75.2 percent). However, the continuing increase of reports coming from the non-banking sector is an encouraging sign. Remarkable is a 5.2 percent increase in filed reports by trustees and the investment-consulting and financial-consulting sectors. As a new feature, the category of financial advisors is now divided into more specific subgroups of investment consulting and financial advisor. There was also a slight increase in the number of reports coming from attorneys, notaries and insurance companies (2001: 3.6 percent; 2000: 2.9 percent).



2.3.5 Type of bank

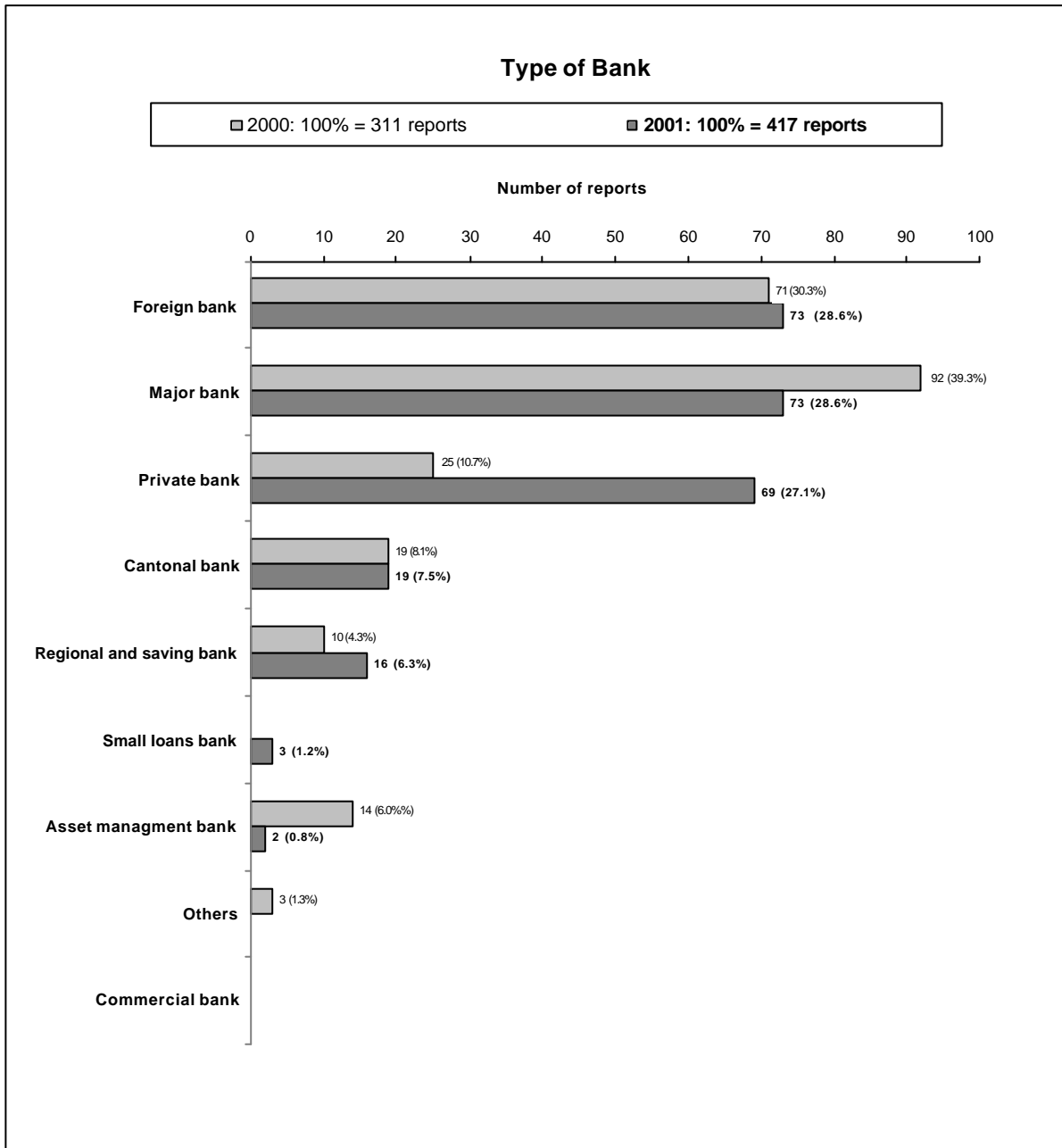
What the chart is showing

This chart shows the different types of banks submitting suspicious transaction reports.

What the chart indicates

During 2001, 27.1 percent of the reports originating from the banking sector were issued by private banks. This represents an increase of 16.4 percent from the previous year, continuing a trend from last year (+7.6 percent). As in 2000, the majority of reports were submitted by the major domestic and foreign banks (57.2 percent). However, a considerable decrease of 10.7 percent was recorded here.

The majority of reports coming from the private banking sector were the results of a client's name being mentioned in press reports, alleging criminal activities.



2.3.6 Grounds on which reports are based

What the chart is showing

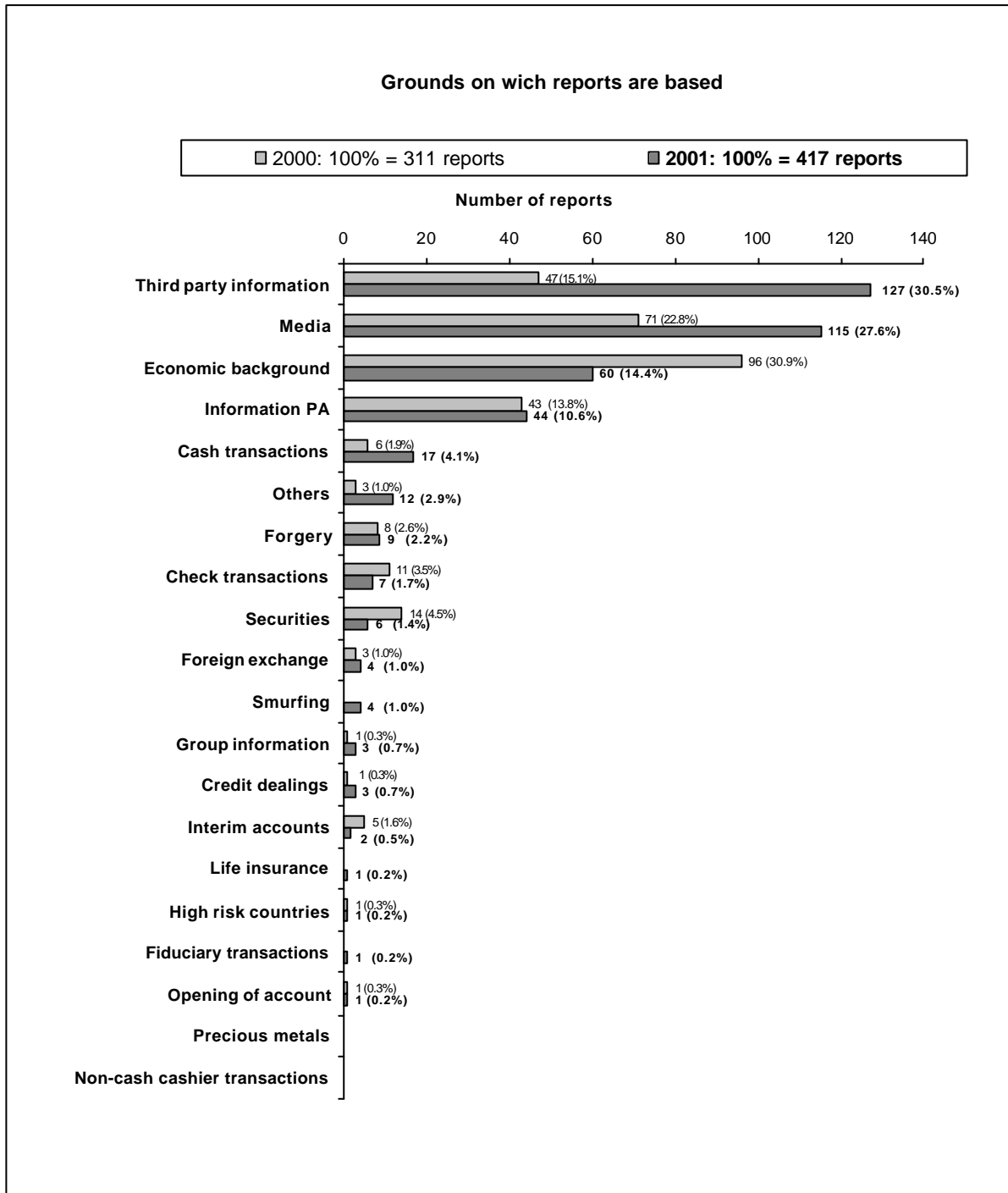
This chart shows the reasons that prompted financial intermediaries to file suspicious transaction reports.

What the chart indicates

Suspicious transaction reports suspecting terrorism financing based on the various Bush and Taliban lists as well as on press articles are compiled respectively under the captions "Information from third parties" (85) and "Media" (10). 20 individual reports related to the Lafayette bribery affair are also listed under "Media". Statistically, the criteria "Economic background" no longer ranks first as it did last year. There is also a continuation of last year's trend of a more critical analysis of business affairs, prompting financial intermediaries to submit more reports. Still, media coverage (some of which appeared only in the foreign press) was often the trigger of reports. This shows that financial intermediaries are attentively observing and thoroughly researching their clients.

Key

Economic background	The economic background of a transaction is either unclear or cannot be satisfactorily explained by the client
Information PA	The prosecuting authority (PA) initiates proceedings against a person connected to the client of a financial intermediary
Media	A person involved in a financial transaction, possibly connected to punishable offences known to the financial intermediary from reports in the media
Check transactions	Large volume of check transactions, attempts made to cash checks
Third party information	Financial intermediaries informed by third party sources of clients which may be suspect
Forgery	Counterfeit money or falsified documents submitted to a bank in order to obtain financial benefit
Cash transactions	Dealings for cash (not including foreign exchange)
Foreign exchange	Conspicuous foreign exchange transactions
Group information	Information about problematic clients shared within a group (company)
Credit dealings	Financial transactions in connection with credit or leasing deals
Interim accounts	Deposit and sudden withdrawal of assets from accounts
Life insurance	Taking out a life insurance policy with unclear background information
High risk countries	The financial intermediary deems the nationality or the Domicile of the client as being problematic
Precious metals	Transactions involving precious metals and gem stones
Smurfing	Regular and frequent payments or exchanges of money in amounts just under the limit requiring identification.



2.3.7 Nature of offences

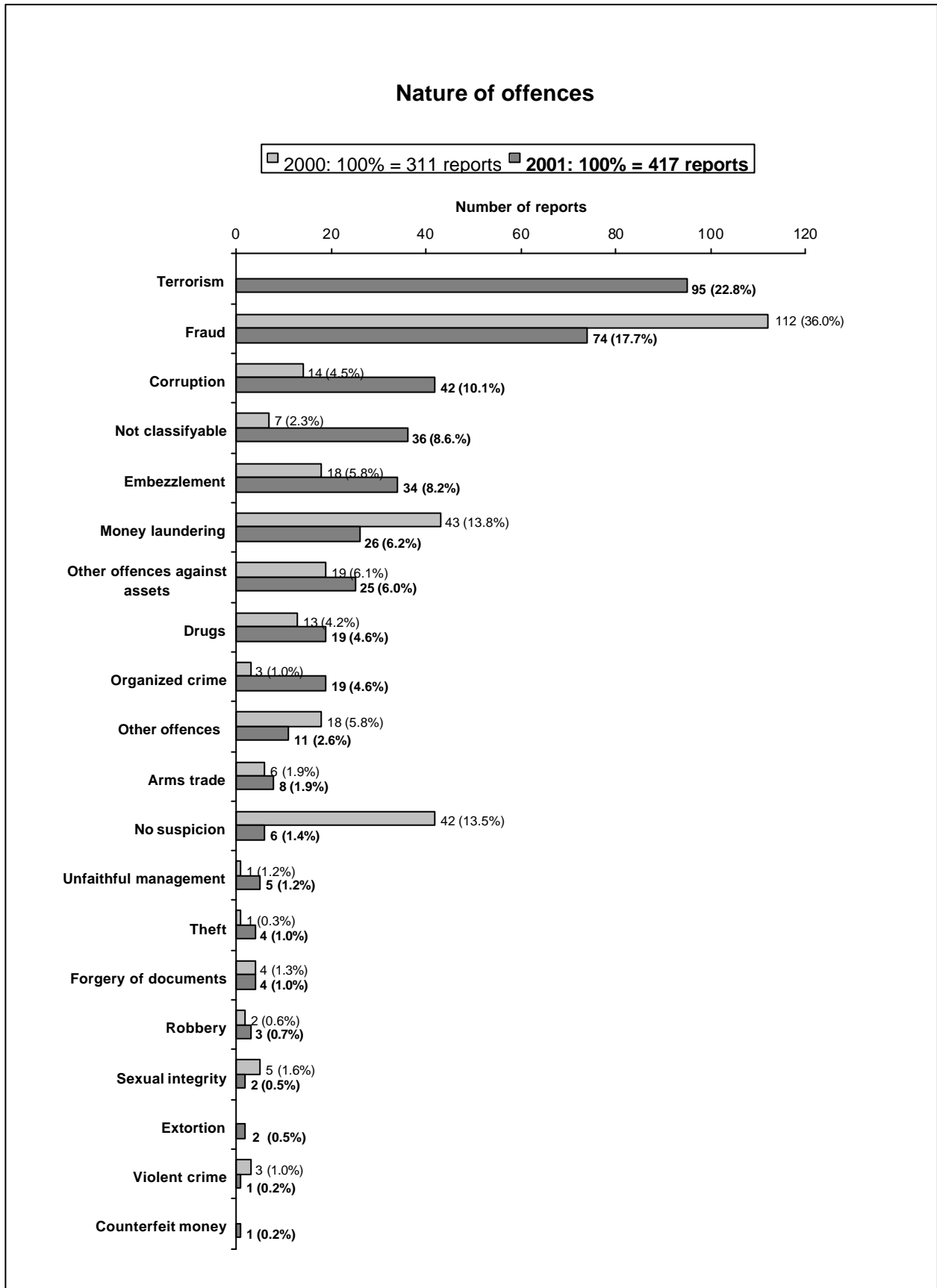
What the chart is showing

This chart shows the offences suspected by MROS of having been committed at the time it passes on reports to prosecution authorities.

It should be noted that this classification is based only on the findings of the financial intermediaries and MROS. When a report is passed on to the prosecution authorities, they will then determine the offence in a binding way.

What the chart indicates

The 95 reports related to the events of September 11 represent 22.8 percent of the total of reports filed during 2001. They are compiled in the new "Terrorism" category. The number of bribery cases doubled once more during the 2001 reporting period. There was also a rise in reports involving criminal organisations. However, reports concerning fraudulent activities have decreased. There were also fewer cases in which the report failed to specify concrete or sufficient grounds for suspicion. (2000: 15.8 percent; 2001: 10 percent). The category "Non classified" compiles cases in which different offences were suspected in the same case. The title "Lack of suspicion" lists those cases where no explicit initial offence can be defined, but where an analysis of the transaction and the economic background suggests an illicit source of money.



2.3.8 Domicile of clients

What the chart is showing

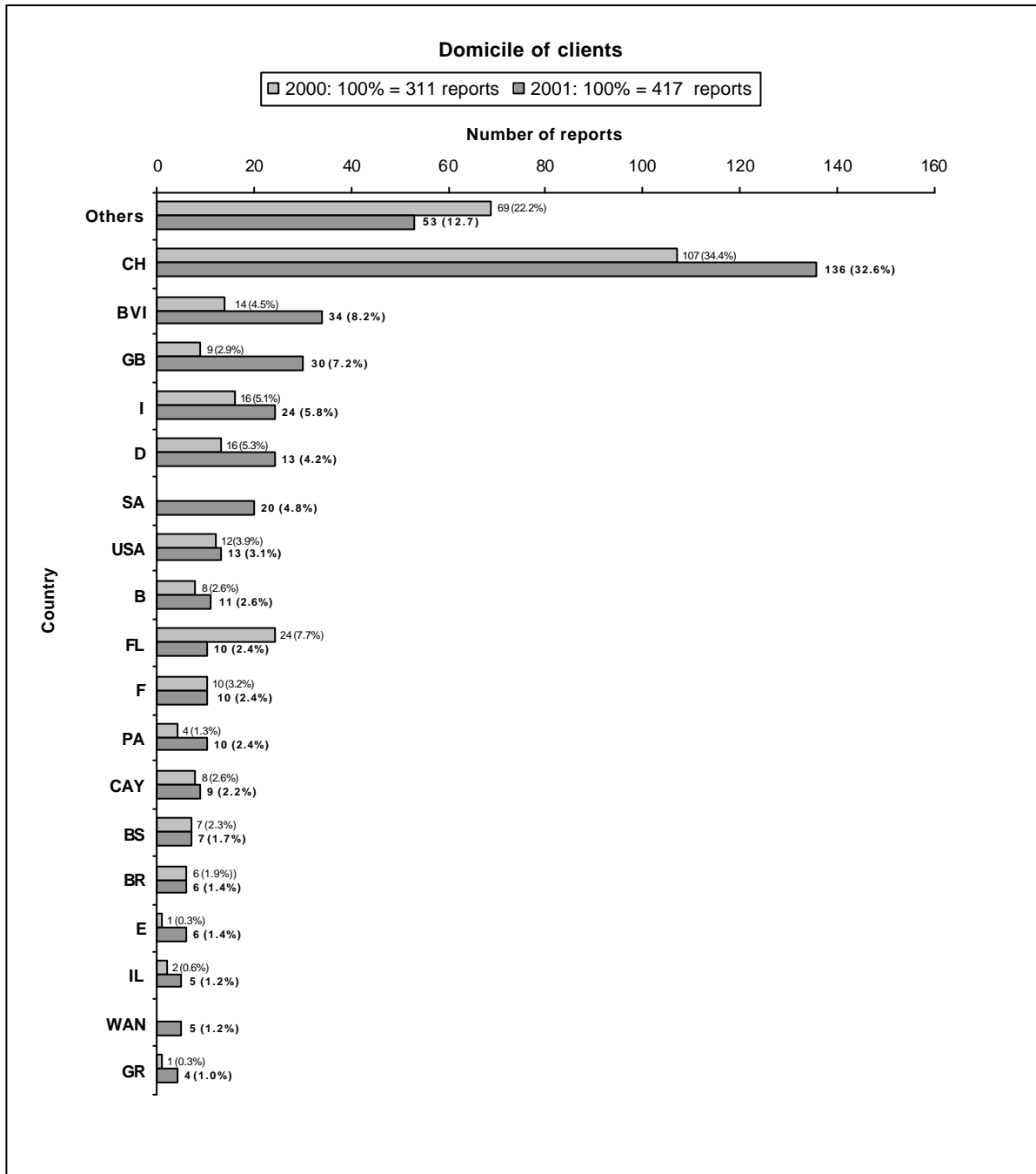
This chart shows the domicile of the financial intermediaries' clients (in the case of corporate bodies) or their place of residence (in the case of natural persons).

What the chart indicates

In 2001, 58.6 percent (2000: 61.7 percent) of the clients maintained a domicile in central European countries, while the majority resided in Switzerland (32.6 percent; 2000: 34.4 percent). An increasing number of clients list their domicile in well-known offshore market places, such as the British Virgin Islands, Cayman Islands and Panama (2001: 12.8 percent; 2000: 8.4 percent). The number of clients residing in Liechtenstein has clearly decreased (2001: 2.4 percent; 2000: 7.7 percent). Clients from Saudi Arabia (4.8 percent) appear for the first time on the list. This is due to suspicions concerning terrorism financing.

Key

Others	Rest of the world combined, without geographical differentiation
B	Belgium
BR	Brazil
BS	Bahamas
BVI	British Virgin Islands
CAY	Cayman Islands
CH	Switzerland
D	Germany
E	Spain
F	France
FL	Liechtenstein
GB	Great Britain
GR	Greece
I	Italy
IL	Israel
PA	Panama
SA	Saudi Arabia
USA	USA
WAN	Nigeria



2.3.9 Nationality of clients

What the chart is showing

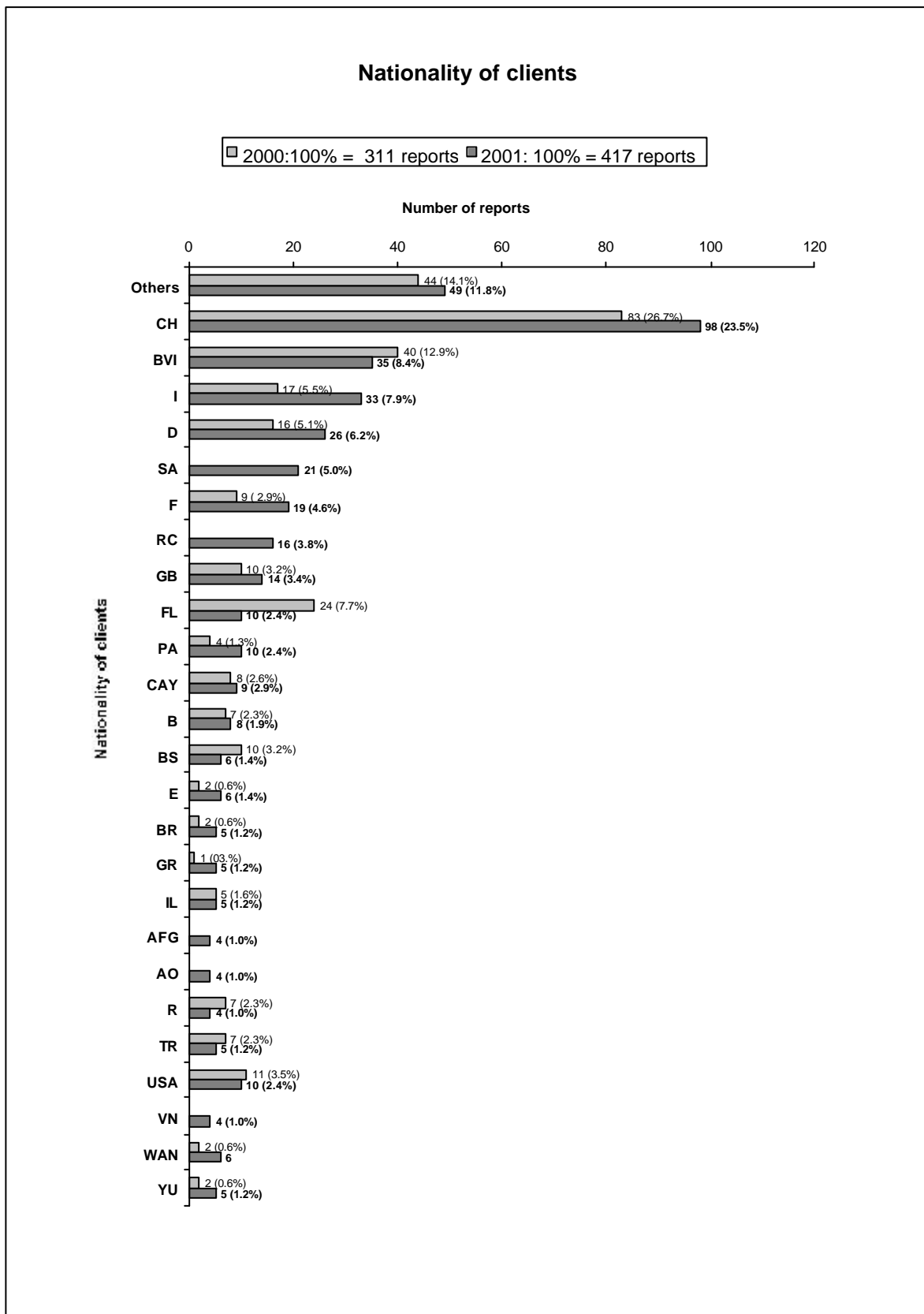
This chart shows the nationality (for natural persons) of the financial intermediary's clients. The domicile and the nationalities are identical for corporate bodies.

What the chart indicates

Once again, clients with a Swiss passport or with domicile in Switzerland lead the list, albeit with a slight decrease (2001: 23,5 percent; 2000: 26,7 percent). Clients with Saudi Arabian nationality appear for the first time, again in connection with terrorism related reports. Owing to the Lafayette case, we also find Taiwan for the first time on the list.

Key

Others	Rest of the world combined, without geographical differentiation
AFG	Afghanistan
AO	Angola
B	Belgium
BR	Brazil
BS	Bahamas
BVI	British Virgin Island
CAY	Cayman Islands
CH	Switzerland
D	Germany
E	Spain
F	France
FL	Liechtenstein
GB	Great Britain
GR	Greece
I	Italy
IL	Israel
PA	Panama
R	Russia
RC	Taiwan
SA	Saudi Arabia
TR	Turkey
USA	USA
VN	Vietnam
WAN	Nigeria
YU	Yugoslavia



2.3.10 Domicile of beneficial owners

What the chart is showing

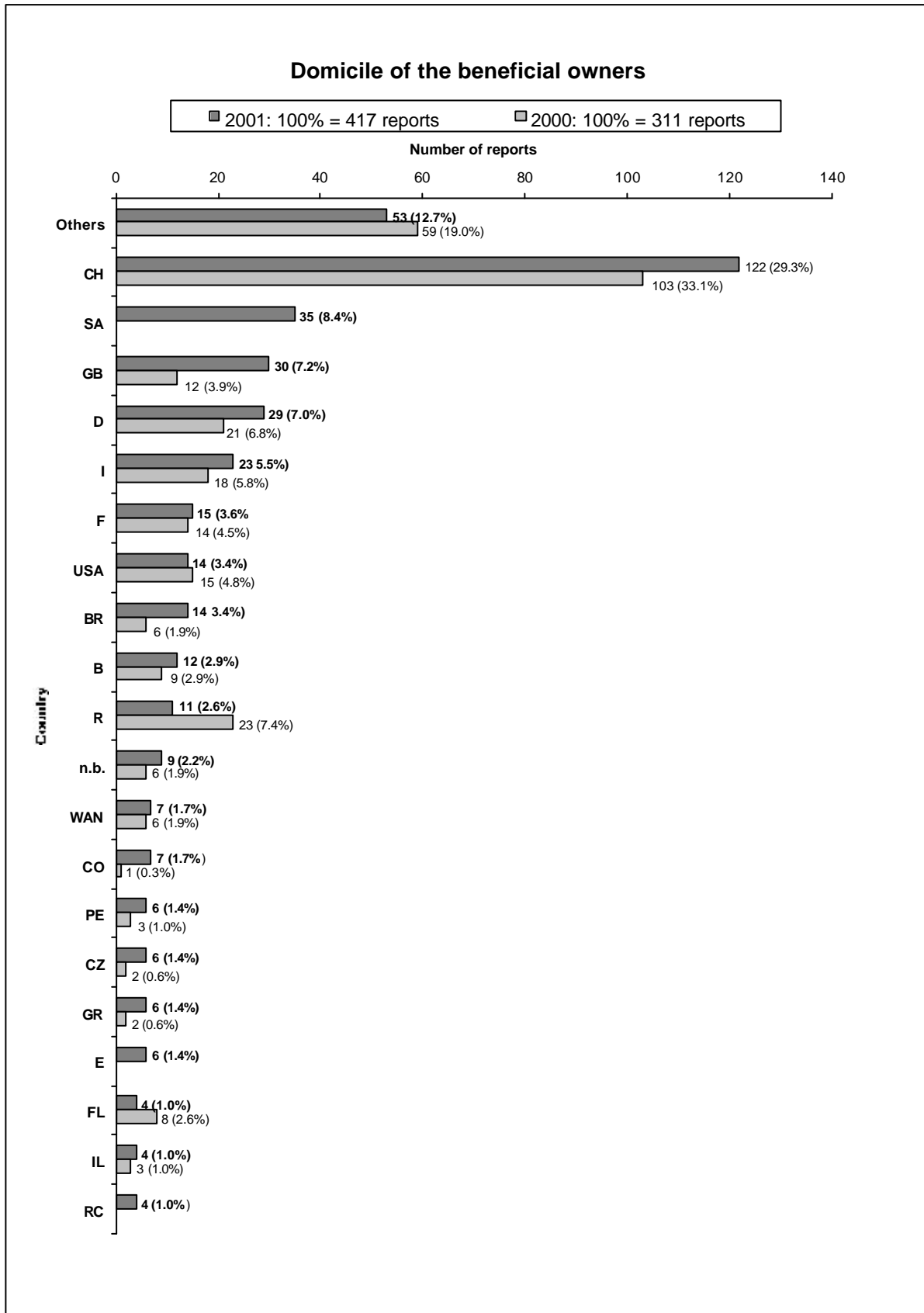
This chart shows where a person that is a designated beneficial owner of the assets under suspicion lived or maintained Domicile, at the time the report was filed.

What the chart indicates

As in the chart above (2.3.8.), 60.7 percent of persons designated as beneficial owners maintain their domicile in European countries. (2000: 60.8 percent). 29.3 percent resided in Switzerland (2000: 33.1 percent). Once again, there is a decrease in the case of Russia (2001: 2.6 percent; 2000: 7.4 percent).

Key

Others	Rest of the world combined, without geographical differentiation
u.i.	Unidentifiable
B	Belgium
BR	Brazil
CH	Switzerland
CO	Columbia
CZ	Czech Republic
D	Germany
E	Spain
F	France
FL	Liechtenstein
GB	Great Britain
GR	Greece
I	Italy
IL	Israel
PE	Peru
R	Russia
RC	Taiwan
SA	Saudi Arabia
USA	USA
WAN	Nigeria



2.3.11 Nationality of beneficial owners

What the chart is showing

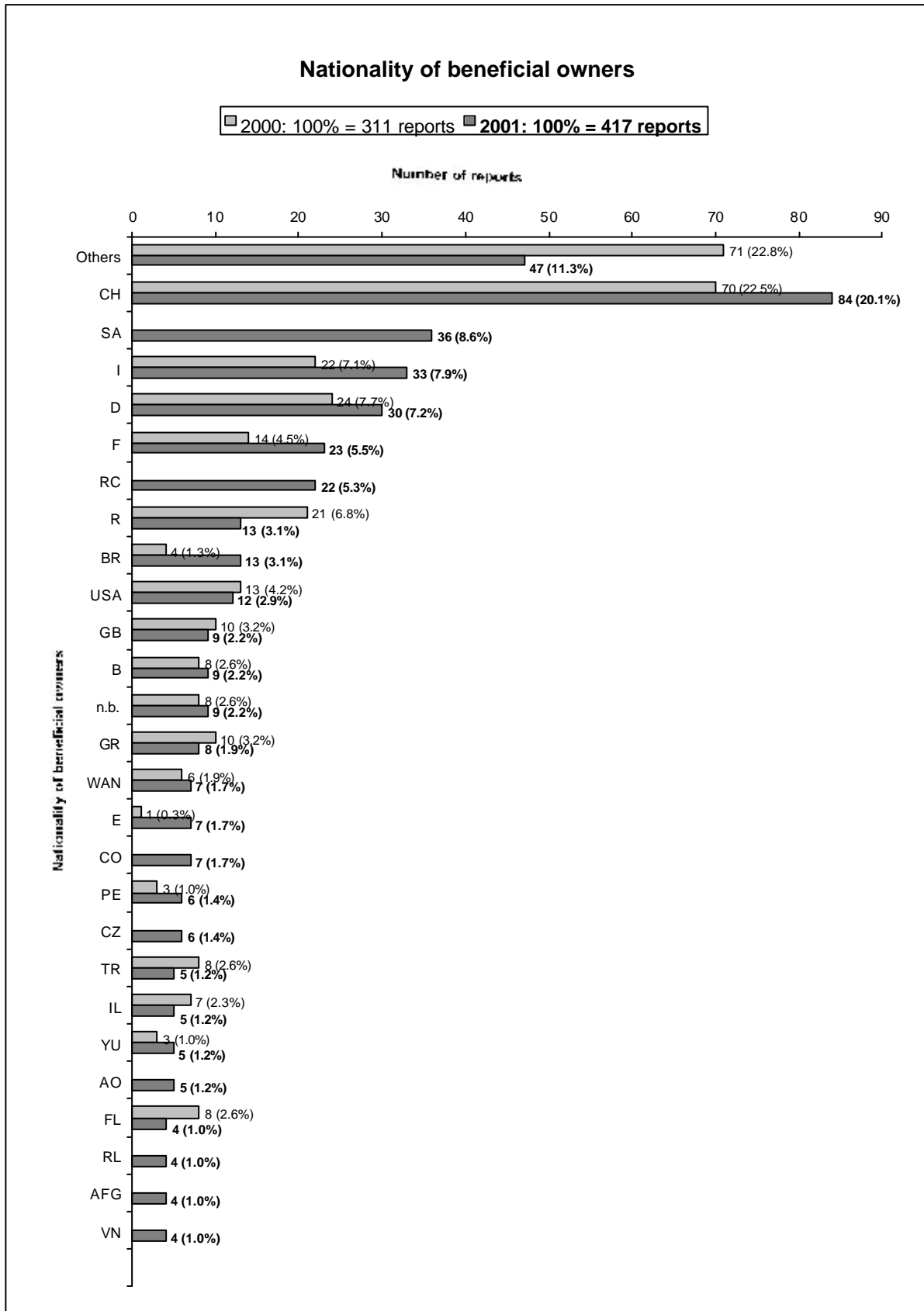
This chart shows the nationality of the beneficial owner of suspicious assets, at the time the report was filed. The nationality and domicile are identical for corporate entities. Often the prosecuting authorities discover the actual beneficial owner and their nationality during their investigations.

What the chart indicates

Beneficial owners with European origin also dominate this table (2001: 53.5 percent; 2000: 57.3 percent). Beneficial owners from Saudi Arabia, Afghanistan and Lebanon are new for 2001, all of them in connection with reports concerning terrorism.

Key

Others	Rest of the world combined, without geographical differentiation
unk	unidentifiable
AFG	Afghanistan
AO	Angola
B	Belgium
BR	Brazil
CH	Switzerland
CO	Columbia
CZ	Czech Republic
D	Germany
E	Spain
F	France
FL	Liechtenstein
GB	Great Britain
GR	Greece
I	Italy
IL	Israel
PE	Peru
R	Russia
RC	Taiwan
RL	Lebanon
SA	Saudi Arabia
TR	Turkey
USA	USA
VN	Vietnam
WAN	Nigeria
YU	Yugoslavia



2.3.12 Prosecuting authorities involved

What the chart is showing

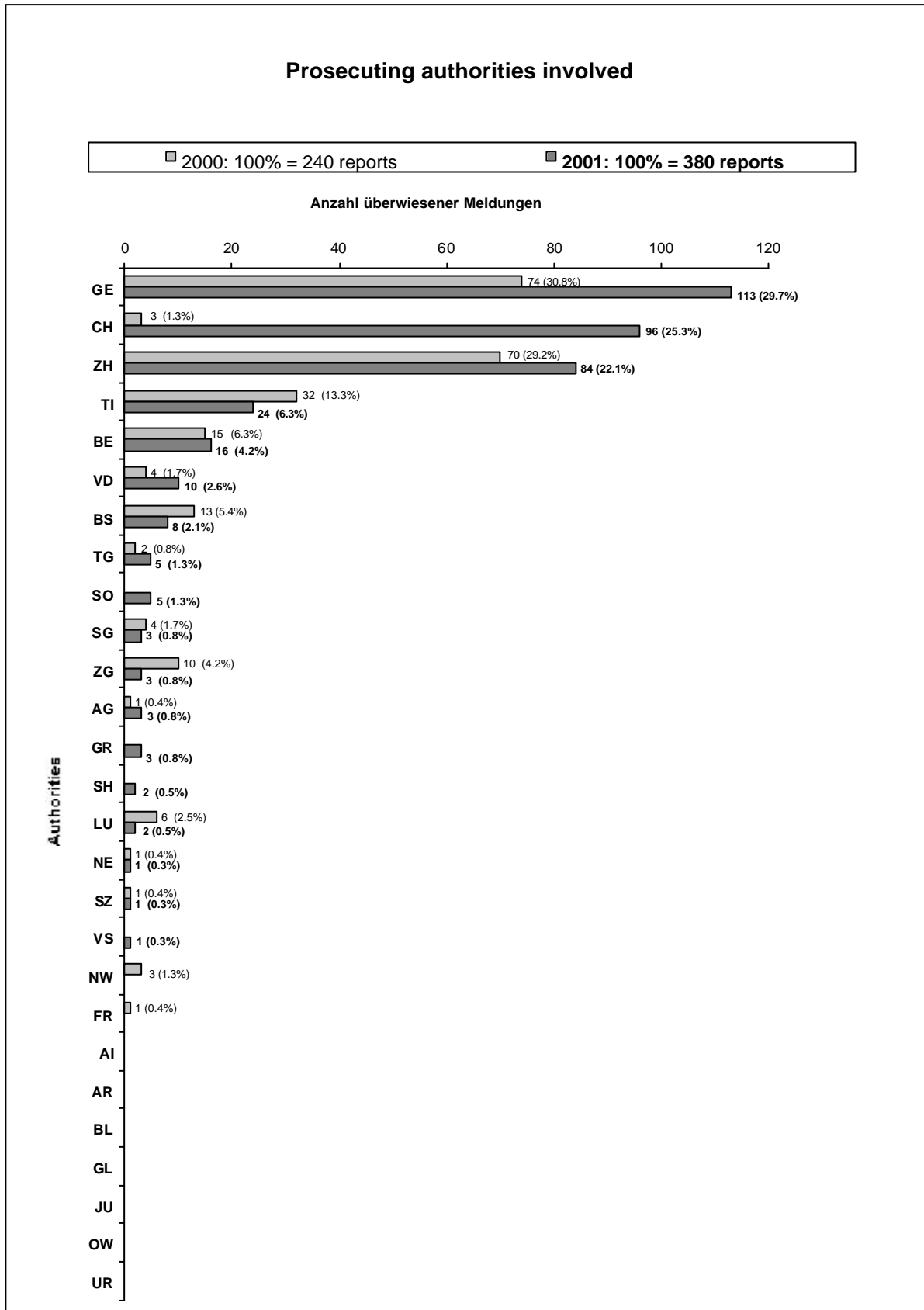
This chart shows the prosecution authorities to which cases were referred by MROS. The cantonal jurisdiction is determined by the main location of the money laundering transaction (e.g. the location of the bank account). This is in accordance with the law in effect until 31 December 2001.

What the chart indicates

All 95 reports related to the events of September 11, 2001 (as well as one report concerning counterfeit money) were passed on to the Attorney General's office (25.3 percent of all forwarded cases compared with 1.3 percent in 2000). There is a considerable decrease of cases in the canton of Ticino (2001: 6.3 percent; 2000: 13.3 percent) as well as in the canton of Basel-Stadt (2001: 2.1 percent, 2000: 5.4 percent).

Key

AG	Aargau	GE	Geneva	OW	Obwalden	UR	Uri
AI	Appenzell Innerrhoden	GL	Glarus	SG	St. Gallen	VD	Vaud
AR	Appenzell Ausserrhoden	GR	Grison	SH	Schaffhausen	VS	Valais
BE	Berne	JU	Jura	SO	Solothurn	ZG	Zug
BL	Basel-Landschaft	LU	Lucerne	SZ	Schwyz	ZH	Zurich
BS	Basel-Stadt	NE	Neuchâtel	TG	Thurgau		
FR	Fribourg	NW	Nidwalden	TI	Ticino		



2.3.13 Number of requests from other Financial Intelligence Units (FIU)

What the chart is showing

This chart shows from which other countries FIUs have requested information from MROS, as well as the number of persons about whom information was requested.

What the chart indicates

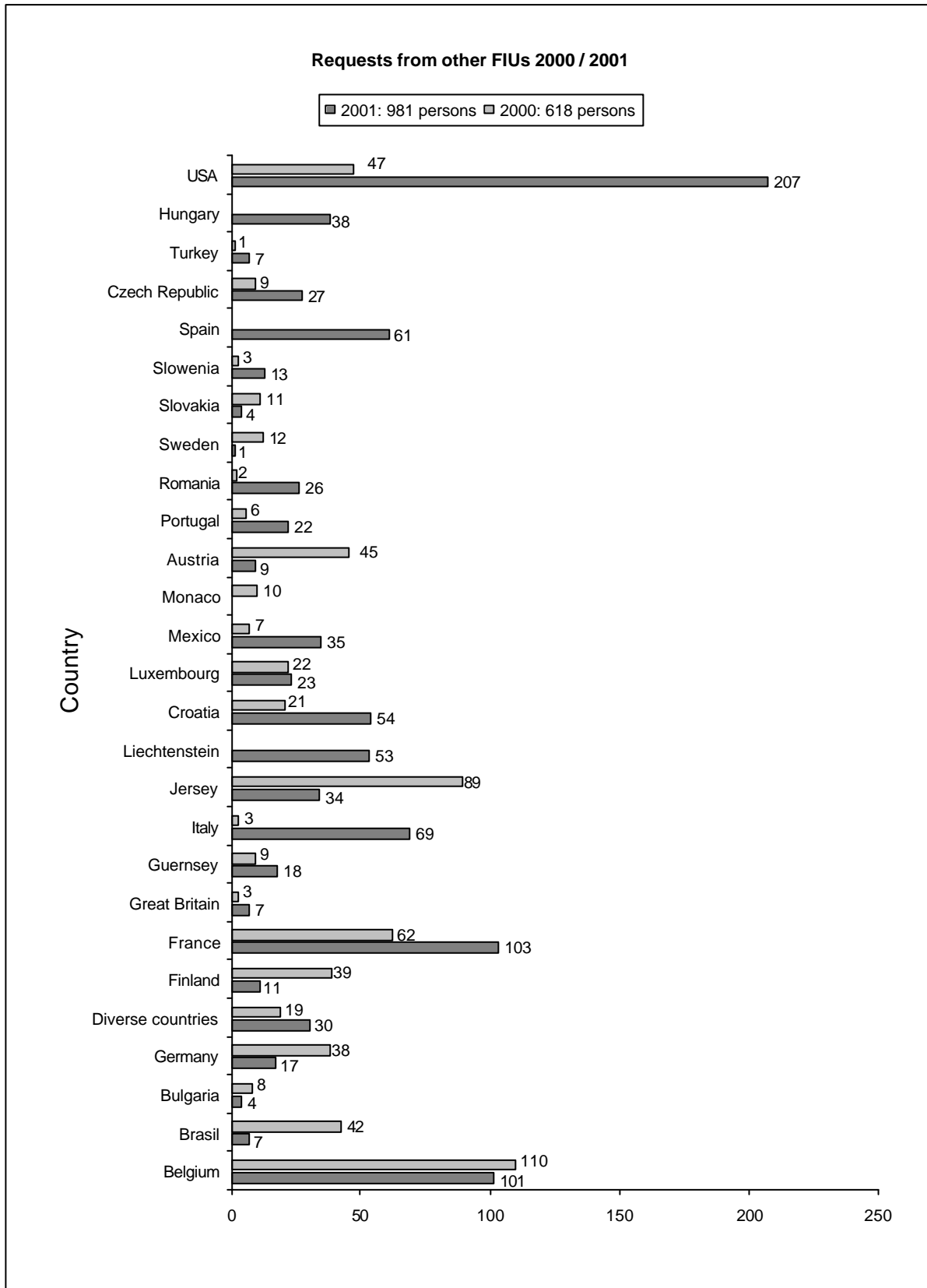
FIUs are reporting offices for money laundering in other countries with authority comparable to MROS, with whom a formal information exchange is maintained in the fight against money laundering (Art. 32 Money Laundering Act, Art. 10 of the Money Laundering Regulation).

When MROS receives a request from abroad, the names are checked against the data banks and entered in MROS' own data bank GEWA. In the event that the person shows up later in reports from Swiss financial intermediaries, GEWA will flag the person as presumably involved in criminal activities abroad. The fact that the majority of inquiries stem from the USA can be attributed to the events of September 11, 2001.

The category "Others" combines countries which made inquiries only on a small number of persons, namely the Bahamas, Chile, El Salvador, Estonia, Gibraltar, Greece, India, Norway and Cyprus.

The number of FIU inquiries increased by 58 percent compared to the previous year. The continuous rise in FIU inquiries clearly demonstrates the intensive international co-operation.

In 2001, MROS received an average of 36 inquiries per country. MROS placed a similar number of inquiries abroad.



3. Typology

3.1 *The financial adviser always wins; the client always loses*

In 1999, a major Swiss bank entered an agreement with an investment consulting firm administering the assets of 130 clients. The sum of these assets totalled CHF 75 million. The accounts and the deposits were managed by the above-mentioned Swiss bank.

The contract between the bank and the investment-consulting firm allowed the company to directly authorise stock trades in the name of the bank. One of the authorised investment consultants was a client of the bank and holder of a securities-trading account.

Once the bank had discovered the existence of this particular securities trading account, it kept an eye on money transferred to this account. The bank eventually noticed that within a six-month period of stock trading, the account showed a surplus of CHF 750'000. Because of the type of transactions (day trading - the buying and selling of stocks at the same day) and the less than favourable environment on the stock market, the bank became suspicious about the extraordinary revenues.

The bank was aware that the employee of the investment consulting firm enjoyed a great deal of freedom in handling the business affairs of the company. Eventually, the bank looked more closely into the portfolios of each of the consulting firm's clients. A comparison of the clients' accounts with the one of the investment consultant showed that he was recording the bank transactions post-trading. In this way, he was able to check the actual stock results beforehand.

Thus, profitable stock-trades appeared in his name and as if they were executed by him. He then had the profits credited to his own account, while any unprofitable trades were assigned to the accounts of the clients.

Suspecting a money-laundering scheme, the bank notified MROS. The according prosecuting authority was brought in and the assets were frozen. The investigation is pending.

3.2 *The client who always wins*

In year 2000, a foreign national opened an account at a major Swiss bank. The account holder lived abroad, where he worked as an employee of a bank. Over the Swiss account, he bought and sold company shares, which were quoted on the secondary stock exchange.

Within the course of just a few months, the account holder made several hundred transactions and the account balance soon reached CHF 600'000. Remarkably, between all this stock trading, no losses were ever recorded. Once the bank became aware of these rather unusual circumstances, it sought clarification. It came to light that the person in question was not only a bank employee, but an investment consultant as well. The stock trades, which were handled in the name of his

employer, were exclusively placed by telephone. The correspondence account for these transactions was set up in the person's name in Switzerland. In this type of stock trading, the holder of the correspondence account is not displayed right away in the stock exchange's computer system. The clients were aware of this information delay, and therefore they had no reason to become suspicious. In this way, the investment consultant was able to assign the losses to his employer for nearly a year, while his own account showed the same figures as a profit. The bank notified MROS of their suspicion. The account was frozen and the case was forwarded to the appropriate prosecuting authority. The investigation is pending.

3.3 *Dubious dealings*

A foreign national, who did not reside in Switzerland, rented a safety deposit box at a major Swiss bank in November 2000. At the same time, he opened an account under an alias. He listed his occupation as fashion designer. When asked about the purpose of the account and the origin of the USD 25 million that were to be transferred from another Swiss bank, he explained that a part of the money was from the sale of family real estate abroad. He claimed that another part of the money stemmed from earnings from the import and export of petrol and computer parts. He purportedly wanted to close the account at the other bank because the profitability was lower than expected. He offered no further information.

Over the following four months, the money was transferred from the former bank to the newly opened account in several payments. The account balance reached CHF 150 million, which was considerably more than the initially mentioned USD 25 million. In light of this difference, the bank requested documentation regarding the origin of the money. Upset by the questions, the client threatened to close his account and to return to his previous bank.

Due to the suspicious circumstances and the fierce reaction of the client, the bank decided to look further into this matter. It turned out that the father of the client was involved in both a transnational corruption affair and a murder case. Reportedly, he had received substantial amounts of money for the brokering of military goods. With this money, he purportedly paid other middlemen. In the light of this information, the suspicion arose that the funds, which had been transferred to the son's account, could be of criminal origin. After the bank reported their suspicions to MROS, additional evidence concerning the same instance became known. The prosecuting authority is currently investigating this case.

3.4 *An ecclesiastical office buys a castle in the sky*

An ecclesiastical office in Germany sent a fax to a Swiss bank, inquiring about conditions for fixed term deposits. Along with the faxed inquiry, it sent a copy of a bank statement. The latter showed two accounts, supposedly at the above-mentioned bank, with balances of DM 2,5 million and DM 350'000. However, the bank was unable to find any business connections with the church. Still, the bank was able to find business records, which showed that the church indeed had transferred 1,7 million Euro. However, the transfer was not registered in the name of the ecclesiastical office, but placed under the name of a private person. This private person told the bank clerk that she had sold her home in southern Europe, and that the transfer was the incoming payment. Understandably, the ecclesiastical office was

surprised about the lacking business records, since they had printouts of the accounts and correspondence-letters from the bank. Still, the church had to admit that they did not receive these documents directly from the bank, but from the above-mentioned person.

In fact, the printouts of the accounts had been forged by that person and the correspondence from the bank was signed by an individual who had never worked there. The ecclesiastical office immediately filed charges. The responsible prosecuting authority in Switzerland has received the request for transnational legal assistance.

3.5 *The good fairy from „Good Luck“ magazine*

Within the course of a few days, several payments were made to the salary account of a bank client. The payments were made by individuals throughout Switzerland who had no immediate relationship with the account holder. Shortly thereafter, the paying banks notified the destination bank that the money transfers had been made without the knowledge of their clients. Further investigation by the bank revealed that their client had called each one of these individuals and identified himself as an employee of a magazine. He explained that they had won a contest and he requested their bank information in order to deposit the money supposedly won. With this information, the bank client was able to forge several credit orders in his favour. The bank immediately froze the account and submitted a report to MROS. The suspicious transaction report was then forwarded to the responsible prosecuting authority.

3.6 *Expensive tea*

According to the commercial register, a certain business operated a tea-room. The bank of this business was rather surprised when, within a period of four months, nearly CHF 300'000 were placed in the owner's business account. Officials at the bank considered this an unusually high turnover given the type of products typically sold in a tea-room. A discussion with the business owner failed to clarify the situation. The client's appearance cast even more doubts about the sincerity of his business activity. One day, a bank employee paid a visit to the tea-room. The visit strengthened the bank's initial suspicion that tea was not the only product consumed and sold in this teahouse. It turned out that illegal drugs were also being offered. The bank froze the business owner's account at once and filed a report to MROS. The case is currently being followed up by the responsible prosecuting authority.

3.7 *Another kind of leasing*

A freelance salesman, working together with a garage owner, signed about 240 leasing contracts. However, these contracts were fictitious. The actual lessees were paid a certain fee for co-signing the contracts and preparing all the necessary documentation, but they never received a car. The confirmations for the full coverage policies were purchased by a collaborating insurance employee. Based on the selling price of the cars, the leasing company paid the garage owner. He took a share for himself and passed the rest of the money on to the salesman. In this way, the go-between earned about CHF 13,5 million with his 240 fictitious contracts. In order to make the leasing contracts appear valid, the mediator placed the first payments in his name. Still, the missing leasing payments still summed up to around CHF 9 million.

The leasing company discovered the fraud because the salary declarations from the "lessees" were forged. The leasing company established contact with the "lessees" and discovered that none of them was able to describe the cars they supposedly leased. The leasing company filed charges with the police against the go-between. Not long thereafter, the perpetrator turned himself in. The cantonal prosecuting authority is still investigating.

3.8 Money laundering as a sport

Over several years, the president of a sports club managed to plunder the club's treasury. He could count on help from numerous prominent friends and a vast network of offshore companies. When his criminal activities were uncovered and charges were filed, he attempted to liquidate his accounts in Switzerland and tried to transfer the funds to other accounts with different names and entitlements. The private bank in Switzerland was alerted by this behaviour. Research conducted by the bank showed that criminal charges against him had already been filed. The bank immediately blocked the remaining accounts, as well as all other connected accounts and submitted a report to MROS. The responsible prosecuting authority upheld the freeze and initiated an investigation.

3.9 Unhealthy excess

A new private banking client opened an account to deposit his revenues from a sale of bank bonds. The securities were deposited in the bank and the client offered a plausible explanation for the origin of the negotiable bonds. The sale was concluded and the revenues placed on his account. Despite former intentions to let the bank use these revenues to set up a long-term investment, the client made a large cash withdrawal. Then he ordered the bank to transfer all but a small amount of the remaining sum to accounts of third parties in other countries. A few days later, the bank learned that the bonds had been stolen from a trading account of the issuing bank. At the same time, the client notified his bank that he would be personally delivering more titles in the coming days. Due to the immediate filing of a report to MROS and the quick action of the according prosecuting authority, the client was caught red-handed.

3.10 An odd hobby for a holy man

A man who lived in a neighbouring country paid a visit to a casino in Switzerland. During this visit, he exchanged foreign currencies for about CHF 10'000 and won a total of about CHF 20'000. In line with their legal duties, the casino authorities asked the man to identify himself and to fill in a form with his personal data. The man complied with the request. It was somewhat of a surprise to the casino authorities, when they learned that this passionate gambler was a clergyman. When employees of the casino glanced through the window and caught sight of the clergyman's car, they noticed that the floor of the car was strewn with bank notes. They also found a list with names of casinos in Switzerland and a neighbouring country in the car. The local police was called in, but could not uncover any illegal doings, as the bank notes had not been stolen. In the meantime, the identity of the man was confirmed. He explained that his casino visits were merely a form of relaxation. Hence, his pastime also explained the existence of the casino list. As for the messy pile of bank notes covering the floor of the car, the priest blamed his personal messiness. With this

explanation, he left and drove off to another Swiss city, because he was supposedly expected there by a friend. Because of the unique nature of this case, the casino forwarded it to MROS. MROS in turn, requested further information about the clergyman from the appropriate foreign authorities. However, nothing incriminating was recorded about the man. Owing to a lack of evidence bolstering the suspicion, MROS decided against forwarding the case to the prosecuting authorities.

3.11 *Money for nothing*

In the beginning of April 2001, a salesman living outside Switzerland showed up at a Swiss bank. He claimed to be actively involved in the steel business. His declared intention was to enter business with several European steel traders. The bank checked out his background and was able to confirm that he was indeed active in steel trading and that he was a member of established public institutions in the steel sector. In May 2001, the client opened an account at the bank. The account was in the name of an offshore company, which he reportedly set up through a Swiss trustee. In June 2001, a foreign company contacted the bank and informed it that deals were in the works and that another bank would be issuing a letter of credit for the client's offshore company. The negotiable letter of credit was valued at USD 900'000 and to be paid out in two parts. On June 7, 2001, the client sent his bank the required documents for the first withdrawal of USD 460'000. The payment was to the foreign company. In June, the other bank transferred USD 460'000 to the client's bank. The funds were credited to the account of the client's offshore company. On the same date, he attempted to transfer USD 450'000 to his foreign supplier.

He explained that the rush was necessary because of an upcoming national holiday and the urgency to arrange sea transport for his goods. The transfer of funds was to be carried out through an account of another offshore company. The bank fulfilled the client's request and transferred USD 450'000 to a third bank, located in the country of his supplier. The beneficiary was a business enterprise allegedly owned by the foreign supplier. On June 14, 2001, the foreign company notified the client's bank that the bills of delivery authorising the transaction were forgeries and that no goods of any kind had been delivered. There has been no trace of the client since that day. The bank immediately blocked the account of the offshore company that supposedly belonged to the client. The bank and the trustee that had been involved in the affairs of the client jointly forwarded a report to MROS. The investigation of the prosecuting authority is pending.

3.12 *The fine art of money laundering*

In August of 2000, at the advice of a third person, the client entered a contract with a Swiss art dealer to buy and sell a well-known piece of art. The art dealer obtained the painting from a renowned European gallery for USD 10 million. The Swiss art dealer then sold the painting to an overseas company for USD 11,8 million. This company was acting as the exclusive agent of yet another overseas company. The two end-buyers of the painting were the beneficial owners of that company. For their services rendered, the persons involved in the deal were to share the difference between the purchase price and the sales price. The terms stipulated that the client should receive USD 1,5 million, the third person USD 250'000, and the art dealer USD 100'000. Those involved in the deal did not know each other, nor were they

aware of how much money each would receive. A few days after it had been bought, the painting was turned over to an auction house for further sale. Meanwhile, a new account had been opened in the name of one of the end-buyers.

In May 2001, the Swiss art dealer learned that this person was allegedly entangled in an international corruption and money-laundering scheme. A high-ranking dignitary and fellow countryman of the person was reportedly also involved in this affair. Considering these circumstances, it was likely that the money used to buy this painting was of criminal origin. The Swiss art dealer notified MROS about his suspicions. The prosecuting authority is currently investigating the case.

3.13 *An insured retirement*

A citizen of a foreign European country, worked as an insurance agent. He earned some money on the side, moonlighting as a dealer of automatic videocassette dispensers. His business affairs were handled through a company with headquarters in another country. He was the beneficial owner, but turned over operation of the business to a Swiss attorney. In 1999, the client informed his attorney that he was thinking about selling his shares in another company. The revenues of this sale should be transferred to the account of his company. In order to check out the circumstances of this transaction, the attorney asked his client to provide the supporting documents. When he handed over the bank statement of the other company's to the attorney, he complained that there was far too much red tape involved in doing business in Switzerland. For this reason, he wished to discontinue, using his company to conduct his business affairs. Hence, he ordered the closing of this company's account. The withdrawal was in form of transfers and direct payments from the company's cash reserves. After the final transfer was made in March 2001, the attorney closed the file and put it into the archives.

In November 2001, the attorney learned from an article in the foreign press that his former client was accused of having embezzled 20 million Euro. It seemed that he had used his position as an insurance agent to offer forged compounding loans to wealthy insurance clients.

Instead of sending the policy and the loan payments to the headquarters, he deposited the money in his private account. After learning about this, the attorney started doubting the legitimacy of the money which had flowed through the account of his former client. He notified MROS about his suspicion. The case is currently in the hands of the prosecuting authority.

3.14 *A postal clerk is on the ball*

A woman had CHF 4'900 sent outside the country in a small post office. The post office is required by law to demand the identity of anyone sending more than CHF 5'000 outside the country. Since the amount was below the limit, there was no reason to ask the woman for a proof of her identity. A few days later, the same woman showed up in the post office again and placed an identical transaction, except this time the name of the sender was different. The woman appeared once again some days later to change bank notes of small denominations into thousand franc bills. The postal clerk recalled the previous transactions the woman had made

and asked her for some form of official identification. She explained that she was carrying out the transaction for a third party. Then she refused to show any identification and left the post office without accomplishing her task. The postal clerk notified the postal authorities about the incident. A subsequent investigation revealed the following:

The woman had made numerous similar transactions in post offices within the same area. Her partner had already attempted to send the same amount to the same recipient. The address of the recipient was fabricated. Only the telephone number was correct. It was actually the telephone number of her partner. In light of this information, the post tried to locate and identify the woman. The couple had made 37 transactions for a total of CHF 130'000. These dubious and strange circumstances, in conjunction with the fact that each of the transactions was kept under the 5'000 franc limit to avoid a personal identification, led the postal authorities to notify MROS. The follow-up investigation revealed that the couple was already known for various offences against the narcotics act.

3.15 *Nebulous finances*

A foreigner not living in Switzerland opened a private account at the Swiss Postal bank. The account was in the name of a foreign national, residing outside of Switzerland. At the same time, a commercial account was opened in the name of a company registered abroad. The owner of this company was the same person that established the above-mentioned accounts at the Post.

Soon thereafter, regular deposits of tens of thousands of Swiss francs were made. The money came from another company, which was also based outside the country. This company belonged also to the same person. The deposits were never transferred directly to the postal account. Rather, they were first placed on a Swiss bank account. The client then transferred the funds from his business account to his personal account via E-banking. Afterwards, he withdrew the daily cash limit of CHF 1'000 at automatic teller machines in his home country. Surprised by the somewhat odd style of the money transfers, the postal bank opened an investigation. Nothing illegal was discovered. The postal authorities informed MROS anyway because of the unusual procedure. It seemed strange that the client was willing to pay such high fees for his cash withdrawals at ATMs outside of Switzerland. Also surprising was the fact that the client did not seem to care that his account balance, which was considerably more than CHF 100'000, did not earn any interest on amounts over CHF 10'000. The bank officials felt obligated to call in MROS. The prosecuting authorities have begun their investigation.

4. International

4.1 Memorandum of Understanding (MOU)

In the reporting year, a number of negotiations with the aim of further MOUs took place with foreign Financial Intelligence Units (FIUs). On January 24, 2002, a MOU was signed with the FIU from Monaco: the Financial Information and Control Service (*Service d'Information et de Contrôle sur les Circuits Financiers - SICCFIN*). Monaco is the third country after Belgium and Finland to sign an MOU with MROS.

4.2 The Egmont Group

At the plenary session in June 2001, in The Hague, the number of member countries in the Egmont Group was increased by five new members to 58. Membership in this group requires that an operational FIU, which is acting as the central authority of a country, must:

- accept reports of suspicious transactions,
- analyse them,
- forward them on to the appropriate prosecuting authority.

Furthermore, appropriate information must be made available for exchange with other FIUs, based on existing laws or an MOU.

The countries listed below are presently members of the Egmont Group. Countries that became members during 2001 are listed in *italics*:

Antilles	Iceland	Turkey
Aruba	Isle of Man	USA
Australia	Italy J	Venezuela
Austria	Japan	Cyprus
<i>Bahamas</i>		
Belgium	Jersey	
Bermuda	Croatia	
Bolivia	Latvia	
Brazil	<i>Liechtenstein</i>	
British Virgin Islands	Lithuania	
Bulgaria	Luxembourg	
<i>Cayman Islands</i>	Mexico	
Czech Republic	Monaco Netherlands	
Chile	New Zealand	
Colombia	Norway	
Cyprus	Panama	
Denmark	Paraguay	
Dominican Republic	Republic of	
<i>El Salvador</i>	Slovakia	
Estonia	Romania	
Finland	Slovenia	
France	Spain	
Greece	Sweden	
Guernsey	Switzerland	
Great Britain	Taiwan	
Hong Kong	<i>Thailand</i>	

In addition to the annual plenary session, there were also meetings of the "Legal", "Outreach" and "Training/Communication" committees in Larnaca, Cyprus (March 2001), The Hague, Netherlands (June 2001), and in Zoetermeer, Netherlands (October 2001). Because of the terrorist attacks of September 11, 2001, a special meeting of the FATF was convened, following the extraordinary plenary session of the Egmont Group in October 2001, in Washington DC. The primary goal of this gathering was to discuss and promote further co-operation and information exchange among the FIUs in their fight against terrorism.

4.3 GAFI/FATF¹

4.3.1 Switzerland and the Financial Action Task Force

The so-called *Groupe d'action financière sur le blanchiment de capitaux*, or Financial Action Task Force, is a working group founded in 1989 dedicated to the fight against money laundering. The goal of the group is to develop and promote national and international strategies in the fight against money laundering. The FATF is an independent international body; its main office is based at the OECD.

The twenty-nine member countries of the FATF are: Germany, Argentina, Australia, Belgium, Brazil, Canada, Denmark, Spain, USA, Finland, France, Greece, Hong Kong (China), Ireland, Iceland, Italy, Japan, Luxembourg, Mexico, Norway, New Zealand, the Netherlands, Great Britain, Portugal, Singapore, Sweden, Switzerland, and Turkey. Two international organisations are also members of the FATF: The European Commission and the Gulf Co-operation Council.

Switzerland is a founding member and chaired the group from 1991 to 1992 (FATF III). Switzerland's representatives are from the Federal Financial Administration, the Department of Justice and Police, and the Department of Foreign Affairs. As a member of the FATF, Switzerland participates regularly in the general meetings and conferences where case studies are discussed. Switzerland is also represented at the committee meetings. Representatives from MROS attend all meetings and events, which are a useful forum for the exchange of information concerning money-laundering methods.

4.3.2 Tasks of the FATF XIII

The chair for FATF XIII (July 2001 - July 2002) Ms. Clarie Lo, the Hong Kong commissioner for narcotics, representing China. The tasks of FATF XIII were laid out at the general assembly in Paris from September 5 to 7, 2001. This year's stated goals will be linked to the results of FATF XII (see below). After the events of September 11, 2001, the FATF decided to expand the battle against money laundering and to engage in the fight against the financing of terrorism (see item 4.3.2.5).

¹ GAFI *Groupe d'action financière sur le blanchiment des capitaux*
FATF *Financial Action Task Force*

4.3.2.1 *The battle against money laundering on all continents and in all regions of the world*

There is a consensus that money laundering must be fought throughout the world. In order to be able to succeed, the FATF is eager to deepen the contacts with those countries that have been aspiring members since 1998 (Russia, India, China, and South Africa). The co-operation with regional institutions, such as *Groupe des Organismes de Surveillance des Banques Offshores* and international financial institutions, such as the International Monetary Fund and the World Bank, will be intensified as well. The FATF also supports newly formed regional institutions and promotes similar new start-up groups, which are being set up in the Middle East and North Africa.

4.3.2.2 *Uncooperative countries and regions (NCCT)*

An important part of the FATF's job is to maintain a black list of countries and regions that do not presently co-operate in the fight against money laundering. These are countries whose laws concerning money laundering still leave a lot to be desired. The black list also includes those countries which appear not to take any noticeable efforts and actions. At the end of the talks in Paris in 2001, the Bahamas, the Cayman Islands, Panama and Liechtenstein were removed from the list. Egypt, Guatemala, Hungary, Indonesia, Myanmar (Burma) and Nigeria remain on the list of uncooperative states. The general assembly held in September 2001 in Paris was unable to arrive at a decision to eliminate any other names. In addition, two new names have been added to the list: Grenada and the Ukraine.

The current black list presents itself as follows:

Cook Islands, Dominican Republic, Egypt, Granada, Guatemala, Hungary, Indonesia, Israel, Lebanon, Marshall Islands, Myanmar (Burma), Nauru, Nigeria, Nieu, Philippines, Russia, St. Kitts and Nevis, St. Vincent, the Grenadines and Ukraine.

4.3.2.3 *More intensive studies of money laundering methods and a heightened level of alert*

The FATF systematically researches the countless methods, used to launder money (typologies). The research is based on the member countries' knowledge and experiences. The goal is to use this expertise in order to recognise the typical elements of money laundering and to establish more effective means to fight money laundering.

In the most recent conference² on typologies, which was held in Wellington, New Zealand, on November 19 and 20, 2001, the following topics were discussed:

- Terrorism financing
- Correspondence banking
- Banks, investment consulting and corruption

² The report on this conference, which was approved by the general assembly in Hong Kong in January 2002, can be viewed on the FATF website at: <http://www.fatf.-gafi.org>.

- Bearer instruments and their role in money laundering
- Research into cases of money laundering and signs of suspicious transactions

At this conference, the Money Laundering Reporting Office presented a case involving investment consulting. A prominent person from the political arena was entangled in that case. This particular case study demonstrated the susceptibility of private banks to money laundering. At the same time, it underlined the effectiveness of Switzerland's Money Laundering Act.

4.3.2.4 Improved implementation of the 40 recommendations

One of the primary goals of FATF XIII is the re-working of the FATF's 40 recommendations in the fight against money laundering. This work began already in the year 2000. A re-working of the recommendations and annotations is necessary because of the technical innovations and new methods used in laundering money. This work was given to three committees in June 2001:

Group A (KYC = Know Your Client) takes a look into the issues concerning the identification of clients, the maintenance of documents and the signs of suspicious transactions in the banking and non-banking sectors.

Group B (Corporate vehicles) looks into the risks posed by the misuse of legally organised structures.

Group C (Gatekeepers) analyses aspects of the overhaul of the 40 recommendations in the non-banking sector. The point of interest of their work is the vagueness of the role of *gatekeepers*.

The committees will produce reports laying out specific problems related to the above-mentioned topics. They will also come up with suggestions about how to solve these problems. Once the reports are completed and approved by the general assembly, they shall be presented to interested private umbrella-organisations.

In the meantime, the re-working of the 40 recommendations has proven to be more time consuming than originally envisioned. The problem of revising the recommendations will be discussed once again during the extraordinary general assembly from May 6 to 8, in Rome.

Once the job will be completed within the third evaluation period, the FATF will provide an interim analysis, with reference to the readiness of its members to implement the above-mentioned recommendations. The effectiveness of the 25 NCCT criteria will also be examined. All members will be asked to participate in a self-evaluation before the end of February 2002. Switzerland presented the results of its self-evaluation to the secretary of the FATF at the general assembly in Hong Kong.

4.3.2.5 The fight against the financing of terrorism

After the terrorist attacks of September 11, 2001, numerous governments called for rapid and co-ordinated measures to assist the discovery and prevention of illicit transactions for terrorist purposes within the international financial system. The finance and economic ministers of the European Union and the finance ministers of

the G7 countries suggested that this initiative should be integrated into the international community's existing package of measures against money laundering.

At the extraordinary meeting of October 29 and 30, 2001 in Washington DC, the FATF decided to expand their mandate to include the battle against terrorism financing. Eight additional recommendations were proposed. These suggestions are geared towards preventing terrorists and their supporters from entering the international financial system. These eight recommendations comprise the following topics³:

- Ratification and implementation of UN measures;
- Criminalisation of terrorism financing and associated money-laundering activities;
- Freezing and seizure of assets from terrorist activities;
- Requirements to report suspicious transactions connected to terrorist activities;
- International co-operation
- Alternative forms of money transfer
- Electronic money transfers
- Non-profit institutions.

Further plans called for a self-evaluation to be conducted by each FATF member state before the end of 2001. The purpose of this evaluation was to ensure the implementation of the eight additional recommendations. It is the goal of the member states to have the recommendations in place by the end of June 2002. A second step is to draw up a black list, similar to the list of uncooperative countries and regions (NCCT). This list should include all countries lacking appropriate legal measures to tackle the problem of terrorism financing. The member states of the FATF have strengthened their resolve to support non-member states implementing the additional recommendations.

The FATF member states continue to enforce their measures against uncooperative countries.

Terrorist activities can be financed easily with either legally obtained money, as well as with illicit funds. Regardless of a funds' source, terrorist groups take advantage of the financial network in the same manner as all other criminal organisations do. They attempt to move money around from one place to another, thereby obscuring the connections between the source and the persons involved - e.g. the brains behind these operations and their principals. With the goal of helping financial institutions uncover such transactions, the FATF has worked out a series of guidelines. The FATF relies on its knowledge of the typologies of terrorism financing. These guidelines were discussed during the conference about typologies held in Wellington and at the general assembly in Hong Kong. The guidelines can be viewed on the FATF website located at <http://www.fatf-gafi.org>.

³ The additional recommendations and resolutions of the extraordinary general assembly in Washington, DC, are summarised and posted on the FATF Website at: <http://www.fatf-gafi.org>. They can be viewed by calling up the section on the financing of terrorism.

5. Internet-Links

5.1 Switzerland

5.1.1 Money Laundering Reporting Office Switzerland

www.bap.admin.ch Federal Office of Police / Money Laundering Reporting Office Switzerland

5.1.2 Supervisory Authorities

www.admin.ch/ebk Federal Banking Commission

www.admin.ch/bpv Federal Office of Private Insurance

www.admin.ch/efv Federal Finance Administration/Money Laundering Control Authority

www.esbk.ch Federal Gaming Commission

5.1.3 Additional Links

www.admin.ch/ezy Federal Customs Administration

www.snb.ch Swiss National Bank

5.2 International

5.2.1 Foreign Reporting Offices

www.ustreas.gov/fincen US Financial Crimes Enforcement Network

www.ncis.co.uk UK National Criminal Intelligence Service

www.austrac.gov.au Australian Transaction Reports and Analysis Centre

www.ctif-cfi.be Cel voor Financiële Informatieverwerking / Belgium

5.2.2 International Organisations

www.fatf-gafi.org Financial Action Task Force on Money Laundering

www.undcp.org United Nations Office for Drug Control and Crime Prevention

www.odccp.org UN Office for Drug Control & Crime Prevention

www.cfatf.org Caribbean Financial Action Task Force

5.3 *Additional Links*

www.europa.eu.int	The European Union
www.coe.fr	Council of Europe
www.ecb.int	Central Bank of Europe
www.worldbank.org	The World Bank
www.bka.de	Federal Criminal Police / Wiesbaden, Germany
www.fbi.gov	Federal Bureau of Investigation, USA
www.interpol.int	Interpol
www.europol.eu.int	Europol