



REPORT

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OFFICE SWITZERLAND MROS**

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TOPICS

Statistics

Typologies

From the MROS office

International scene

Internet Links

MROS

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2009

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1. Introduction

The number of Suspicious Activity Reports (SARs) increased once again in 2009, continuing the trend of the previous three reporting periods and even reaching a new all-time high in the history of MROS. It is difficult to say to what extent economic crime and ultimately the number of SARs was influenced by the financial crisis; it must be assumed that new opportunities have arisen for economic criminals under the current market conditions and that both companies and individuals affected by the financial crisis may have been tempted to take advantage of favourable business opportunities. The statistics on types of predicate offences once again show that criminal assets especially in connection with fraud offences head the list. This may be linked to modern types of media, such as the Internet, which give rise to new types of fraud. For this reason it is extremely important that a financial centre has effective legislation for combating money laundering, far-reaching due diligence obligations, a well-functioning financial market supervision, efficient law enforcement and prosecution, and effective mutual assistance. Switzerland, as a financial centre, not only has tough legislation; it also applies this legislation actively and effectively. With the entry into force on 1 February 2009 of the Federal Act on the Implementation of the Revised Recommendations of the Financial Action Task Force against Money Laundering (GAFI/FATF) the advantages of Switzerland's financial centre have been consolidated by – amongst other things – revising the Anti-Money Laundering Act (AMLA) according to international standards. The most significant reform in this respect is that suspected terrorist financing is now subject to mandatory reporting. However, since this duty to report actually already existed (based on the interpretation of terrorist financing under the old AMLA), it is not surprising that the number of SARs regarding suspected terrorist financing remained stable in 2009 over the previous reporting years.

During 2009, MROS noticed that the prosecuting authorities were not assessing and processing forwarded SARs uniformly. One reason for this is certainly the different cantonal criminal procedure codes. This makes the statistical recording of the cases by MROS difficult and partly also inaccurate. An example of this is the very frequent occurrence whereby the suspected criminal assets are located in Switzerland but the predicate offence has taken place abroad, and criminal proceedings have already been initiated in another country. The way in which such cases are dealt with by the cantons differs considerably: one canton may initiate proceedings, freeze assets and apply for mutual assistance in criminal matters to the foreign state in question; the prosecuting authorities in another canton, however, may open a preliminary investigation and pass on the appropriate financial information regarding assets in Switzerland to foreign prosecuting authorities as part of a "spontaneous transmission of evi-

dence and information" under Art. 67a Mutual Assistance Act¹. The purpose of this latter procedure is to encourage the foreign prosecuting authority to specifically request mutual assistance. It appears in the MROS statistics as a case that has not been "taken up" however, and thus gives the false impression that the Swiss authorities have not taken any action, a fact which does not mirror the truth. Often it is the foreign prosecuting authorities that do little to get hold of criminal assets in Switzerland. Which of the two cantonal procedures is ultimately better is anyone's guess: MROS hopes, however, that the entry into force of the new Swiss Code of Criminal Procedure (CCP²) on 1 January 2011 will harmonise cantonal procedures.

At the end of December 2008, the Swiss Federal Council set up an Interdepartmental Working Group to Combat Corruption³, of which MROS is a member. As part of its work within the group and in view of the recommendations to Switzerland by the Groupe d'Etats contre la corruption (GRECO⁴), the Federal Office for Police (Federal Criminal Police and MROS) organised a national police convention on fighting corruption. The aim of the convention was to raise the awareness of criminal police investigators about this special field of crime and train them with regard to typologies and investigation problems associated with the various typologies.

Since 2009 MROS has also been involved in the Economic Crime Commission (COMECO) – a working group set up by the Conference of Swiss Prosecuting Authorities⁵ and specialising in economic crime. COMECO allows the prosecuting authorities and MROS to meet at regular intervals and exchange opinions and information on money laundering and terrorist financing.

Bern, April 2010

Judith Voney, Attorney

Head of the Money Laundering Reporting Office Switzerland MROS

¹ Federal Act of 20 March 1981 on International Mutual Assistance in Criminal Matters (Mutual Assistance Act; SR 351.1)

² Message on Harmonising Criminal Procedure Codes dated 21 December 2005:

<http://www.admin.ch/ch/d/ff/2006/1085.pdf>

<http://www.admin.ch/ch/d/ff/2007/6977.pdf>

³ Aim of the Interdepartmental Working Group to Combat Corruption: to maintain and further foster the high level of integrity and resistance to corruption that exists in Switzerland compared to other countries, and to effectively apply the international standards on fighting corruption

⁴ Switzerland is a member of the Council of Europe's Group of States against Corruption (GRECO). The Group's task is to strengthen its members' capacity to fight corruption by means of a dynamic process of mutual evaluation. During one such evaluation in 2008, Switzerland was given 13 recommendations, one of which was to specially train the criminal police in the criminal provisions on corruption. http://www.coe.int/t/dghl/monitoring/greco/default_en.asp

⁵ <http://www.ksbs-caps.ch/>

Federal Department of Justice and Police FDJP
Federal Office of Police fedpol, Directorate Staff
MROS Section

2. Annual MROS statistics

2.1 *General remarks*

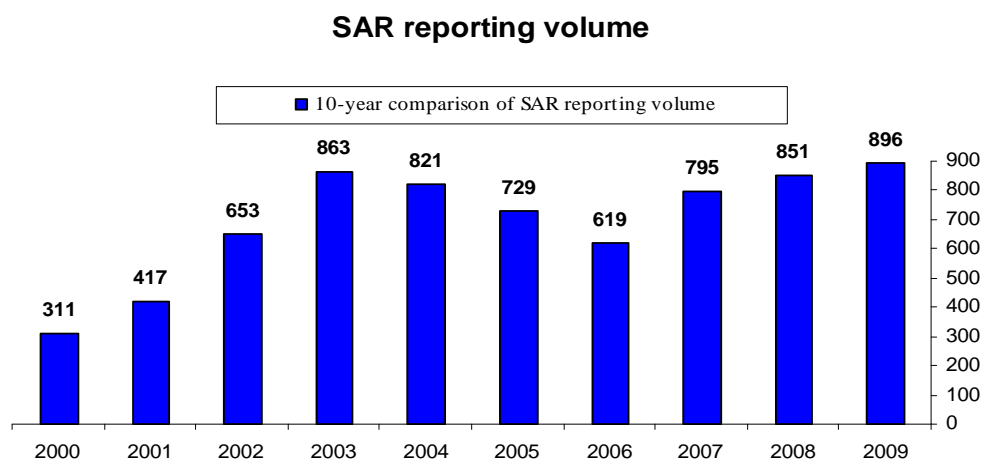
The 2009 reporting period proved to be an intensive year for MROS in terms of work volume. It was characterised by the following developments:

1. **Record number** of SARs;
2. **All-time high** in the number of SARs from the **banking sector**;
3. Continuing **decrease** in the number of SARs from the **payment services sector**;
4. **New peak** in the **total asset value** of SARs.

2.1.1 Record number of SARs

MROS received a total of 896 SARs in 2009, which represents an increase of 5.3 percent over the previous year and the highest reporting volume since the recording of statistics began in 1998, overtaking even the record year of 2003 (863 SARs). As in the previous year, two-thirds of all SARs came from the banking sector, which also submitted more reports in absolute terms (+30 SARs). There was also a noticeable increase in relative terms in the *credit card, leasing business and asset manager* categories. However, in absolute figures these categories hardly had any influence on the total sum of SARs due to their small volume. The increase in the category *credit card* and *asset manager* can be partly explained by the fact that several business connections generated multiple SARs. If one compares the record year 2003 with 2009, the picture is different; the high volume of SARs then was solely due to the tightening of reporting practices for financial intermediaries who provide services in the field of international payment services (money transmitting), whereas today it is mainly the banking sector that is responsible for the high number of SARs. The increase in the number of SARs from the banking sector is mainly due to the greater level of electronic-based client identification and monitoring and the new "risk based approach".

The average length of time required to process both mandatory and voluntary SARs was 2.5 working days.



2.1.2 SARs from the payment services sector

The payment services sector was the second largest contributor of SARs behind the banking sector. The number of SARs from this category has fallen continually for the last few years (-9.2% in 2009). However, if one takes a closer look at both sub-categories "providers" and "money transmitters" it becomes evident that the number of SARs especially from the money transmitters has fallen significantly (-42% in 2009). The number of SARs from providers has continually risen, however. In 2009 this increase reached a significant 36 percent (see Chapter 2.1.5. Proportion of SARs forwarded to the prosecution authorities).

It is especially difficult to identify criminal assets in the money-transmitting business because this business field consists of over-the-counter transactions with no prior client relationship. Thus the business process does not allow much insight into its walk-in customers and the origin of the money. For exactly this reason and because this kind of business process offers the opportunity of quick and uncomplicated cash transactions, it is extremely important that this sector is regulated and supervised. Basically, this kind of business is a service in the payment services sector based on franchising software for the electronic transmission of cash. Under the old Ordinance on the Professional Practice of Financial Intermediation⁶, which was valid up to the end of 2009, the financial agent (i.e. the franchisee) working with the software was only subject to the Money Laundering Act as a financial intermediary if his gross proceeds amounted in any one calendar year to more than CHF 20,000 or his transactions exceeded a total volume of CHF 2 million. The Swiss Financial Market Supervi-

⁶ Ordinance of the Swiss Financial Market Supervisory Authority on the Professional Practice of Financial Intermediation as defined by the Anti-Money Laundering Act (VBAF-FINMA; SR 955.20)

sory Authority (FINMA⁷) has recognised that sub-agents or supporting staff of the main agents of the software companies have committed alleged criminal offences (especially in the field of drug trafficking) and/or violated mandatory due diligence in the past: these sub-agents or support staff acting under their own name and on their own behalf often claim not to be conducting financial intermediation as defined by the Ordinance on the Professional Practice of Financial Intermediation⁸. Because of this untenable situation FINMA called upon the Federal Department of Finance (FDF) to revise the ordinance. Under the new ordinance, which came into force on 1 January 2010, all money transmitter business is now carried out in a professional capacity regardless of the threshold value. Also, support staff may only work for a single financial intermediary in this field. It will be interesting to see if there is any change in the volume of SARs from money transmitters in the next few years as a result of the new legislation.

⁷ www.finma.ch

⁸ SR 955.071; in force since 1 January 2010

Year	2003		2004		2005		2006		2007		2008		2009	
Total / in %	863	100%	821	100%	729	100%	619	100%	795	100%	851	100%	896	100%
of which payment services sector	460	53%	391	48%	348	48%	164	26%	231	29%	185	22%	168	19%
a) Providers	130	28%	97	25%	57	16%	61	37%	100	43%	78	42%	106	63%
b) Money Transmitters	330	72%	294	75%	291	84%	103	63%	131	57%	107	58%	62	37%

2.1.3 Mandatory SARs (Art. 9 AMLA) and voluntary SARs (Art. 305^{ter} para. 2 SCC)

Under the old Anti-Money Laundering Act (AMLA), financial intermediaries were able to submit voluntary SARs to the prosecution authorities, a state of affairs that - coupled with the parallel existence of mandatory and voluntary reporting – led to the criticism of Switzerland by FATF experts during the country evaluation of 2003. As a result, MROS recommended for the first time in its 2005 Annual Report and later in its training courses that voluntary SARs be submitted exclusively to its office. Under the revised Anti-Money Laundering Act (AMLA), which came into force on 1 February 2009, this recommendation has become mandatory, and financial intermediaries must now submit all voluntary SARs (Art. 305^{ter} para. 2 SCC) exclusively to MROS. The statistics of the last few years show that the number of voluntary SARs has continually risen since 2006 (especially in 2006 and 2007). This proves that the financial intermediaries already implemented the MROS recommendation at an early date. It is hardly surprising, therefore, that the number of voluntary SARs in 2009 – following the entry into force of the mandatory provision - was only marginally higher (+10 SARs) than in the previous reporting year.

At the same time, the statistics reveal that financial intermediaries – especially the banks - make extensive use of voluntary reporting (one third of all SARs from the banking sector). This is especially true of major banks (62% voluntary SARs). Because 28 percent of all SARs from the banking sector come from major banks, this figure is quite noticeable in the statistics (around one half of all voluntary SARs originate from major banks).

Financial intermediary	Type of SAR	2003	2004	2005	2006	2007	2008	2009	Total
Banks	Total	302	342	294	359	492	573	603	2965
	9 AMLA	275	313	258	271	307	392	401	2217
	305ter SCC	27	29	36	88	185	181	202	748
Supervisory Authorities	Total	2		2	5	1	1	4	15
Casinos	Total	8	2	7	8	3	1	5	34
	9 AMLA	8	2	7	8	2	1	5	33
	305ter SCC					1			
Foreign exchange trader	Total	2	1	1	1			5	10
	9 AMLA			1	1			5	7
	305ter SCC	2	1						3
Securities trader	Total		2	2		2	5	2	13
	9 AMLA		2	2		2	5	2	13
	305ter SCC								
Currency exchange	Total		3	3	2	1	1	1	11
	9 AMLA		2	3	2	1	1	1	10
	305ter SCC		1						1
Loan, leasing, factoring and non-recourse financing	Total	2	1	1	7	4	1	11	27
	9 AMLA	2	1	1	3	4	1	10	22
	305ter SCC				4			1	5
Credit card company	Total	1	2			2	2	10	17
	9 AMLA	1	2			2	2	3	10
	305ter SCC							7	7
Attorney	Total	9	10	8	1	7	10	11	56

	9 AMLA	9	9	8	1	7	10	11	55
	305ter SCC		1						1
Commodity and precious metal trader	Total	1				1	5	1	8
	9 AMLA	1				1	5	1	8
	305ter SCC								0
Fiduciary	Total	47	36	31	45	23	37	36	255
	9 AMLA	44	36	31	43	20	35	34	243
	305ter SCC	3			2	3	2	2	12
Other FI	Total	1	7		1	2		1	12
	9 AMLA	1	7		1	2		1	12
	305ter SCC								0
Asset manager / investment advisor	Total	18	13	18	6	8	19	30	112
	9 AMLA	17	13	17	6	5	16	29	103
	305ter SCC	1		1		3	3	1	9
Insurance	Total	8	8	9	18	13	15	9	80
	9 AMLA	8	7	7	15	12	12	9	70
	305ter SCC		1	2	3	1	3	0	10
Distributor of investment funds	Total	3	3	5		1	1		12
	9 AMLA	2	3	4			1		10
	305ter SCC	1	0	1					2
Payment services, divided into	Total	459	391	348	164	231	185	168	1946
a) Providers	9 AMLA	127	87	32	22	27	46	86	427
	305 ^{ter} SCC	2	10	25	39	73	32	20	201
b) Money Transmitters	9 AMLA	268	255	257	102	129	104	61	1176
	305ter SCC	62	39	34	1	2	3	1	142

2.1.4 Reporting cases of attempted money laundering under Article 9 paragraph 1 letter b Anti-Money Laundering Act

One of the new provisions of the revised Anti-Money Laundering Act is the obligation to report cases of attempted money laundering. The financial intermediary is obliged to report situations in which negotiations to establish a business relationship have been broken off due to a reasonable suspicion as defined under Article 9 paragraph 1 letter a AMLA. This provision, which up to now only applied on an ordinance level to the banking sector⁹, has been extended to include financial intermediaries from non-banking sectors. Nevertheless, the statistics reveal that in 2009 it was mainly the banks (15 SARs) that reported attempted money laundering. Only one SAR was submitted in the same period from a parabanking institution.

The challenge to the financial intermediary lies in the fact that in order to submit a report he must have enough information and details on the client and the facts of the case before negotiations are broken off. We will consider this point further in Chapter 4.1 *From the MROS Office*.

⁹ See also Chapter 5.1.2 in the 2008 MROS Annual Report

Financial intermediary	Type of SAR	2003	2004	2005	2006	2007	2008	2009	Total
Banks	Total	302	342	294	359	492	573	603	2965
	of which Art. 9(1)b AMLA	2	4	10	9	16	6	15	62
Supervisory Authority	Total	2		2	5	1	1	4	15
Casinos	Total	8	2	7	8	3	1	5	34
	of which Art. 9(1)b AMLA								0
Foreign exchange trader	Total	2	1	1	1			5	10
	of which Art. 9(1)b AMLA								0
Securities trader	Total		2	2		2	5	2	13
	of which Art. 9(1)b AMLA								0
Currency exchange	Total		3	3	2	1	1	1	11
	of which Art. 9(1)b AMLA								0
Loan, leasing, factoring and non-recourse financing	Total	2	1	1	7	4	1	11	27
	of which Art. 9(1)b AMLA								0
Credit card company	Total	1	2			2	2	10	17
	of which Art. 9(1)b AMLA								0
Attorney	Total	9	10	8	1	7	10	11	56
	of which Art. 9(1)b AMLA								0
Commodity and precious metal trader	Total	1				1	5	1	8

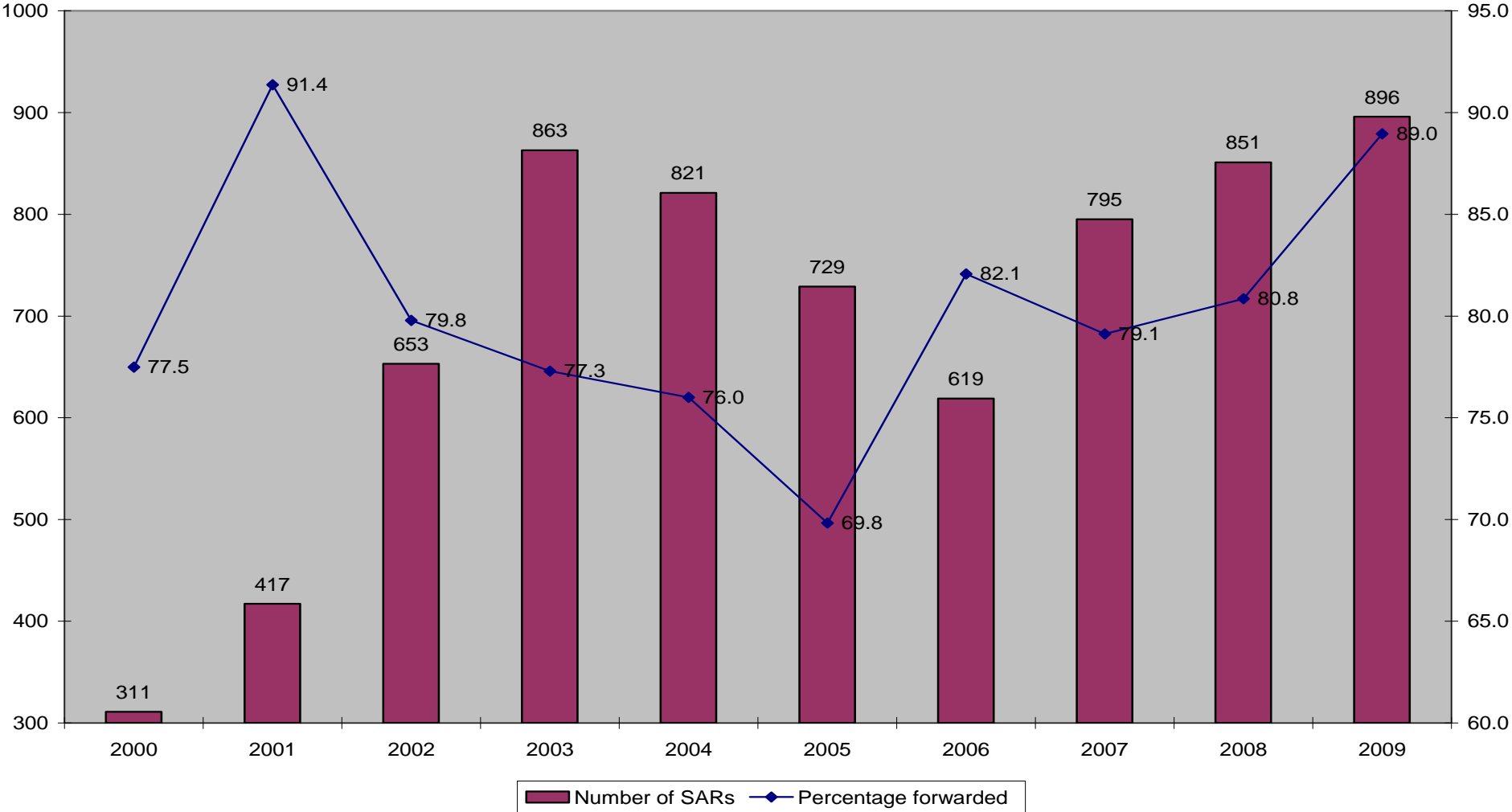
	of which Art. 9(1)b AMLA								0
Fiduciary	Total	47	36	31	45	23	37	36	255
	of which Art. 9(1)b AMLA							1	1
Other FI	Total	1	7		1	2		1	12
	of which Art. 9(1)b AMLA								0
Asset manager / investment advisor	Total	18	13	18	6	8	19	30	112
	of which Art. 9(1)b AMLA								0
Insurance	Total	8	8	9	18	13	15	9	80
	of which Art. 9(1)b AMLA								0
Distributor of investment funds	Total	3	3	5		1	1		12
	of which Art. 9(1)b AMLA								0
Payment services	Total	459	391	348	164	231	185	168	1946
	of which Art. 9(1)b AMLA								0

2.1.5 Proportion of SARs forwarded to the prosecuting authorities

The proportion of forwarded SARs rose significantly in 2009 to an average of 89 percent (2008: nearly 81%). This figure, on the one hand, reflects the high quality of the reports. On the other hand, it is a logical consequence of the Swiss reporting system, which is based on a well-founded suspicion of money laundering – as the name SAR or "suspicious activity report" suggests – unlike most reporting systems in other countries, which are based on a "suspicious transaction report STR" (i.e. an unqualified suspicion), or even merely on a "currency transaction report CTR" (i.e. a transaction exceeding a certain monetary threshold). Such systems result in a much higher number of reports whose content does not compare with the high quality of the Swiss reports, however. The efficiency and effectiveness of money laundering legislation should not only be measured against the number of reports or statistics. The preventive effect of money laundering legislation also has a long-term significance for the integrity of a financial centre. Prevention can be fostered especially by implementing due diligence consistently and according to the law. It also helps to hinder criminal assets being introduced into the regular financial market. One-sided comparisons based on absolute figures cannot do justice to Switzerland's efforts to combat money laundering – efforts, which are based on long-term solutions and quality.

The percentage of forwarded SARs from all sectors is high. As to be expected, the banking sector is top of the list once again with 90 percent of SARs from this sector being forwarded to the prosecuting authorities. There was also a noticeable increase in the number of forwarded SARs from the payment services sector, whereby it is important to distinguish between the two sub-categories *providers* and *money transmitters*. The proportion of forwarded SARs from the category *providers* increased by 10 percent to a total of 97 percent, thus overtaking even the banking sector. The proportion of forwarded SARs from the *money transmitters* remained much lower with around 63 percent, but was still up by more than 20 percent over 2008 (see comments in Chapter 2.1.2).

Proportion of SARs forwarded to the prosecution authorities in comparison to the total number submitted 2000 - 2009



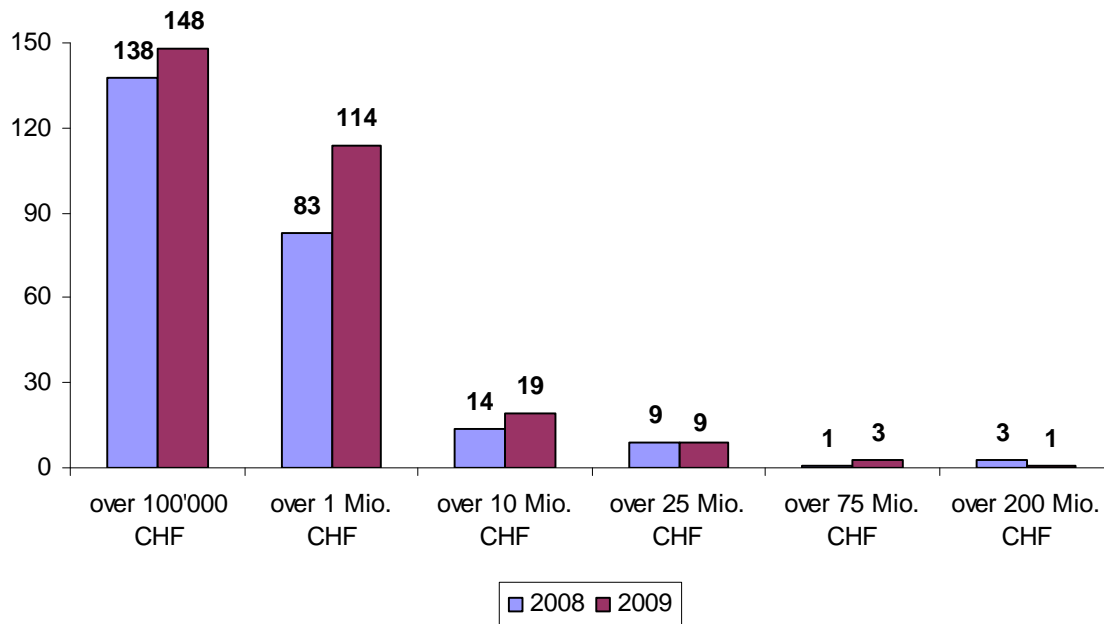
Financial intermediary category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Bank	79.6%	94.3%	97.0%	96.0%	91.8%	92.2%	94.4%	92.1%	87.4%	90.7%	91.4%
Supervisory authority	100.0%		100.0%			100.0%	100.0%		100.0%		100.0%
Casino	50.0%	12.5%	50.0%	62.5%	50.0%	85.7%	75.0%	66.7%	100.0%	80.0%	60.4%
Foreign exchange trader			100.0%	100.0%	0.0%	100.0%	100.0%			100.0%	91.7%
Securities trader	100.0%	75.0%			100.0%	100.0%		100.0%	83.3%	50.0%	83.3%
Currency exchange	0.0%	100.0%	0.0%		100.0%	100.0%	50.0%	100.0%	100.0%	100.0%	78.6%
Loan, leasing, factoring and non-recourse financing		100.0%	100.0%	100.0%	100.0%	100.0%	75.0%	50.0%	100.0%	90.9%	83.3%
Credit card company				100.0%	100.0%			100.0%	100.0%	100.0%	100.0%
Attorney	85.7%	66.7%	83.3%	100.0%	100.0%	75.0%	0.0%	85.7%	80.0%	100.0%	85.7%
Commodity and precious metal trader		0.0%	100.0%	100.0%			100.0%	100.0%	0.0%		80.0%
Self-regulating organisation			100.0%			100.0%	100.0%	100.0%		100.0%	100.0%
Fiduciary	88.9%	82.1%	89.4%	95.7%	91.7%	100.0%	88.9%	82.6%	91.9%	86.1%	90.2%
Other FI		100.0%	100.0%	100.0%	100.0%		0.0%	100.0%		0.0%	95.2%
Asset manager / investment advisor	92.3%	93.3%	92.9%	94.4%	92.3%	83.3%	33.3%	75.0%	52.6%	83.3%	81.8%
Assurance	50.0%	83.3%	88.9%	87.5%	87.5%	88.9%	72.2%	61.5%	86.6%	66.7%	78.4%
Distributor of investment funds	100.0%		100.0%	66.7%	100.0%	60.0%			0.0%		75.0%
Payment services	54.3%	96.5%	60.1%	61.7%	58.6%	45.7%	57.3%	51.9%	60.0%	84.5%	59.7%
a) of which providers	54.5%	96.4%	71.4%	76.9%	79.4%	59.6%	83.6%	66.0%	87.2%	97.2%	78.7%
b) of which money transmitters	50.0%	100.0%	53.8%	54.5%	51.7%	41.2%	40.8%	38.2%	40.2%	62.9%	48.4%
Total	77.6%	91.4%	79.8%	77.3%	76.0%	69.7%	82.1%	79.1%	80.7%	89.0%	80.0%

2.1.6 SARs involving substantial levels of assets

The SARs submitted in 2009 involved with a total of CHF 2.2 billion a record level of assets. In order to analyse this increase it is necessary to look in detail at the reports involving substantial levels of assets. On deeper analysis we see that, in particular, one mandatory SAR under Article 9 AMLA from a cantonal bank and one voluntary SAR under Article 305^{ter} paragraph 2 SCC from a regional bank together resulted in assets worth over CHF 725 million. The reports give rise to the suspicion that the cases could involve investment fraud and market rigging (see Chapter 3.2 Securities swindle via the regulated unofficial market). Such cases involve offering the public the shares of worthless corporate shells on the regulated unofficial market – shares, which have been recommended for purchase by means of scattering selective information. The enormous asset value is derived from the statement of assets enclosed in the SARs and which is based on the last going market rate. These assets, however, cannot be converted into money. Two other SARs involving assets worth CHF 100 million originate from a foreign-controlled bank and an asset management bank, and are linked to a case of suspected embezzlement and fraud committed abroad. The assets involved in these cases originate from the physical delivery of a bearer bond whose authenticity had not been confirmed at the time the SAR was submitted and which is very likely to prove fake. It must be pointed out that the assets of securities that were obviously fake at the time the SAR was submitted do not appear in the statistics. The other nine SARs with a total asset value of over CHF 25 million originate from the banking sector with the exception of one SAR from an asset manager. The 13 SARs with substantial levels of assets can be rounded off to a total of CHF 1.455 billion. This sum is the equivalent of 65 percent of the total assets involved in all SARs submitted in 2009.

The average asset value of each incoming SAR in 2009 was approximately CHF 2.5 million (2008: approximately CHF 2.2 million).

**Number of SARs involving substantial assets
2008/2009**



2.2. *The search for terrorist funds*

The most significant reform in anti-money laundering legislation is that cases of suspected terrorist financing are now subject to mandatory reporting. Since this duty to report actually already existed (based on the interpretation of terrorist financing under AMLA), it is not surprising that the number of SARs regarding suspected terrorist financing remained stable in 2009 over the previous reporting years. The assets involved in the reports were also noticeably small, thus confirming what we have suspected for a while – namely that terrorist financing is characterised by the transfer of small sums of money.

Three SARs from the banking sector concerning business relations with suspected terrorists were analysed by MROS but subsequently not forwarded to the prosecuting authorities. One case did not reveal any links which would have warranted the opening of criminal proceedings. In both other cases, the suspects were not identical with the names of listed terrorists. Out of the total of seven SARs, MROS forwarded four cases to the Office of the Attorney General of Switzerland (OAG) following its evaluation of the facts of the case and verification of the identity of the suspects. Two of the cases were dismissed by the OAG, and a decision regarding the other two cases is still pending.

Only two of the seven SARs revealed any connection to one of the official terrorist lists. The other SARs were triggered by third-party information, either from newspaper articles or from a prosecuting authority. This shows that financial intermediaries have checked and cleaned up their client base in view of such lists, and SARs these days are generated mainly on a "risk-based approach" and on the principle of "know your customer".

Status of forwarded SARs in connection with terrorist financing

Status	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Dismissal	13	4	4	7	13	2	3	4	2	52
Pending	63	11		2				2	2	80
Suspension	19			1	2					22
Temp. sus- pension			1	1	3	3		1		9
Total	95	15	5	11	18	5	3	7	4	163

Year	Number of SARs			Factor arousing suspicion				Asset value	
	Total	Terrorist funding (TF) SARs	TF in% of total no. of SARs	Bush	OFAC	Taliban (seco)	Other	In connection with TF	TF in% of total amounts of SARs
2001	417	95	22.8%	33	1	4	57	131,379,332.45	4.82%
2002	652	15	2.3%	13	0	0	2	1,613,819.00	0.22%
2003	863	5	0,6%	3	1	1	0	153,922.90	0.02%
2004	821	11	1.3%	0	4	3	4	895,488.95	0.12%
2005	729	20	2.7%	5	0	3	12	45,650,766.70	6.71%
2006	619	8	1.3%	1	1	3	3	16,931,361.63	2.08%
2007	795	6	0.8%	1	0	3	2	232,815.04	0.03%
2008	851	9	1.1%	0	1	0	8	1,058,008.40	0.05%
2009	896	7	0.8%	0	1	1	5	9,458.84	0.00%
TOTAL	6,643	176	2.6%	56	9	18	93	197,924,974.21	1.74%

The following table shows the seven suspected terrorist funding SARs submitted in 2009 in detail.

a) Location of reporting financial intermediary

	No. of SARs	%
Geneva	3	42.8%
Lucerne	1	14.3%
St. Gallen	1	14.3%
Vaud	1	14.3%
Zurich	1	14.3%
Total	7	100.0%

b) Type of financial intermediary

	No. of SARs	%
Bank	5	71.4%
Money transmitter	1	14.3%
Other	1	14.3%
Total	7	100.0%

c) Type of reporting bank

	No. of SARs	%
Cantonal bank	2	40.0%
Foreign-controlled bank	1	20.0%
Major bank	1	20.0%
Raiffeisen bank	1	20.0%
Total	5	100.0%

d) Nationality and domicile of client

Country	Nationality		Domicile	
Switzerland	2	28.5%	6	85.7%
Belgium	1	14.3%	1	14.3%
Colombia	1	14.3%	0	0.0%
Sri Lanka	1	14.3%	0	0.0%
Turkey	1	14.3%	0	0.0%
Tunisia	1	14.3%	0	0.0%
Total	7	100.0%	7	100.0%

e) Nationality and domicile of beneficial owner

Country	Nationality		Domicile	
Switzerland	2	28.5%	6	85.7%
Belgium	1	14.3%	1	14.3%
Colombia	1	14.3%	0	0.0%
Sri Lanka	1	14.3%	0	0.0%
Turkey	1	14.3%	0	0.0%
Tunisia	1	14.3%	0	0.0%
Total	7	100.0%	7	100.0%

2.3. Detailed statistics

2.3.1 Overview of MROS statistics 2009

Summary of reporting year (1 January 2009 – 31 December 2009)

SAR reporting volume	2009		+/-	2008	
	Absolu	Relatif		Absolu	Relatif
Total number of SARs received	896	100.0%	5.3%	851	100.0%
Forwarded SARs	797	89.0%	15.8%	688	80.8%
Non-forwarded SARs	99	11.0%	-39.3%	163	19.2%
Pending SARs	0	0.0%	N/A	0	0.0%
Type of financial intermediary					
Bank	603	67.3%	5.2%	573	67.3%
Payment services sector	168	18.8%	-9.2%	185	21.7%
Fiduciary	36	4.0%	-2.7%	37	4.3%
Asset manager / Investment advisor	30	3.3%	57.9%	19	2.2%
Attorney	11	1.2%	10.0%	10	1.2%
Insurance	9	1.0%	-40.0%	15	1.8%
Other	5	0.6%	400.0%	1	0.1%
Casino	5	0.6%	400.0%	1	0.1%
Currency exchange	1	0.1%	0.0%	1	0.1%
Foreign exchange trader	5	0.6%	N/A	0	0.0%
Loan, leasing and factoring business	11	1.2%	1000.0%	1	0.1%
Securities trader	2	0.2%	-60.0%	5	0.6%
Credit card company	10	1.1%	400.0%	2	0.2%
Commodity and precious metal trader	0	0.0%	-100.0%	1	0.1%
Amounts involved in CHF					
(Total effective assets at time of report)					
Total asset value of all SARs received	2'229'175'035	100.0%	19.1%	1'871'837'481	100.0%
Total asset value of forwarded SARs	2'164'088'484	97.1%	20.0%	1'803'675'262	96.4%
Total asset value of pending SARs	0	0.0%	N/A	0	0.0%
Total asset value of non-forwarded SARs	65'086'551	2.9%	-4.5%	68'162'219	3.6%
Average asset value of SARs (total)	2'487'919			2'199'574	
Average asset value of forwarded SARs	2'715'293			2'621'621	
Average asset value of pending SARs	0			0	
Average asset value non-forwarded SARs	657'440			418'173	

2.3.2 Home canton of reporting financial intermediary

What the chart represents

This chart shows the cantons where the reporting financial intermediaries who filed SARs are based. Compare this chart with the “Prosecuting authorities” chart (Chart 2.3.12), which indicates the cantons where the prosecuting authorities receiving forwarded SARs are based.

Chart analysis

More than 94 percent of all SARs came from six cantons with a highly-developed financial services sector or with centralised compliance centres.

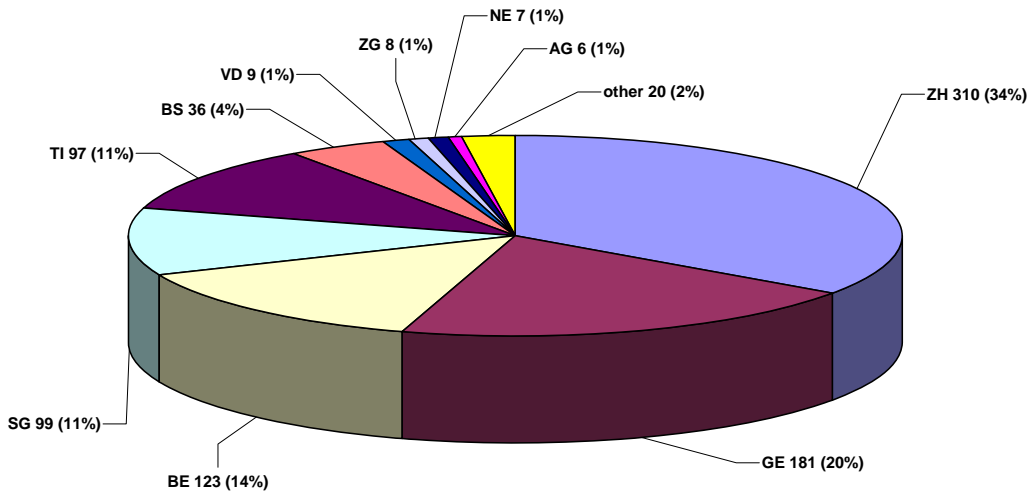
As to be expected, the majority of SARs in 2009 came either from those cantons with a highly-developed financial services sector or with centralised regional or national compliance centres. Thus, 846 (more than 94 percent) of the 896 SARs in 2009 were submitted by financial intermediaries from the cantons of Zurich, Geneva, Bern, Ticino and Basel-Stadt.

In 2009, MROS did not receive a single SAR from financial intermediaries from the cantons of Graubünden, Fribourg, Valais, Appenzell Ausserrhoden and Uri. This may be partly due to the centralisation of compliance centres (see Chapter 2.3.3).

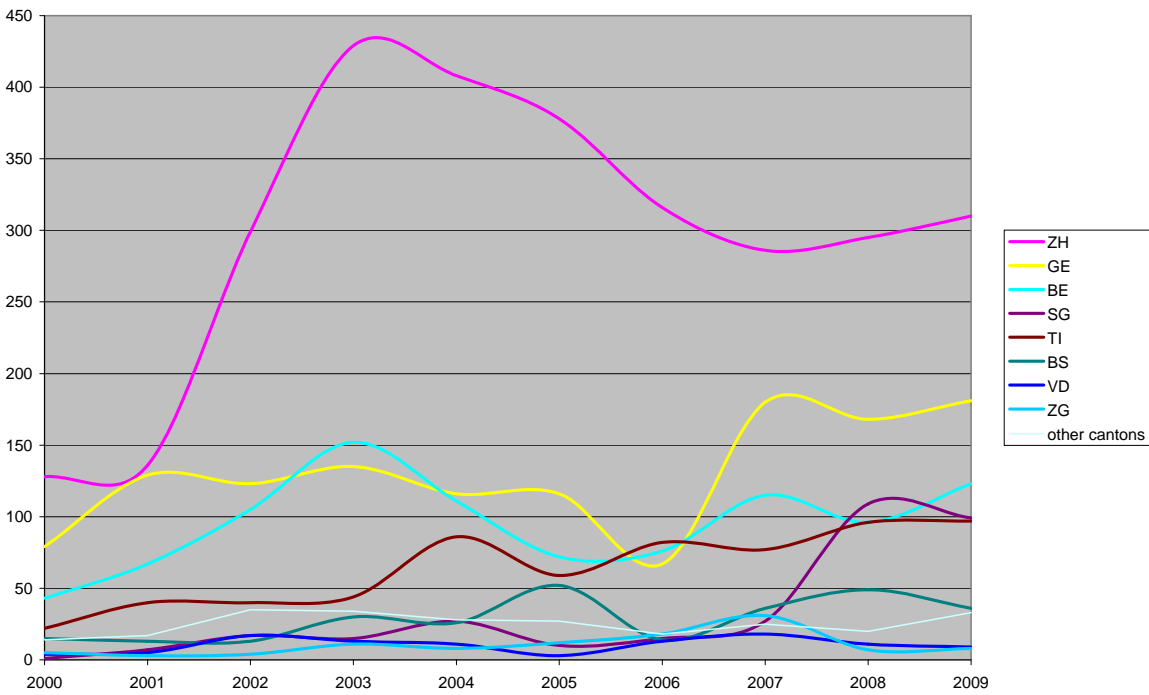
Legend

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

2009



2000 to 2009



For comparison 2000 – 2009

Canton	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
ZH	128	136	299	429	408	378	316	286	295	310	2985
GE	79	129	123	135	116	116	67	180	168	181	1294
BE	43	67	105	152	111	72	76	115	96	123	960
SG	1	7	17	15	27	10	15	27	109	99	327
TI	22	40	40	44	86	59	82	77	96	97	643
BS	15	13	13	30	26	52	14	36	49	36	284
VD	4	5	17	13	11	3	13	18	11	9	104
ZG	5	3	4	11	8	12	18	31	7	8	107
NE	1	1	1	7	3	6	2	7	6	7	41
AG	2	4	12	3	2	1	3	1	3	6	37
LU	5	3		1	1	3	5	5	1	5	29
SZ			2			3	1	2	1	3	12
TG	2		4	6	3		2	1	1	2	21
SH				1		1		1		2	5
NW			1	1		1			1	2	6
SO		1	1	5		1			1	1	10
BL					2	2		1		1	6
GL			2	1	1				1	1	6
JU				1					2	1	4
OW				1	1			1		1	4
AI								1		1	2
GR	2	7	8	3	5	1	2	4	3	0	35
FR	1		2	3	9	8	2	1		0	26
VS	1	1	2	1	1		1			0	7
Total	311	417	653	863	821	729	619	795	851	896	6955

2.3.3 Location of suspicious business connection

What the chart represents

The chart shows the cantons where the reporting financial intermediary managed accounts or business connections mentioned in an incoming SAR. This chart is intended to complement the previous chart 2.3.2 *Home canton of reporting financial intermediary*.

Chart analysis

The headquarters of a reporting financial intermediary is not a definite indication of the actual location of the account or business connection at the time the SAR was submitted.

It is mainly the major banks and major payment services providers that have established regional compliance centres. The financial intermediaries based in the various cantons send their reports to the appropriate regional compliance centre, which then drafts the SAR to MROS. However, these SARs do not necessarily concern the home canton of the reporting financial intermediary. This can lead to a distorted picture of the geographical distribution of money laundering cases in Switzerland. Moreover, a direct comparison with the statistics on the prosecuting authorities involved (see Chapter 2.3.12) is not possible. This is partly because MROS does not forward all incoming SARs to the prosecuting authorities, and partly because under Article 337 of the Swiss Criminal Code certain cases are subject to federal jurisdiction and the location of the account or business connection alone therefore no longer determines which judicial authority is responsible. This fact is illustrated by the previous chart on *Home canton of reporting financial intermediaries* (Chapter 2.3.2). While nearly 94 percent of all SARs in 2009 came from financial intermediaries domiciled in the cantons of Zurich, Geneva, Bern, St. Gallen, Ticino and Basel-Stadt, only about 79 percent of the reported suspicious business connections actually took place in these six cantons.

In 2009, MROS did not receive any SARs from financial intermediaries based in the cantons of Graubünden, Fribourg, Valais, Appenzell Ausserrhoden and Uri. In addition, the canton of Appenzell Ausserrhoden was the only location where no suspicious business connection was reported.

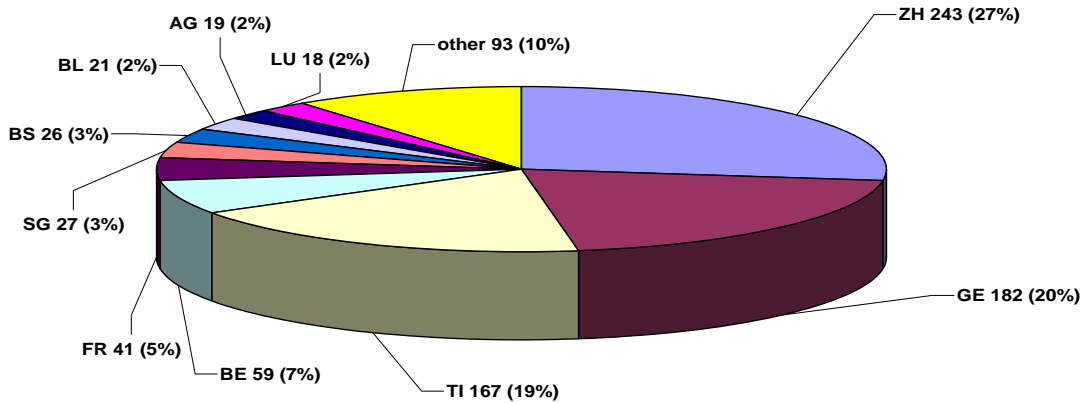
The evident increase of business connections in the canton of Ticino (and reported by financial intermediaries from that canton) can be explained by the fact that Italian nationals often belong to the customer base of financial intermediaries domiciled in that canton and the Italian media tends to unceremoniously publish the names of those in-

involved in criminal proceedings. This makes it easier to verify names and this, therefore, shows up in the statistics (see Chapter 2.3.6.).

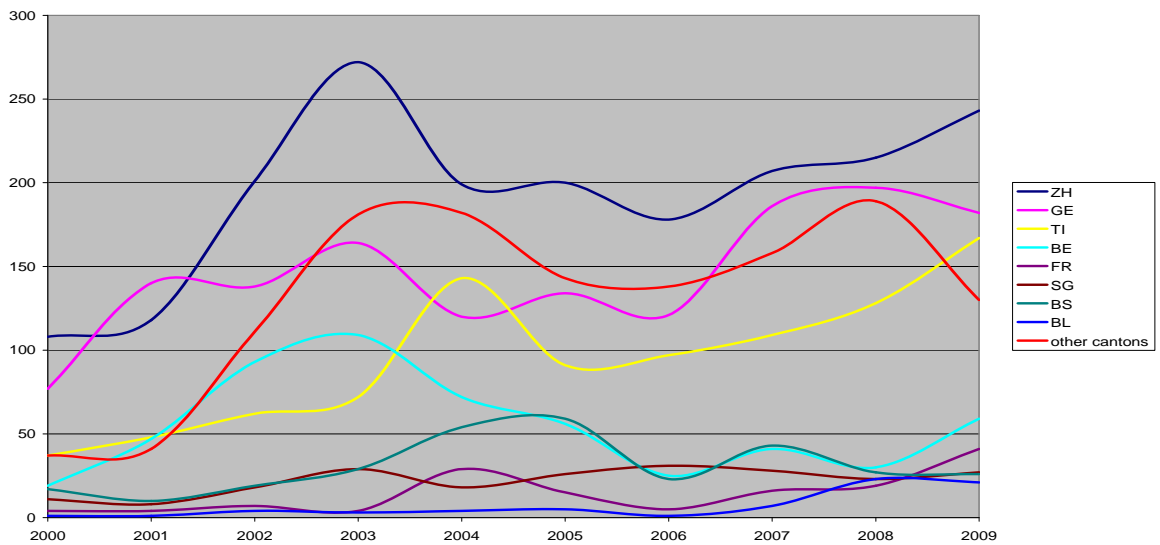
Legend

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

2009



2000 - 2009



For comparison: 2000 - 2009

Canton	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
ZH	108	118	201	272	199	200	178	207	215	243	1941
GE	77	140	138	164	120	134	121	186	197	182	1459
TI	37	48	62	72	143	91	97	109	128	167	954
BE	19	47	93	109	72	56	25	41	30	59	551
FR	4	4	7	4	29	15	5	16	19	41	144
SG	11	8	18	29	18	26	31	28	23	27	219
BS	17	10	19	29	54	59	23	43	27	26	307
BL	1	1	4	3	4	5	1	7	23	21	70
AG	3	4	17	17	30	12	11	8	16	19	137
LU	9	4	16	19	31	23	31	19	47	18	217
TG	2	2	7	14	6	7	7	7	7	18	77
VD	7	8	19	29	28	17	17	26	32	17	200
SO	1	4	7	20	12	10		6	20	12	92
ZG	9	3	8	16	15	22	40	40	19	10	182
NE	1	1	12	23	11	22	12	12	10	8	112
GL		3	4	5	8	4	2	9	6	6	47
GR	2	8	8	10	14	2	3	5	5	5	62
SZ	2	1	4	2	5	5	2	6	4	4	35
VS	1	1	5	15	9	11	10	10	6	3	71
OW				1	1			1	6	2	11
JU			1	6	10	4	3	1	5	2	32
NW			1	1	1	1			3	2	9
SH		2		3	1	2		3	1	2	14
UR			1					1	2	1	5
AI								4		1	5
AR			1			1					2
Total	311	417	653	863	821	729	619	795	851	896	6955

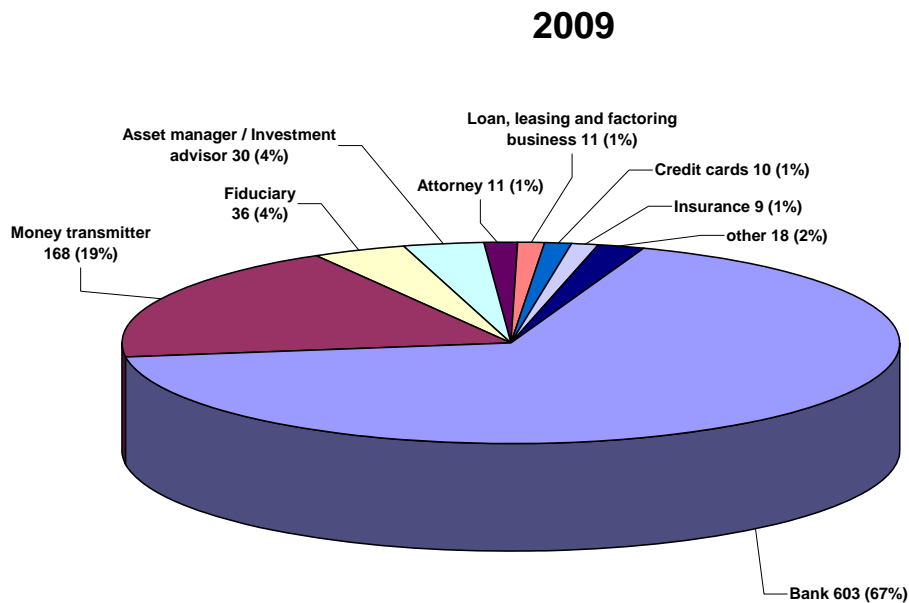
2.3.4 Type of financial intermediary

What the chart represents

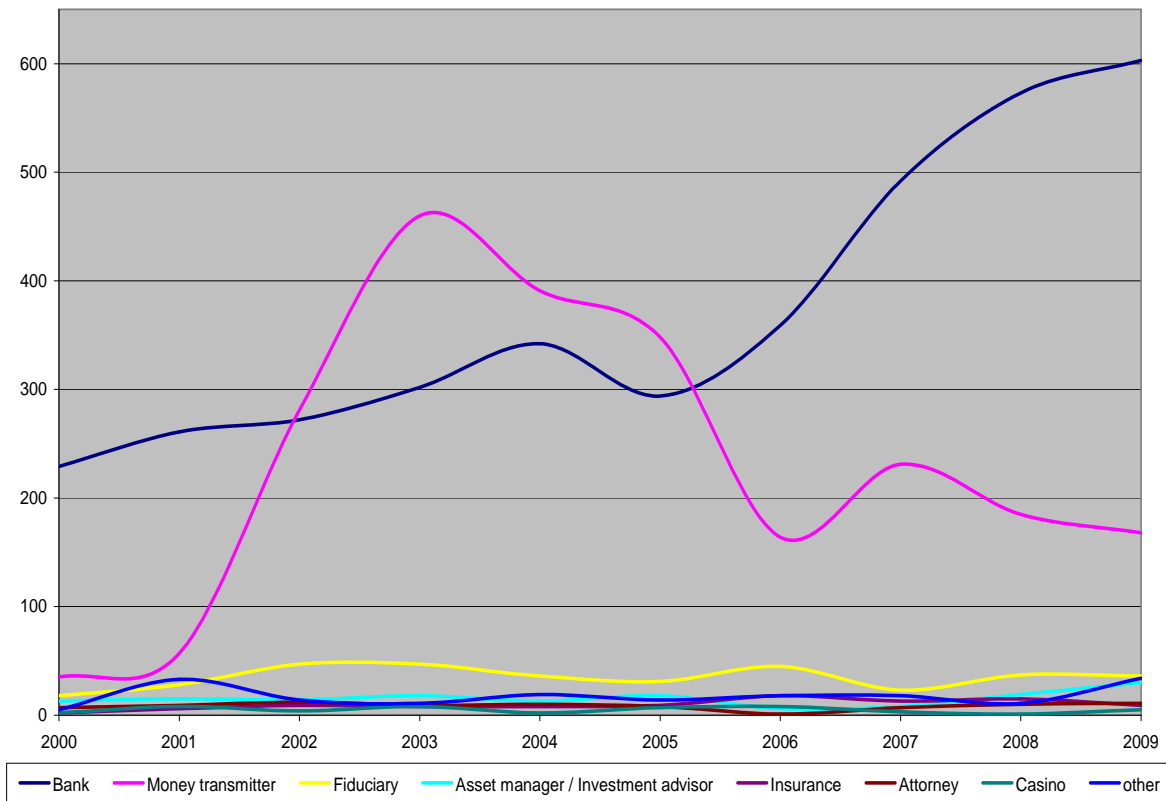
This chart shows the various types of financial intermediary that submitted SARs to MROS.

Chart analysis

- Repeated record number of SARs from the banking sector since the Anti-Money Laundering Act came into effect.
- More than two-thirds of incoming SARs from banks.
- Repeated fall in the number of SARs from the payment services sector.



2000 - 2009



Proportion of SARs forwarded to the prosecuting authorities in 2009 by category

Financial intermediary category	% forwarded	% not forwarded
Bank	90.7%	9.3%
Casino	80.0%	20.0%
Securities trader	50.0%	50.0%
Currency exchange	100.0%	0.0%
Loan, leasing, factoring and non-recourse financing	90.9%	9.1%
Credit card company	100.0%	0.0%
Attorney	100.0%	0.0%
Fiduciary	86.1%	13.9%
Asset manager/Investment advisor	83.3%	16.7%
Insurance	66.7%	33.3%
Money transmitter	84.5%	15.5%
Foreign exchange trader	100.0%	0.0%
Self-regulating organisation	100.0%	0.0%
Other FI	0.0%	100.0%
Total	89.0%	11.0%

For comparison: 2000 - 2009

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Bank	229	261	272	302	342	294	359	492	573	603	3727
Payment services	35	57	281	460	391	348	164	231	185	168	2320
Fiduciary	18	28	47	47	36	31	45	23	37	36	348
Asset manager/Investment advisor	13	15	14	18	13	18	6	8	19	30	154
Attorney	7	9	12	9	10	8	1	7	10	11	84
Loan, leasing, factoring and non-recourse financing		1	1	2	1	1	8	4	1	11	30
Credit card company				1	2			2	2	10	17
Insurance	2	6	9	8	8	9	18	13	15	9	97
Casino	2	8	4	8	2	7	8	3	1	5	48
Foreign exchange trader			2	2	1	1	1			5	12
Self-regulating organisation			1	1		1	3	1		4	11
Securities trader	1	4			2	2		2	5	2	18
Other FI		26	4	1	7		1	2		1	42
Currency exchange	1	1	1		3	3	2	1	1	1	14
Distributor of investment funds	2		2	3	3	5		1			16
Commodity and precious metal trader		1	1	1			1	5	1		10
Supervisory authorities	1		2			1	2		1		7
Total	311	417	653	863	821	729	619	795	851	896	6955

2.3.5 SARs from the banking sector

What the chart represents

This chart shows the types of banks that submitted SARs to MROS.

Chart analysis

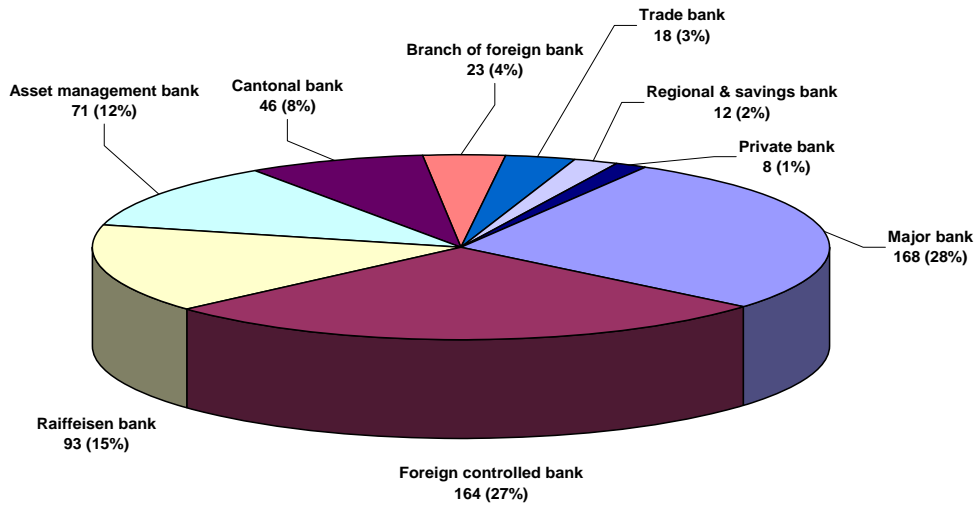
- *Record high in the number of SARs from the banking sector but stable in relative terms due to a general increase in the total number of SARs.*
- *Repeated decline in SARs from major banks.*
- *Increase in SARs from foreign-controlled banks.*

In absolute figures, MROS received more SARs from the banking sector in 2009 than during any other reporting period since the Anti-Money Laundering Act came into force on 1 April 1998.

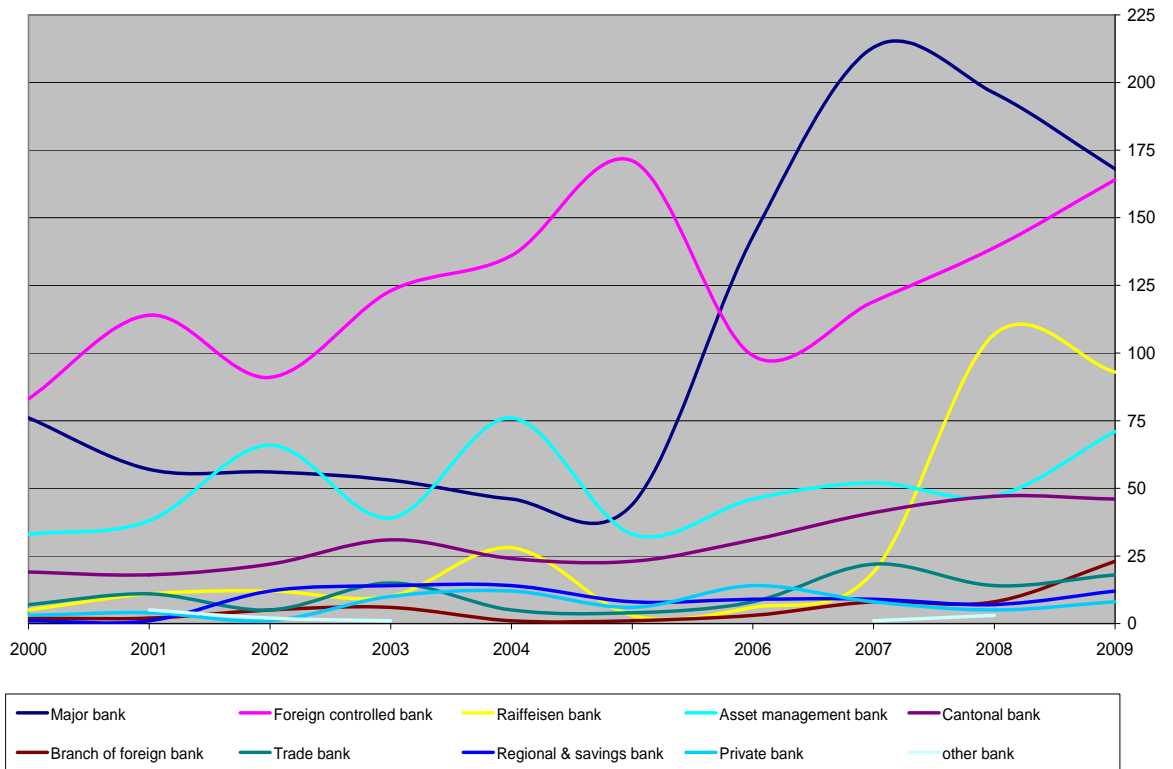
Year	Total number of SARs	SARs from the banking sector	Percentage of SARs from the banking sector
2000	311	229	74%
2001	417	261	63%
2002	653	272	42%
2003	863	302	35%
2004	821	342	42%
2005	729	294	40%
2006	619	359	58%
2007	795	492	62%
2008	851	573	67%
2009	896	603	67%

As in 2006, 2007 and 2008, but unlike the years 2002, 2003, 2004 and 2005, most of the SARs submitted to MROS in 2009 came from the major banks in Switzerland, although close behind with only 4 SARs fewer are the foreign-controlled banks. In third place are the Raiffeisen banks with a slight decrease in reporting volume over 2008. This can be explained by the fact that in 2008 the Raiffeisen banks preventively monitored customer activities by means of an external compliance database; the monitoring phase is now more or less over and the client base has been cleaned up. Otherwise the fluctuations in reporting volume with regard to other categories of banks lie within the normal region.

2009



2000 - 2009



For comparison: 2000 - 2009

Type of bank	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Major bank	76	57	56	53	46	44	143	213	196	168	1052
Foreign-controlled bank	83	114	91	123	136	171	99	119	139	164	1239
Raiffeisen bank	5	11	12	10	28	3	6	19	107	93	294
Asset management bank	33	38	66	39	76	33	46	52	47	71	501
Cantonal bank	19	18	22	31	24	23	31	41	47	46	302
Branch of foreign bank	2	2	5	6	1	1	3	8	8	23	59
Trade bank	7	11	5	15	5	4	8	22	14	18	109
Regional & savings bank	1	1	12	14	14	8	9	9	7	12	87
Private bank	3	4	1	10	12	6	14	8	5	8	71
Other bank		5	2	1		1		1	3		13
Total	229	261	272	302	342	294	359	492	573	603	3727

2.3.6 Factors arousing suspicion

What the chart represents

This chart shows what suspicions prompted financial intermediaries to submit SARs to MROS.

Chart analysis

- *Nearly two-thirds of all SARs were triggered by external indications and information.*
- *Repeated decline in the number of SARs from the payment services sector led to a corresponding fall in the number of cases where cash transactions were cited as the factor arousing suspicion.*

The situation in 2009 remained unchanged over the previous reporting year. Once again the main factor arousing suspicion was *information gleaned from third parties*, ahead of information from *newspaper reports*. In third place again was information from *prosecuting authorities*, which was based on disclosure or confiscation orders by prosecuting authorities or other information from the authorities. The significance of external information in triggering SARs becomes apparent if we consider all three main categories – *media reports, third-party information and information from prosecuting authorities*. Together, these categories triggered nearly two-thirds (65%) of all SARs submitted to MROS (2008: 63%). This shows that financial intermediaries use modern resources and consult external sources in order to gather information for their inquiries, which is then evaluated and condensed into a considerable number of SARs sent to MROS.

Easing the ban on information¹⁰ (Art. 10a AMLA) in the revised anti-money laundering legislation has had a positive effect on reporting behaviour. MROS estimates that approximately 10 percent of information from third parties as a factor arousing suspicion is a result of easing the ban on information and could explain the increase of 22 percent over the previous reporting year.

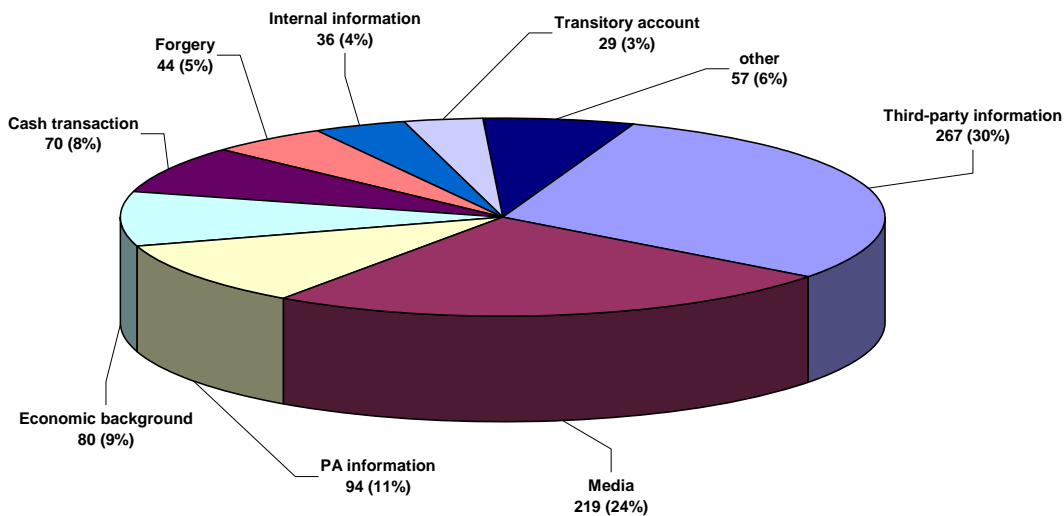
Legend

Unclear economic background	The economic background of a transaction is either unclear or cannot be satisfactorily explained by the customer.
Information from prosecuting authorities	Prosecuting authorities initiate proceedings against an individual connected with the financial intermedi-

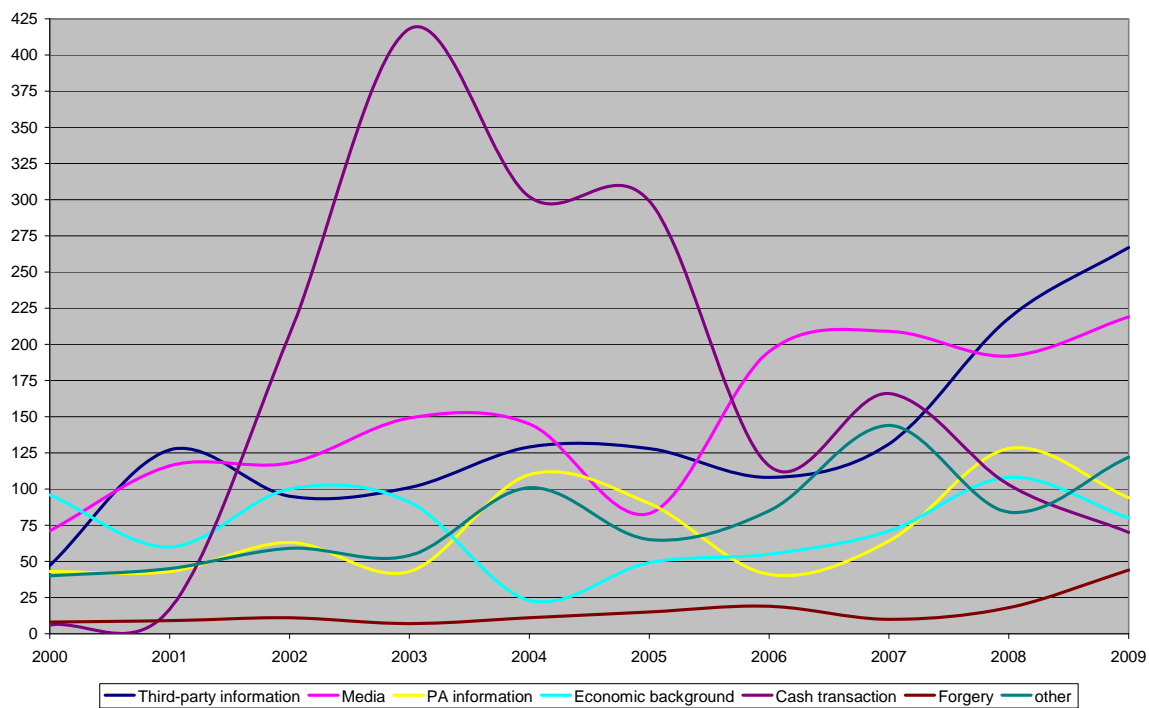
¹⁰ See comments in the 2008 MROS Report, Chapter 5.1.4

	ary's client.
Media	The financial intermediary finds out from media reports that one of the people involved in the financial transaction is connected with illegal activities.
Third-party information	Financial intermediaries receive information from outside sources or from within a business about clients who could pose problems.
Other	Included in this category are topics which were listed separately in previous MROS statistics such as cheque transaction, forgery, high-risk countries, currency exchange, securities, smurfing, life insurance, non-cash cashier transactions, fiduciary transactions, loan transactions, precious metals and various.

2009



For comparison: 2000 - 2009



For comparison: 2000 – 2009

Factors	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Cash transaction	6	17	207	418	302	299	116	166	103	70	1704
Media	71	116	118	149	145	83	195	209	192	219	1497
Third-party information	47	127	95	101	129	128	108	131	218	267	1351
Economic background	96	60	100	91	23	49	55	71	108	80	733
PA information	43	43	63	43	110	90	41	64	128	94	719
Transitory account	5	2		6	17	6	13	90	13	29	181
Forgery	8	9	11	7	11	15	19	10	18	44	152
Various	3	12	13	15	32	7	5	5	8	3	103
Internal information	1	3		5	6	10	8	7	23	36	99
Securities	14	6	7	3	5	12	10	3	13	12	85
Opening of account	1	1			18	9	13	21	13	9	85
Currency exchange	3	4	7	8	3	6	12	11	9	9	72
Check transaction	11	7	13	8	8	8	4	4	1	7	71
Difficult countries	1	1	10	2	3	3	1	1	2	2	26
Loan transaction	1	3		2	3		7		1	4	21
Audit/supervisory board							7	1		10	18
Smurfing		4	6		1	3					14
Life insurance		1	1	2	1	1	2				8
Precious metals				1	3		1	1		1	7
Trust activity		1	1	1			2		1		6
Non-cash cashier transaction			1	1	1						3
Total	311	417	653	863	821	729	619	795	851	896	6955

2.3.7 Suspected predicate offences

What the chart represents

This chart shows the predicate offences that were *suspected* in the SARs that MROS forwarded to prosecuting authorities.

It should be noted that usage of the term “predicate offence” is not entirely accurate as it is based solely on the financial intermediary’s assumption as well as on MROS’s appreciation of the facts and information accompanying the financial intermediary’s SAR. An act is only officially considered a “predicate offence” after a prosecuting authority receives the SAR and initiates criminal proceedings.

The “*Not classifiable*” category includes cases where a variety of possible predicate offences are suspected. The “*No plausibility*” category includes those cases that do not fall into any visible predicate offence category, although the analysis of the transaction or of the economic background cannot exclude the criminal origin of the money.

Chart analysis

- *Number of SARs with "fraud" as the suspected predicate offence at the same level as the previous year.*
- *Increase in the predicate offence categories "criminal organisations" and "embezzlement".*

In 481 of the 896 SARs submitted in 2009 – or just under 54 percent (2008: over 51 percent) - the predicate offence was crimes against property.

Since 2006, "fraud" has been the most frequently suspected predicate offence; this category accounted for nearly 37 percent of all SARs submitted in 2009 (2008: nearly 39 percent). This figure can be explained partly by the fact that this category includes many kinds of fraud, from big-time investment fraud down to numerous instances of petty fraud. It should be pointed out that only a few cases involved Internet fraud.

The category "not classifiable" is no longer in second place behind "fraud", but has been overtaken by the category "embezzlement" with 88 SARs. This is probably a direct consequence of the fall in the number of SARs from the money transmitters where there is often insufficient evidence that an offence has indeed been committed (see chapters 2.1.2 and 2.1.5).

With regard to the other categories of predicate offences, there was a significant increase in the category "criminal organisations" (from 48 to 83 SARs), which has now moved up to third place. It must be pointed out at this stage that the classification of

SARs under this offence was mainly a result of newspaper articles in the foreign press which generated a SAR but did not explicitly mention any other predicate offence to money laundering. In this sense this category can, therefore, also be considered an omnibus clause.

The 81 SARs (2008: 57 SARs) classified under the category "money laundering" were not actually considered by MROS as definite predicate offences, despite the fact that the modus operandi suggested acts of money laundering.

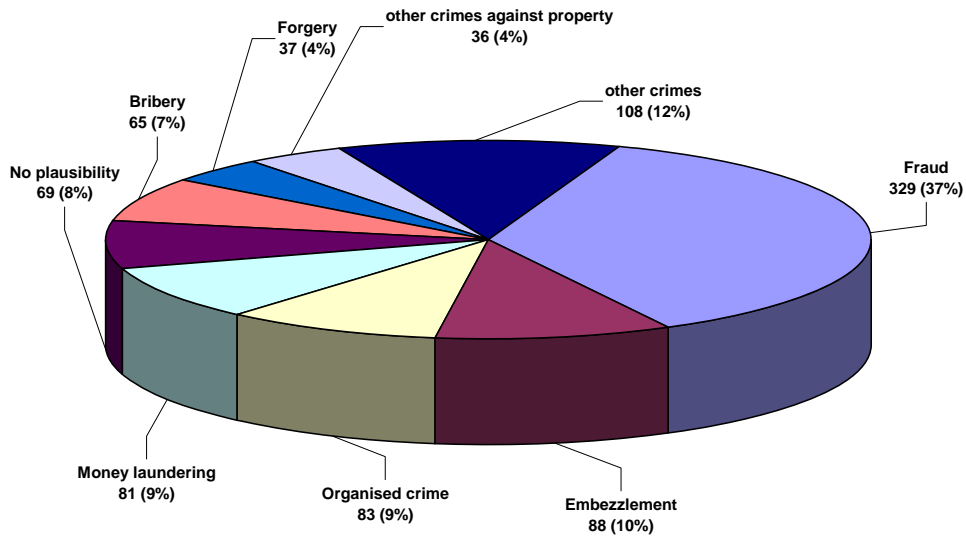
The number of SARs in the category "document forgery" increased from 22 (2008) to 37 in 2009. It should be pointed out, however, that this offence alone does not generate criminal assets according to Art. 9 AMLA; it is considered as a predicate offence that may potentially yield illicitly-gained assets (e.g. forged cheques or bank guarantees).

As part of the Federal Act on the Implementation of the Revised Recommendations of the FATF against Money Laundering, Switzerland has introduced some new predicate offences to money laundering and is thus in the proceeds of implementing FATF Recommendation 1. New predicate offences include gang smuggling (qualified customs fraud in commodity trading, Art. 14 para. 4 Administrative Criminal Law Act¹¹) and product piracy (Art. 67 para. 2 Federal Copyright Act¹²). These new predicate offences were introduced in 2009 and already generated several SARs.

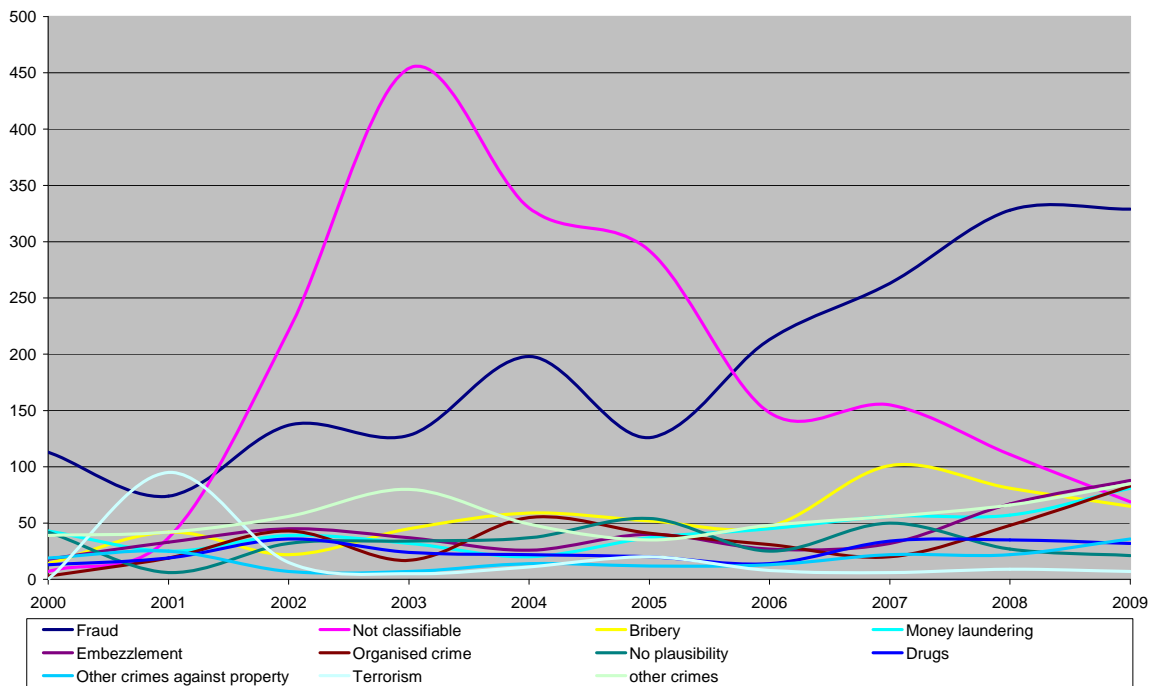
¹¹ Federal Act of 22 March 1974 on Administrative Criminal Law (VStrR; SR 313.0)

¹² Federal Act of 9 October 1992 on Copyright and Neighbouring Rights (URG; SR 231.1)

2009



2000 - 2009



For comparison: 2000 - 2009

Category	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Fraud	113	74	137	128	198	126	213	263	328	329	1909
Not classifiable	7	37	221	454	330	292	148	155	111	69	1824
Bribery	14	42	22	45	59	52	47	101	81	65	528
Money laundering	43	25	39	32	20	37	45	56	57	81	435
Embezzlement	18	33	45	37	26	40	27	32	67	88	413
Organised crime	3	19	43	17	55	41	31	20	48	83	360
No plausibility	42	6	32	34	37	54	25	50	27	21	328
Drugs	13	19	36	24	22	20	14	34	35	32	249
Other crimes against property	19	25	7	7	14	12	13	22	22	36	177
Terrorism		95	15	5	11	20	8	6	9	7	176
Forgery	4	4	11	24	14	10	17	10	22	37	153
Dishonest business management	1	5	5	14	4	10	11	21	12	20	103
Other crimes	18	11	18	5	9	2	9	3	3	5	83
Theft	1	4	8	17	6	9	8	4	3	4	64
Arms dealings	6	8	4	9	6		1	12	8	3	57
Violent crimes	3	2	5	2	2	1		1	9		25
Sexual crimes	5	2	2	2	3	1		3	4	3	25
Blackmail		2	1	2	3	1	1		4	2	16
Counterfeiting		1	2	3		1				4	11
Robbery	1	3		2	2			1	1		10
Organised smuggling										5	5
Lack of due diligence in handling assets							1	1			2
Counterfeit consumer goods										2	2
Total	311	417	653	863	821	729	619	795	851	896	6955

2.3.8 Domicile of clients

What the chart represents

This chart shows the physical or corporate domicile of the clients mentioned in financial intermediary SARs.

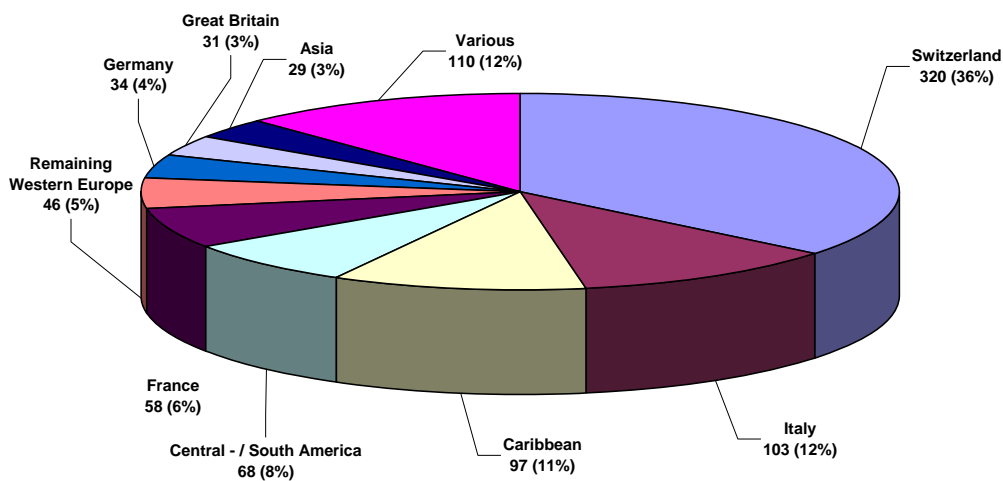
Chart analysis

- Significant decrease in the proportion of Swiss-based clients.
- Twofold increase in the number of clients domiciled in Italy.

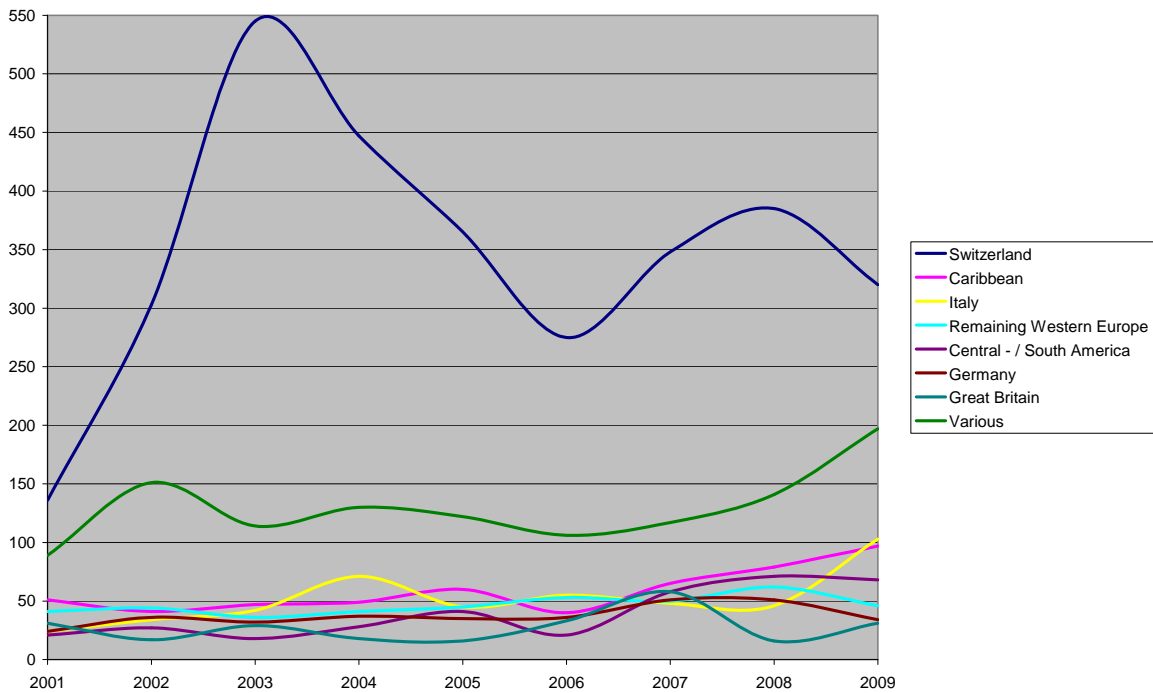
Legend

Rest of Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Malta, Monaco, Netherlands, Portugal and San Marino
Various	Middle East, Great Britain, Australia/Oceania, C.I.S., Africa, Eastern Europe, Scandinavia and Unknown

2009



2001 bis 2009



for comparison: 2001 – 2009

Domicile of client	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Switzerland	136	303	545	447	365	275	348	385	320	3124
Caribbean	51	41	47	49	60	40	65	79	97	529
Italy	24	34	42	71	45	55	48	46	103	468
Remaining Western Europe	41	44	36	41	45	53	50	62	46	418
Central / South America	21	27	18	28	41	21	58	71	68	353
Germany	24	36	32	37	35	36	51	51	34	336
Great Britain	31	17	29	18	16	33	58	16	31	249
France	10	21	14	18	17	12	18	22	58	190
Middle East	33	31	19	16	17	9	20	19	22	186
North Amerika	18	21	11	19	25	25	20	23	23	185
Asia	6	17	11	12	15	26	19	22	29	157
Africa	8	31	24	18	13	8	12	11	16	141
Eastern Europe	6	12	11	17	13	14	9	10	10	102
C.I.S.	2	7	9	15	2	7	3	13	15	73
Australia/Oceania	1	3	5	9	6	1	7	13	17	62
Scandinavia	3	2	4	5	6	3	8	5	6	42
unknown	2	6	6	1	8	1	1	3	1	29
Total	417	653	863	821	729	619	795	851	896	6644

2.3.9 Nationality of clients

What the chart represents

This chart shows the nationality of financial intermediary clients. While it is possible for a natural person's nationality to differ from his/her domicile, no such distinction exists between the nationality and domicile of a legal entity.

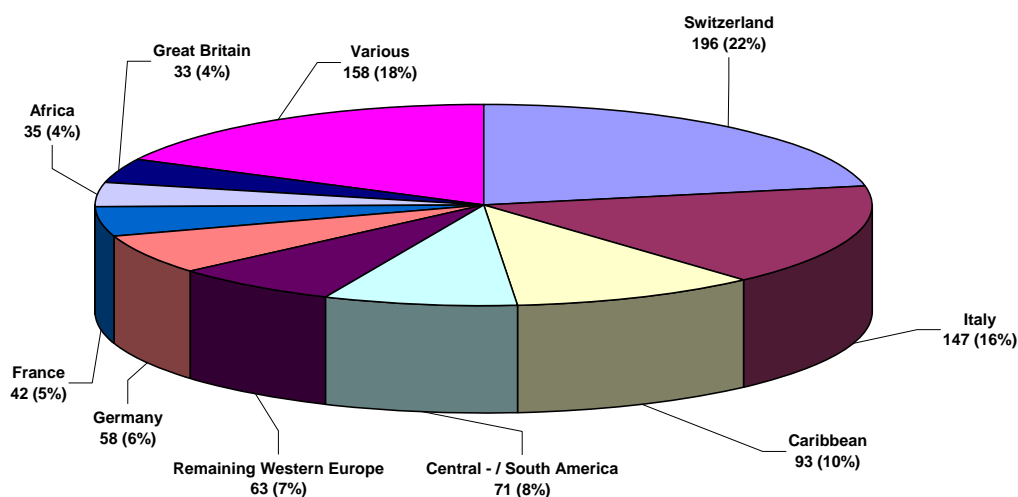
Chart analysis

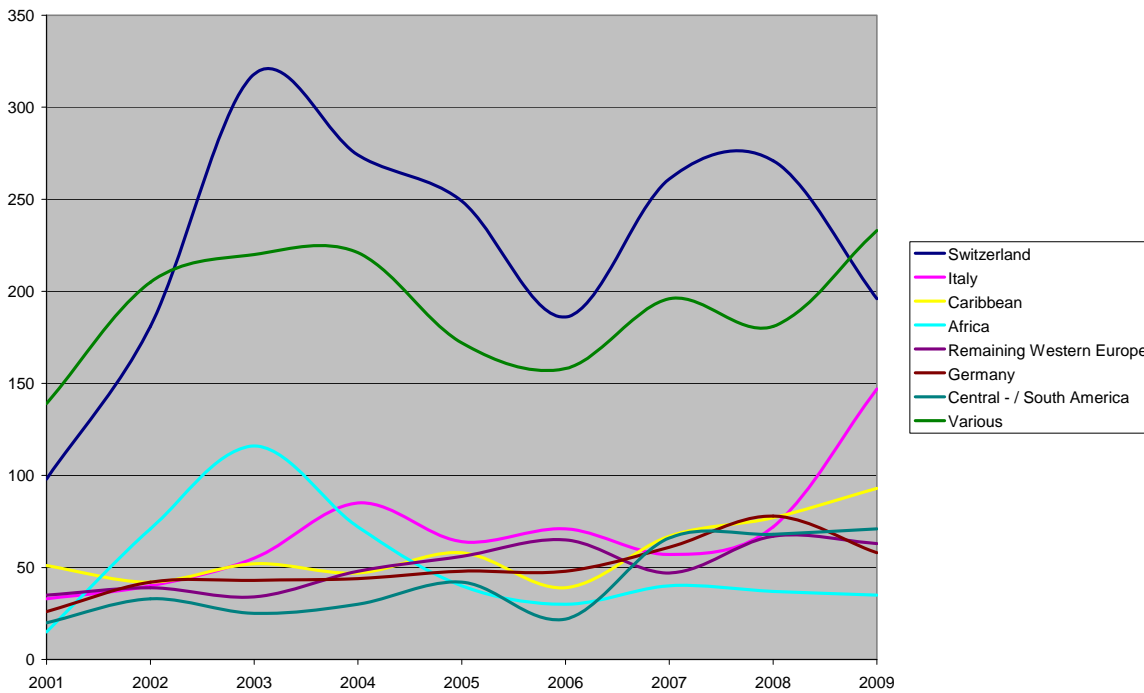
- Significant decrease in the number of SARs involving clients who were Swiss nationals or Swiss-based natural persons /legal entities.
- More than a twofold increase in the number of SARs involving Italian nationals or Italian-based natural persons/legal entities.

Legend

Rest of Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Malta, Netherlands, Portugal and San Marino
Various	C.I.S., North America, Asia, Middle East, Australia/Oceania, Great Britain, Scandinavia and Unknown

2009





For comparison: 2001 – 2009

Nationality of client	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Switzerland	98	181	318	274	249	186	261	271	196	2034
Italy	33	40	55	85	64	71	57	72	147	624
Caribbean	51	42	52	47	58	39	67	77	93	526
Africa	15	71	116	72	40	30	40	37	35	456
Remaining Western Europe	35	39	34	48	56	65	47	67	63	454
Germany	26	42	43	44	48	48	61	78	58	448
Central / South America	20	33	25	30	42	22	66	68	71	377
Middle East	40	49	57	49	33	16	22	21	31	318
Eastern Europe	12	30	38	40	35	25	24	25	27	256
Great Britain	14	21	33	22	15	34	56	11	33	239
Asia	30	29	18	24	22	26	29	23	23	224
North America	15	25	21	23	28	24	23	24	29	212
France	19	22	15	19	18	19	19	28	42	201
C.I.S.	4	17	20	23	8	8	8	24	18	130
Australia/Oceania		4	6	11	5	1	6	12	17	62
Scandinavia	3	2	9	8	3	4	9	10	11	59
unknown	2	6	3	2	5	1		3	2	24
Total	417	653	863	821	729	619	795	851	896	6644

2.3.10 Domicile of beneficial owners

What the chart represents

This chart shows the domicile of the natural persons or legal entities that were identified as beneficial owners of assets at the time the SARs were submitted to MROS.

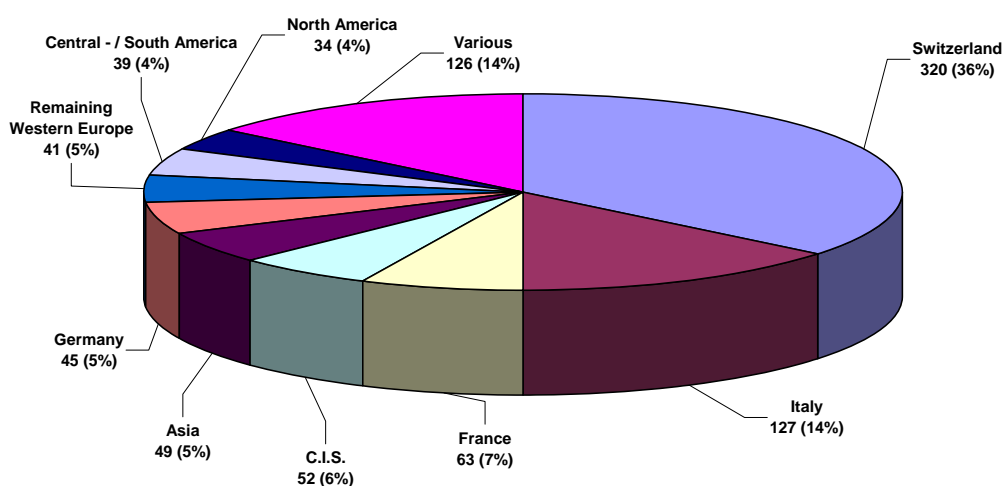
Chart analysis

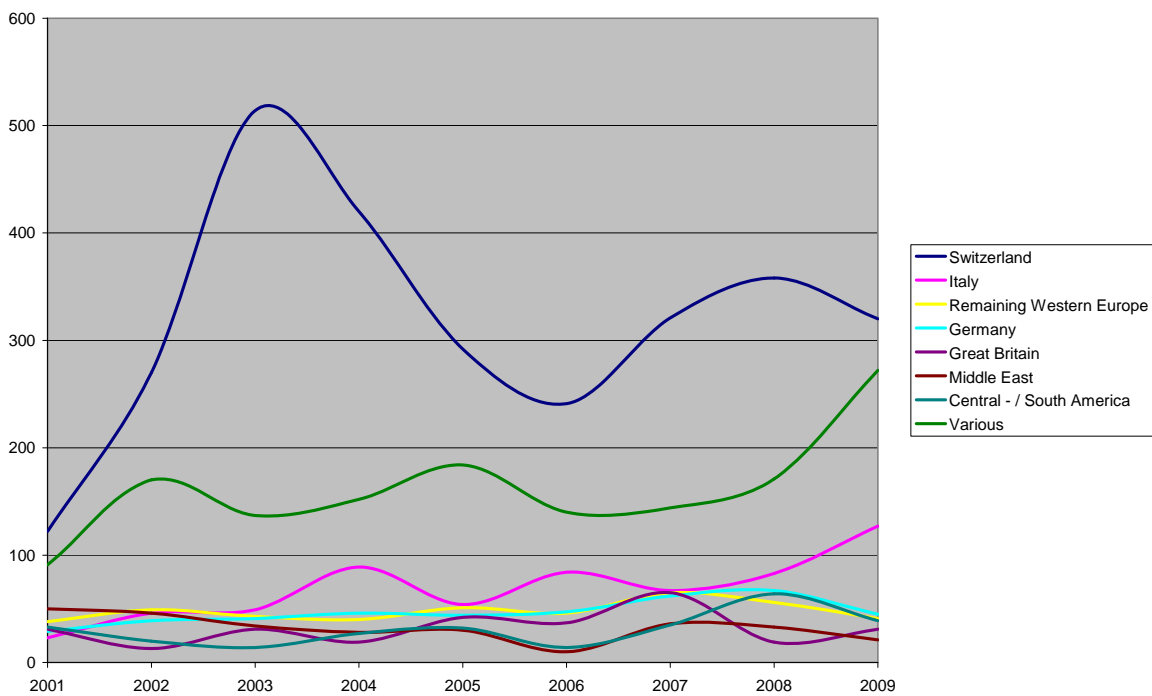
- *Absolute and relative decrease in the number of SARs referring to Swiss-based beneficial owners.*
- *Significant increase in the number of beneficial owners in France.*
- *Proportion of SARs involving European-based beneficial owners stable at 74 percent despite an increase in the overall number of incoming SARs.*

Legend

Rest of Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Portugal and San Marino
Various	Asia, Africa, Great Britain, Eastern Europe, Australia/Oceania, Caribbean, Scandinavia and Unknown

2009





For comparison: 2001 – 2009

Domicile of beneficial owner	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Switzerland	122	270	514	420	292	241	321	358	320	2858
Italy	23	46	49	89	54	84	67	83	127	622
Remaining Western Europe	38	49	43	40	51	46	65	56	41	429
Germany	29	39	41	46	44	47	62	67	45	420
Great Britain	31	13	31	19	42	37	65	19	31	288
Middle East	50	46	34	28	30	10	36	33	21	288
Central / South America	33	20	14	27	32	14	35	64	39	278
France	15	39	18	20	29	18	23	26	63	251
North America	20	23	16	32	29	32	27	28	34	241
Africa	14	36	38	26	35	17	21	22	19	228
Asia	7	21	14	14	24	29	27	24	49	209
C.I.S.	11	15	13	18	8	15	7	31	52	170
Eastern Europe	8	17	15	20	33	22	13	18	24	170
Scandinavia	3	2	5	5	11	4	21	5	7	63
Caribbean	3	2	4	7	4	1	2	6	21	50
unknown	9	13	8	1	7	1	1	3	2	45
Australia/Oceania	1	2	6	9	4	1	2	8	1	34
Total	417	653	863	821	729	619	795	851	896	6644

2.3.11 Nationality of beneficial owners

What the chart represents

This chart shows the nationality of those individuals who were identified as beneficial owners of assets at the time the SARs were submitted to MROS. While no distinction is drawn between the nationality and domicile of legal entities, often the identity and nationality of the actual beneficial owners of these legal entities can only be determined by prosecuting authorities.

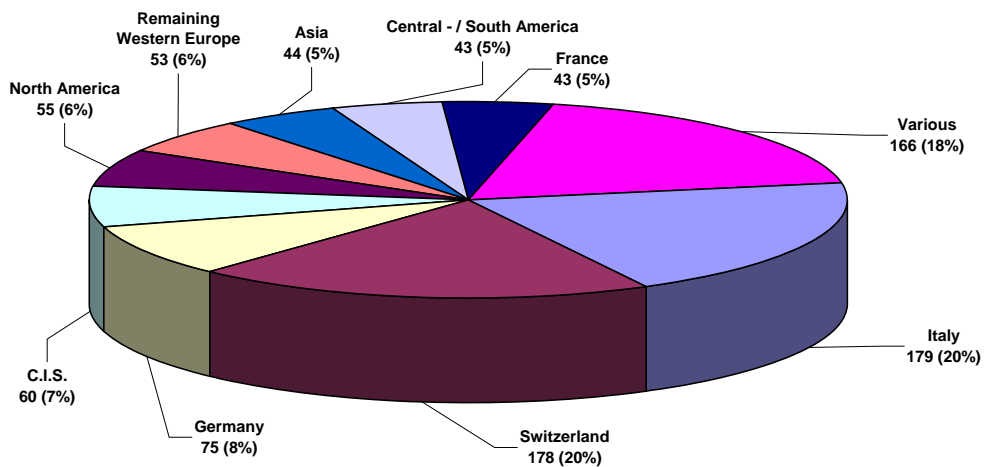
Chart analysis

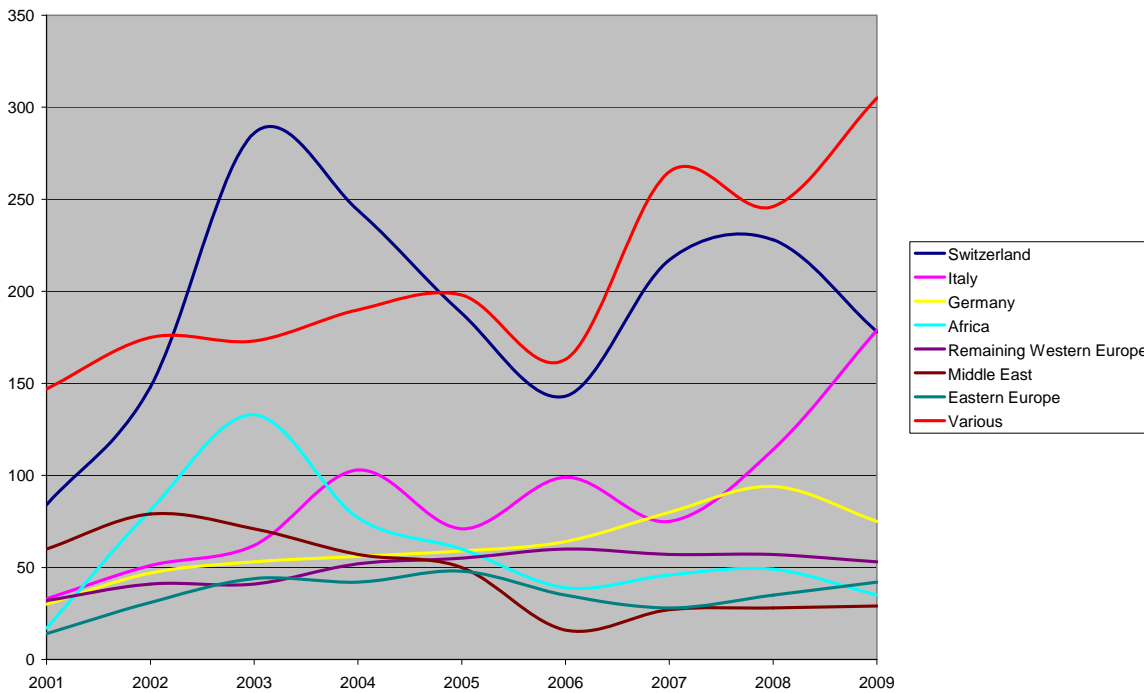
- Decline in the number of SARs mentioning Swiss nationals as beneficial owners despite an increase in the overall number of incoming SARs.
- More SARs involving Italian than Swiss nationals as beneficial owners.
- Number of SARs involving European nationals as beneficial owners remains stable over the previous year at 70 percent (not including C.I.S. nations considered part of Europe).

Legend

Rest of Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Malta and Portugal
Various	Asia, North America, Middle East, Great Britain, Australia/Oceania, Caribbean, Scandinavia and Unknown

2009





For comparison: 2001 – 2009

Nationality of beneficial owner	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Switzerland	84	148	286	244	188	143	217	228	178	1716
Italy	33	51	62	103	71	99	75	114	179	787
Germany	30	47	53	56	59	64	80	94	75	558
Africa	17	81	133	77	60	39	46	49	35	537
Remaining Western Europe	32	41	41	52	55	60	57	57	53	448
Middle East	60	79	71	57	50	16	27	28	29	417
Eastern Europe	14	31	44	42	48	35	28	35	42	319
North America	18	24	28	34	42	35	31	31	55	298
Central / South America	32	25	21	31	31	11	37	60	43	291
Asia	35	33	20	27	27	28	40	33	44	287
France	23	25	20	23	42	27	30	36	43	269
Great Britain	9	18	32	17	23	38	83	16	33	269
C.I.S.	13	29	23	30	17	16	17	43	60	248
Scandinavia	4	2	10	8	6	5	21	12	12	80
Australia/Oceania	1	3	7	15	3	2	2	7	3	43
Caribbean	3	3	9	3	3		4	5	9	39
unknown	9	13	3	2	4	1		3	3	38
Total	417	653	863	821	729	619	795	851	896	6644

2.3.12 Prosecuting authorities

What the chart represents

This chart shows where MROS forwarded the SARs it received from financial intermediaries. The choice of prosecuting authority depends on the nature of the offence. Article 336 et seq. (federal jurisdiction) and Article 339 et seq. (cantonal jurisdiction) SCC serve as the frame of reference.

Chart analysis

- *Significant increase in proportion of forwarded SARs.*
- *Fewer SARs forwarded to the Office of the Attorney General.*
- *More SARs to the cantonal prosecuting authorities.*

MROS received a total of 896 SARs (2008: 851) in 2009. Following careful analysis, it forwarded 797 of these reports (2007: 688) to prosecuting authorities. This represents a significant increase in the proportion of forwarded SARs to 89% (2008: approx. 81%). The increase was a direct consequence of the record number of SARs from financial intermediaries from the banking sector. A higher proportion of SARs was forwarded to prosecuting authorities from this sector (nearly 91%) because banks have a closer relationship with their clients than payment services providers.

In 2009, MROS forwarded 183 SARs (2008: 234) to the Office of the Attorney General of Switzerland (OAG). This represents 23 percent of all SARs (2008: 34%).

The remaining 614 SARs were forwarded to 23 cantonal prosecuting authorities. There was a noticeable increase in the number of SARs forwarded to the prosecuting authorities in the cantons of Geneva, Zurich and Ticino, which can be explained by the fact that these cantons have important financial centres that also serve foreign clients in particular (see Chapters 2.3.8 to 2.3.11).

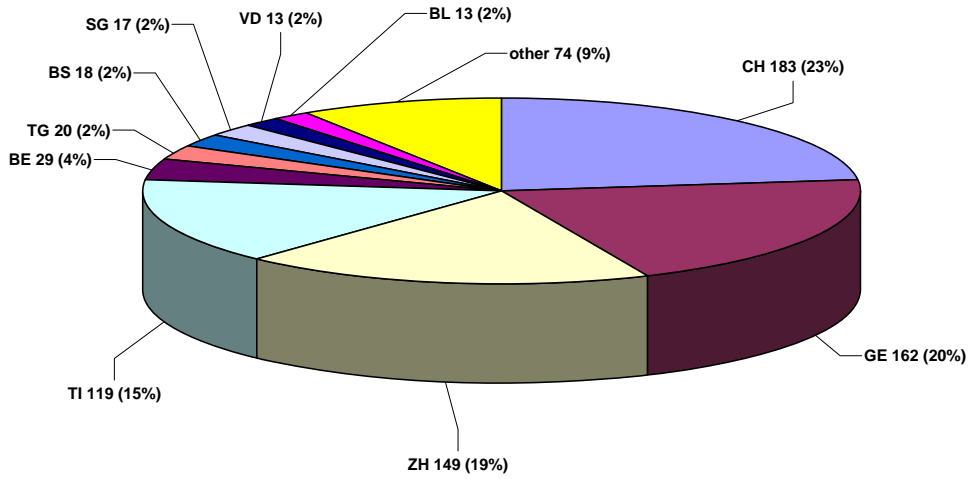
At the top of the rank is Canton Geneva, followed by the cantons of Zurich and Ticino: 54 percent (430 SARs) were sent to these cantons in total (2008: 37%).

Legend

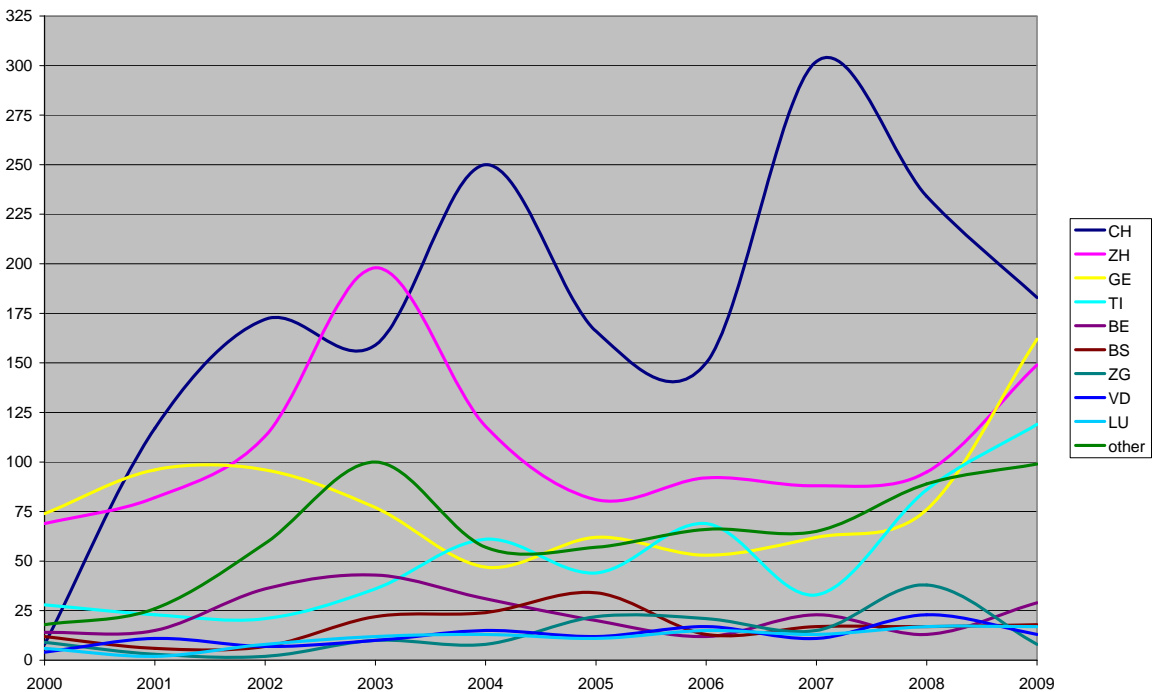
AG	Aargau	GL	Glarus	SO	Solothurn
AI	Appenzell Innerrhoden	GR	Graubünden	SZ	Schwyz
AR	Appenzell Ausserrhoden	JU	Jura	TG	Thurgau
BE	Bern	LU	Lucerne	TI	Ticino
BL	Basel-Landschaft	NE	Neuchâtel	UR	Uri
BS	Basel-Stadt	NW	Nidwalden	VD	Vaud
CH	Switzerland	OW	Obwalden	VS	Valais

FR	Fribourg	SG	St. Gallen	ZG	Zug
GE	Geneva	SH	Schaffhausen	ZH	Zurich

2009



For comparison 2000 - 2009



For comparison 2000 – 2009

Canton	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
CH	8	117	172	159	250	166	150	302	234	183	1741
ZH	68	82	113	198	118	81	92	88	95	149	1085
GE	74	96	96	77	47	62	53	62	76	162	805
TI	28	23	21	36	61	44	69	33	86	119	520
BE	14	15	36	43	31	20	12	23	13	29	236
BS	12	6	7	22	24	34	13	17	17	18	170
ZG	9	3	2	10	8	22	21	15	38	8	136
VD	4	11	7	10	15	12	17	11	23	13	123
SG	6	2	8	12	13	11	15	13	17	17	114
LU	7	2	8	8	10	11	17	14	22	11	110
NE	1	1	7	19	8	16	4	3	8	8	75
SO		4	7	19	8	4	4	2	13	12	73
AG	1	4	2	10	12	5	13	9	7	9	72
BL			5	4	2	4	4	10	18	13	60
TG	3	5	5	4	1	3	4	3	3	20	51
SZ	2	3	6	3	6	2	7	4	2	5	40
VS		1	3	13	3	1	5	5	1	3	35
GR		3	7	6	2	4	3	2	2	5	34
FR	1		4	2	2	4	4	4	2	5	28
OW				2	1			1	6	3	13
JU			1	4	1	1	1		1	2	11
NW	3			2	1				2	1	9
GL			3	1		1		3		1	9
SH		2		2		1		1	1	1	8
UR		1	1					1	1		4
AI								3			3
AR				1							1
Total	241	381	521	667	624	509	508	629	688	797	5565

2.3.13 Status of forwarded SARs

What the chart represents

This chart shows the current status of the SARs that were forwarded to federal and cantonal prosecuting authorities. It is important to note that MROS only began gathering statistics on SARs forwarded to the OAG in January 2002, when federal prosecuting authorities were given jurisdiction over organised and economic crime by virtue of Article 337 SCC (i.e. following enactment of the Efficiency Bill).

Chart analysis

- *Nearly 33 percent of all SARs forwarded to federal and cantonal prosecuting authorities since 2000 are still pending.*

By virtue of Article 23 paragraph 4 AMLA, MROS determines which SARs should be forwarded to which prosecuting authorities (i.e. cantonal or federal). The current statistics only cover the last ten years because the information regarding SARs from before this time has been deleted for reasons of data protection. For practical reasons, therefore, only electronically available data is used for drawing comparisons.

From 1 January 2000 to 31 December 2009, MROS forwarded a total of 5,565 SARs to prosecuting authorities. By the end of 2009, decisions had been reached in 3,744 cases (67%). These decisions are described below:

- in 6.8 percent (253 cases) of all forwarded SARs, the courts delivered the following judgment: 16 acquittals from the charge of money laundering, 7 acquittals from all charges (no charge of money laundering), 108 convictions, including of money laundering, and 122 convictions for offences other than money laundering;
- in 44.4 percent (1,663 cases) of all forwarded SARs, criminal proceedings were initiated but later suspended after criminal investigations revealed insufficient evidence of wrongdoing;
- in 39.3 percent (1,473 cases) of all forwarded SARs, the procedure was dismissed after preliminary investigations revealed insufficient evidence of wrongdoing. These dismissals related mainly to SARs from the payment services sector (money transmitters). However, the cantonal authorities have different practices with regard to decisions on dismissals. Thus, some judicial authorities do not actually initiate proceedings, but under the provisions of Art. 67a IMAC¹³

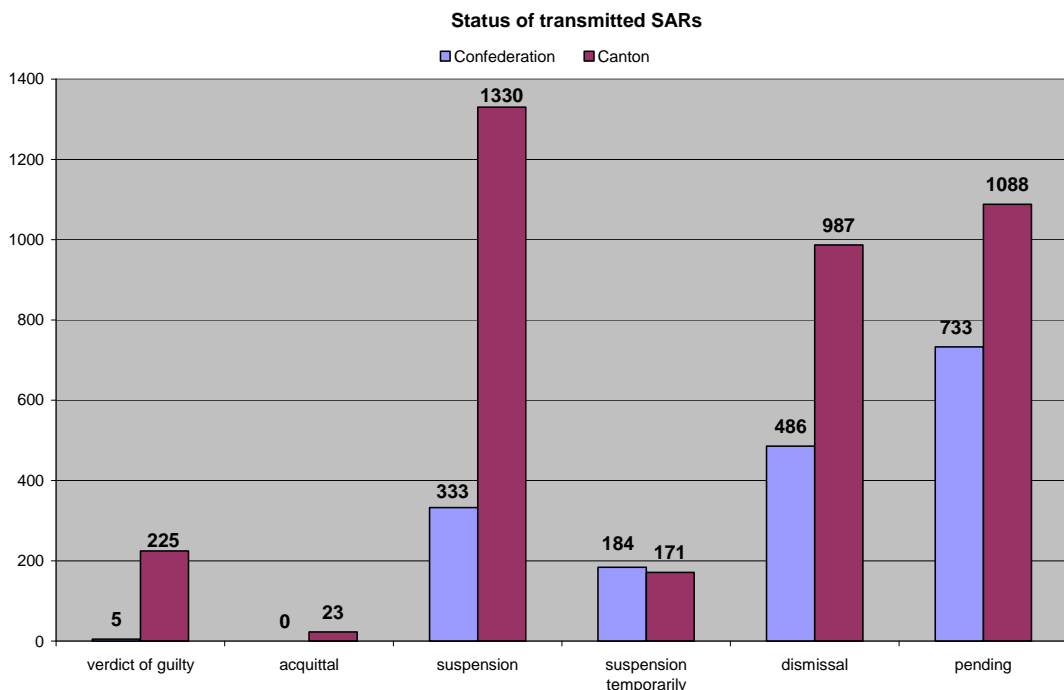
¹³ Federal Act on International Mutual Assistance in Criminal Matters (International Mutual Assistance Act, IRSG; SR 351.1)

voluntary pass on information to foreign judicial authorities to enable them to submit a request to Switzerland for international mutual assistance (see Chapter 1, Introduction);

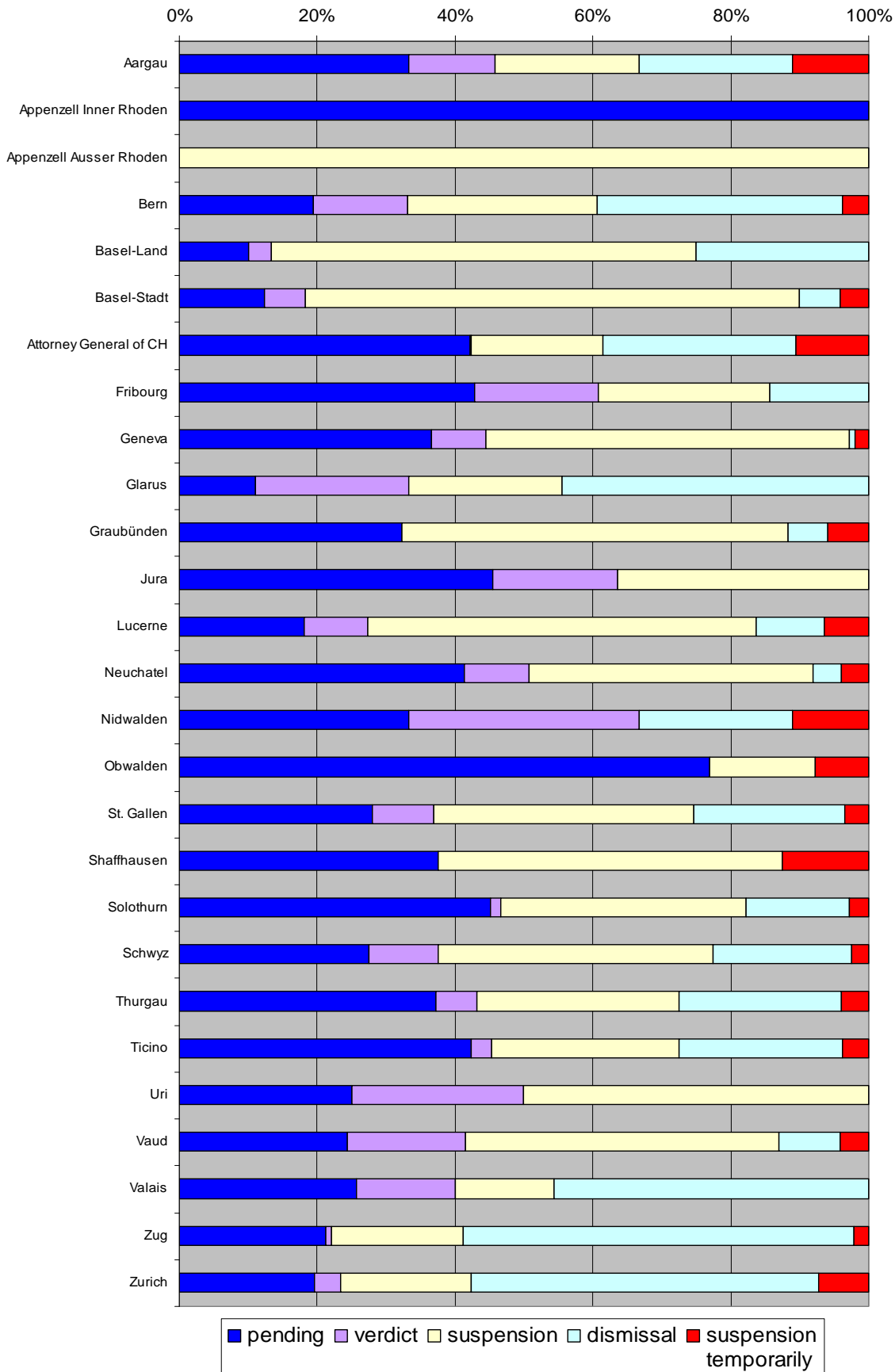
- in 355 cases (9.5%) criminal proceedings were suspended after it was ascertained that proceedings had already been initiated outside of Switzerland for the same case.

Although the number of forwarded SARs that are still pending has decreased, 1,821 or 33 percent of cases (2008: 40%) are still pending. It is difficult to draw conclusions as to the reasons due to a multifold of factors:

- Money laundering and terrorist financing cases often have international connections, and the resulting international investigations tend to be tediously protracted and difficult;
- Experience has shown that mutual legal assistance tends to be a very labourious and time-consuming affair;
- Some of the pending SARs have already led to a conviction but MROS has not yet been notified of this fact because Article 29 paragraph 2 AMLA only requires cantonal authorities to provide MROS with updates on pending SARs that relate specifically to Article 260^{ter} paragraph 1 (criminal organisation), Article 305^{bis} (money laundering) or Article 305^{ter} (lack of due diligence) Swiss Criminal Code (see Art. 29 para. 2 AMLA);
- In addition we still assume that cantonal prosecuting authorities do not always fulfil their obligation to inform MROS under Article 29a paragraph 2 AMLA (see Chapter 5.6).



Status of forwarded SARs by canton 2000-2009



Status of forwarded SARs by canton 2000 - 2009

Canton	Pending		Verdict		Suspension		Dismissal		Suspension temporary		Total	
AG	24	33.3%	9	12.5%	15	20.8%	16	22.2%	8	11.1%	72	100.0%
AI	3	100.0%		0.0%		0.0%		0.0%		0.0%	3	100.0%
AR		0.0%		0.0%	1	100.0%		0.0%		0.0%	1	100.0%
BE	46	19.5%	32	13.6%	65	27.5%	84	35.6%	9	3.8%	236	100.0%
BL	6	10.0%	2	3.3%	37	61.7%	15	25.0%		0.0%	60	100.0%
BS	21	12.4%	10	5.9%	122	71.8%	10	5.9%	7	4.1%	170	100.0%
CH	733	42.1%	5	0.3%	333	19.1%	486	27.9%	184	10.6%	1'741	100.0%
FR	12	42.9%	5	17.9%	7	25.0%	4	14.3%		0.0%	28	100.0%
GE	295	36.6%	63	7.8%	424	52.7%	7	0.9%	16	2.0%	805	100.0%
GL	1	11.1%	2	22.2%	2	22.2%	4	44.4%		0.0%	9	100.0%
GR	11	32.4%		0.0%	19	55.9%	2	5.9%	2	5.9%	34	100.0%
JU	5	45.5%	2	18.2%	4	36.4%		0.0%		0.0%	11	100.0%
LU	20	18.2%	10	9.1%	62	56.4%	11	10.0%	7	6.4%	110	100.0%
NE	31	41.3%	7	9.3%	31	41.3%	3	4.0%	3	4.0%	75	100.0%
NW	3	33.3%	3	33.3%		0.0%	2	22.2%	1	11.1%	9	100.0%
OW	10	76.9%		0.0%	2	15.4%		0.0%	1	7.7%	13	100.0%
SG	32	28.1%	10	8.8%	43	37.7%	25	21.9%	4	3.5%	114	100.0%
SH	3	37.5%		0.0%	4	50.0%		0.0%	1	12.5%	8	100.0%
SO	33	45.2%	1	1.4%	26	35.6%	11	15.1%	2	2.7%	73	100.0%
SZ	11	27.5%	4	10.0%	16	40.0%	8	20.0%	1	2.5%	40	100.0%
TG	19	37.3%	3	5.9%	15	29.4%	12	23.5%	2	3.9%	51	100.0%
TI	220	42.3%	16	3.1%	141	27.1%	123	23.7%	20	3.8%	520	100.0%
UR	1	25.0%	1	25.0%	2	50.0%		0.0%		0.0%	4	100.0%
VD	30	24.4%	21	17.1%	56	45.5%	11	8.9%	5	4.1%	123	100.0%
VS	9	25.7%	5	14.3%	5	14.3%	16	45.7%		0.0%	35	100.0%
ZG	29	21.3%	1	0.7%	26	19.1%	77	56.6%	3	2.2%	136	100.0%
ZH	213	19.6%	41	3.8%	205	18.9%	546	50.4%	79	7.3%	1'084	100.0%
Total	1821	32.7%	253	4.5%	1'663	29.9%	1'473	26.5%	355	6.4%	5'565	100.0%

2.3.14 Inquiries from foreign FIUs

Financial intelligence units (FIUs) are MROS-equivalent agencies in other countries with which MROS formally exchanges information by virtue of Article 32 AMLA and Article 13 MROS Ordinance. This exchange of information mainly takes place between the member states of the Egmont Group¹⁴ and is an important instrument in the fight against money laundering.

When MROS receives an inquiry from a foreign FIU, it runs a computer check on the natural person or legal entity to see whether their name is already listed in existing databases. The natural person's or legal entity's details are then entered into MROS's own money laundering database (GEWA database). MROS checks the names of all natural persons or legal entities mentioned in the SARs it receives from Swiss financial intermediaries. If a name is found in the GEWA database, then MROS knows that the natural person or legal entity in question is already suspected of possible criminal activity abroad.

What the chart represents

This chart shows which FIUs submitted inquiries to MROS. It also indicates how many natural persons and legal entities were mentioned in these inquiries.

Chart analysis

- *Increase of 20 percent in the number of inquiries from foreign FIUs relating to natural persons and legal entities.*

In the 2009 reporting year, MROS replied to 519 inquiries from FIUs in 73 countries. This is considerably more than in 2008 (434 inquiries). There was also a corresponding increase in the number of natural persons and legal entities mentioned: 1,877 compared to 1,562 in 2008.

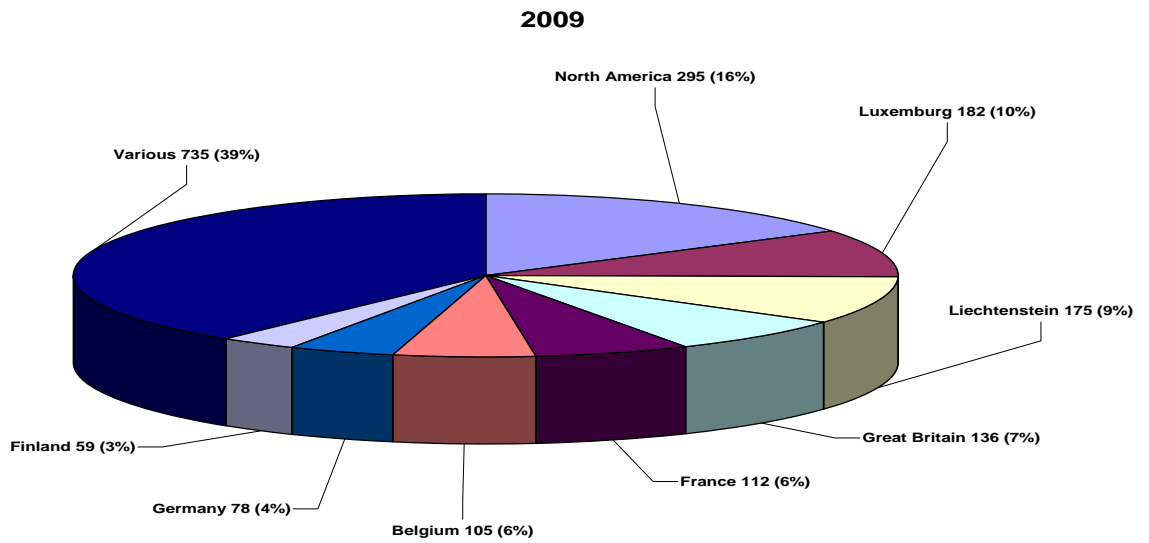
In addition, there was a decrease in the number of foreign FIU inquiries that MROS had to turn down on formal grounds (2009: 70, 2008: 104). Most of these inquiries either had no direct connection to Switzerland (so-called fishing expeditions), or had no relevance to a money laundering offence or a predicate offence to money laundering according to the provisions of the Swiss Criminal Code, or the financial information requested could only be provided by virtue of a mutual legal assistance request but not through MROS. Whenever sufficient legal grounds are lacking in an FIU inquiry, MROS policy is not to disclose the requested information.

¹⁴ www.egmontgroup.org

In 2009, MROS responded to FIU inquiries within an average of six working days following receipt. This was slightly slower than in 2008 (just under five working days) and can be explained by the overall rise in the number of SARs and the resulting increase in workload.

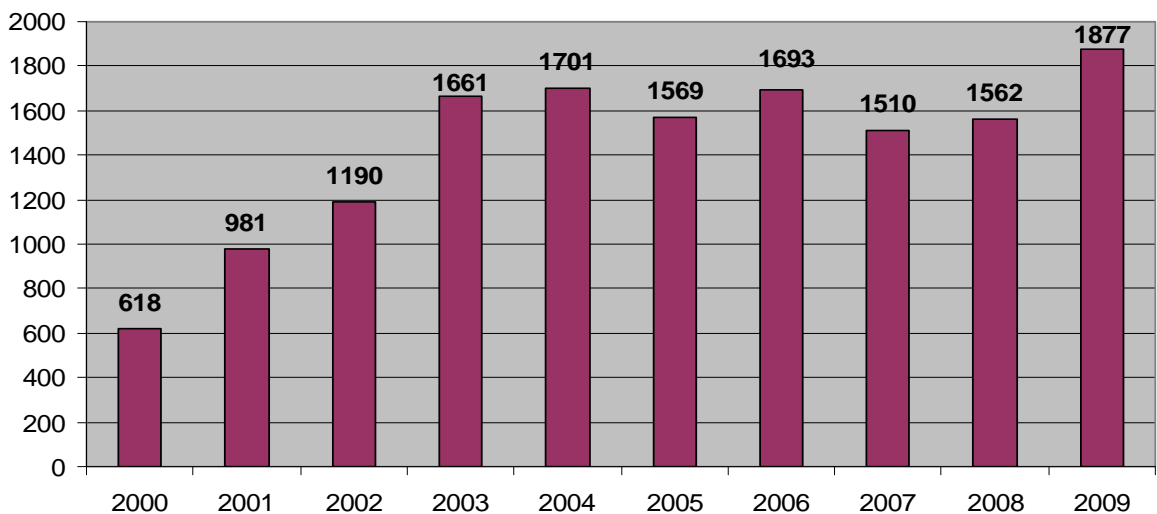
In response to incoming FIU inquiries, MROS ran computer checks on an average of 156 natural persons or legal entities each month compared to 128 in 2008.

2009: 1,877 natural persons/legal entities



For comparison 2000 - 2009

Number of inquiries MROS received from foreign FIUs



2.3.15 MROS inquiries to foreign FIUs

Financial intelligence units (FIUs) are MROS-equivalent agencies in other countries. MROS formally exchanges information with these FIUs by virtue of Article 32 AMLA and Article 13 MROS Ordinance. This exchange of information mainly takes place between the member states of the Egmont Group and is an important instrument in the fight against money laundering.

Whenever a financial intermediary in Switzerland submits an SAR mentioning a natural person or legal entity domiciled outside of Switzerland, MROS may send an inquiry to a foreign FIU to obtain information about that natural person or legal entity. MROS uses the information it receives to analyse the SAR in order to determine what action needs to be taken. Since many incoming SARs have an international connection, the information that MROS receives from foreign FIUs is important.

What the chart represents

This chart shows the foreign FIUs to which MROS sent inquiries to obtain information about natural persons and legal entities. The chart also indicates the number of natural persons and legal entities mentioned in these inquiries.

Chart analysis

- *50 percent increase in the number of MROS inquiries to foreign FIUs.*

In the 2009 reporting year, MROS sent 205 (2008: 294) inquiries on 1,612 natural persons or legal entities (2008: 1,075) to 66 foreign FIUs. As in the previous year, it took the foreign FIUs an average of around 26 working days to reply. The Egmont Group's "Best Practice Guidelines" recommend a response time of no more than 30 working days. The FIUs in some countries failed to adhere to these guidelines, which meant that MROS often had to wait several months or even longer for a reply. In comparison, MROS response time to inquiries from foreign FIUs was very fast (see Chapter 2.3.14).

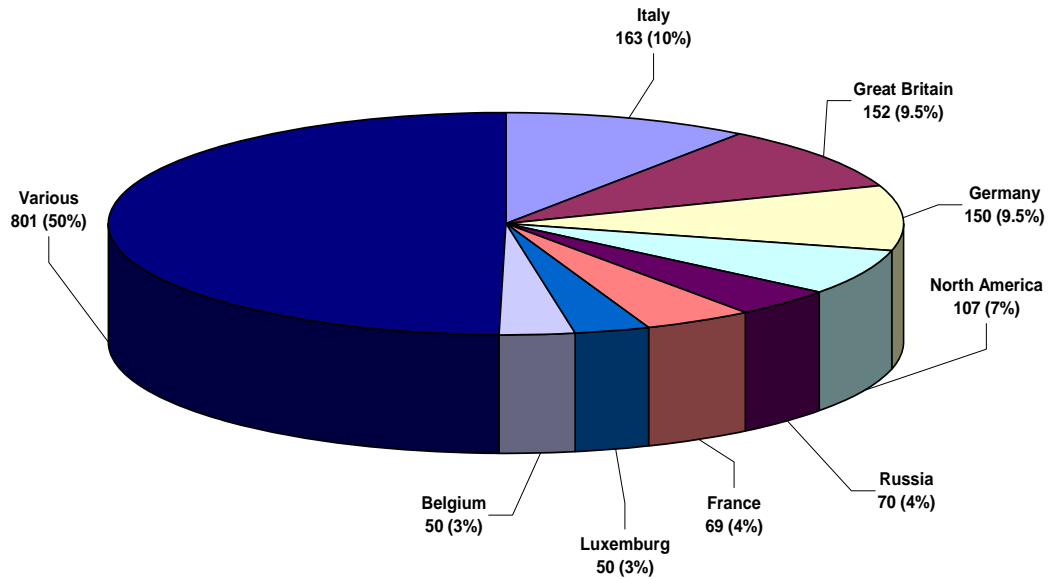
MROS's key partners in this respect are the FIUs in the following countries: Italy, Great Britain, Germany, United States of America, Russia and France.

MROS sent inquiries to foreign FIUs to obtain information regarding an average of 134 natural persons or legal entities each month compared to 90 in 2008.

MROS sent inquiries to foreign FIUs in relation to 205 of the 896 SARs it received in 2009 (nearly 23% of all incoming SARs).

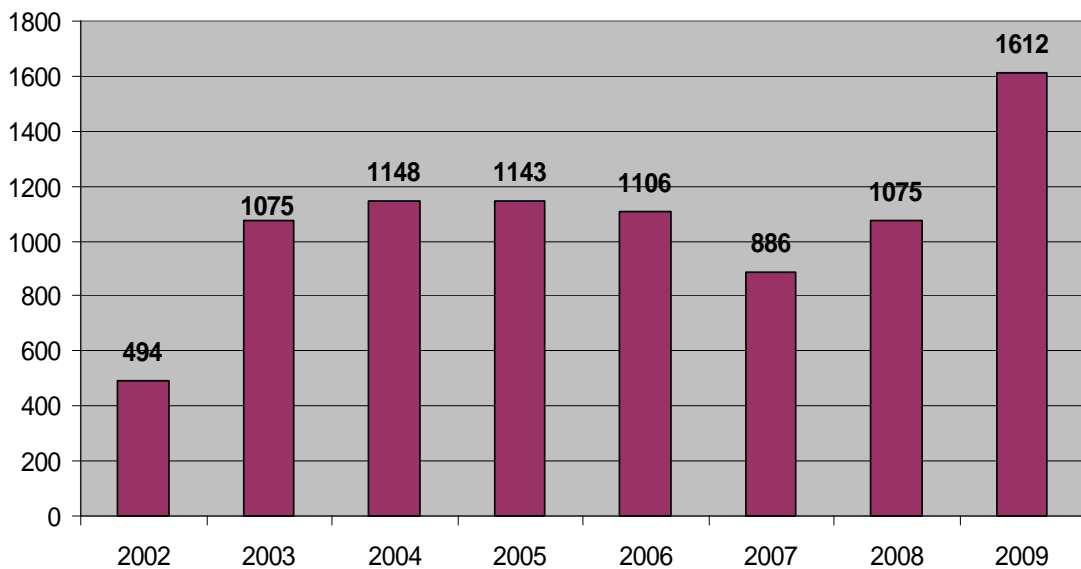
2009: 1,612 natural persons/legal entities

2009



For comparison: 2002 - 2009

Number of MROS inquiries to foreign FIUs



3. Typologies

3.1 *Violation of the Therapeutic Products Act*

Owing to a sizeable transfer of credit from a nearby foreign country, two bank accounts in the names of public limited companies A and B were reported to MROS by a financial intermediary. The money was transferred from an account managed by the financial intermediary to an account in the name of public limited company B. The attention of the financial intermediary was aroused by the accompanying text “Transcribed sodium chloride”. Further investigations by the financial intermediary revealed the following: public limited company A produces “transcribed sodium chloride” for public limited company B on the basis of a vaccine. Under the Therapeutic Products Act, the substance used is subject to permission resp. to a licence. Subsequently, public limited company B supplies the remitter abroad, which uses this “transcribed sodium chloride” for the treatment of cancer patients. Public limited company A does not have permission to produce this substance; public limited company B also lacks a licence for its procurement. The present case therefore constitutes, on the one hand, a violation of Article 86 paragraph 1b Therapeutic Products Act; on the other hand, based on the above-mentioned transfer of a considerable sum of money from a foreign country, it represents an aggravated case of trading under Article 86 paragraph 2 of the same act. In accordance with punitive sanctions, the production by public limited company A, resp. the procurement by public limited company B of the “transcribed sodium chloride”, thus becomes a predicate offence to money laundering.

3.2 *Securities swindle via the regulated unofficial market*

At the beginning of 2009, an account was opened at the bank of the reporting financial intermediary in the name of newly-founded public limited company A. One month later 10 million shares, with a nominal value of CHF 0.01, of another recently-founded public limited company B were deposited at the bank. At the time, the market value on the regulated unofficial market at the stock exchange amounted to just under EUR 4. Subsequently, lively sales were initiated by public limited company A with the shares of public limited company B, in the course of which half a million shares were sold and the market value rose to just under EUR 5. A short time later, public limited company B began to deal via the regulated unofficial market with the shares of other companies, only recently founded in Switzerland. These were exclusively young, completely unknown enterprises in attractive branches (information or energy technology). The credit balances generated through the sale of these shares, totalling EUR 1.5 million, was mostly withdrawn in large amounts of cash by the representatives of public limited

company A. The business activities and actions of public company A strengthened the suspicion that the elements described constituted fraud on a business scale, or at least rate manipulation: all the characteristics of a so-called “securities swindle” were fulfilled. Valueless public limited companies (shell companies) were listed on the poorly-regulated unofficial market at the stock exchange and were thus not quoted on the stock market. Subsequently, through targeted press releases, information on Internet forums, market letters and reciprocal dealing by the persons involved, the shares were inflated until the initiators had made enough profits. They then threw their shares onto the market, causing a drastic collapse of stocks. Furthermore, in order to mislead potential purchasers of shares and investors, the companies were provided with professional-looking homepages. However, these only contained general information, alleged products and product developments or vague references to business activities.

3.3 *Publicity slot with consequences*

A financial institute was requested in writing by a foreign bank to reimburse, without delay, two recently-effected transfers to a client’s account in favour of a legal entity, as these two payments had been attained with fraudulent intentions. Subsequently, the Swiss bank discovered that this was already the tenth request for reimbursement involving this account within one month. Together with one of these applications for reimbursement, the above-mentioned financial institute received the copy of a police report compiled in one of Switzerland’s neighbouring countries. This report had been established within the framework of a charge against a presumed injured party on grounds of fraud. According to the report, the proprietor of a company in the health branch had been contacted by another company domiciled abroad with the offer of a supposedly free publicity slot on the Internet. The proprietor approached subsequently took up the offer. A few weeks later, a presumed official who claimed to represent an international supervisory organ voluntarily contacted the proprietor of the said company. This presumed official pointed out that the law imposed a general ban on advertising for enterprises in his branch and that the Internet publicity therefore had to be deleted. At the same time, the company proprietor was asked to make an advance payment of a four-digit euro amount; this would be reimbursed on the removal of the Internet entry in question. However, this promise was never honoured. Internal investigations conducted by the reporting bank revealed that, based on all the dozens of credit payments made to the client’s account, all with identical amounts and totalling several hundred thousand euros, this must be a case of fraudulent intrigues with the same modus operandi. An MROS analysis of the events described showed that another bank had already reported the account holder and its beneficial owner due to similarly dubious practices. In this case, there were entries in a non-existent register, whereby the client who had complained about the disproportionately high invoice was offered the possibility of paying only one-third of the original amount. The beneficial owner was, moreover, already the subject of ongoing criminal investigations abroad

on grounds of gang fraud. There are, furthermore, several account relations in various European countries, including Switzerland, in the names of several non-existing companies via which fraudulently acquired assets had flowed. Based on these findings, MROS passed on the SAR to the competent cantonal prosecution authority.

3.4 *The circulation of forged money*

In 2009 MROS received a series of SARs regarding the circulation of forged money. In one case, a gaming casino reported that a foreign guest had, on one single day, changed several euro banknotes into chips for the purpose of betting. Afterwards, on counting the takings, staff discovered that all the banknotes were forged. In another case a foreign client wanted to transfer US dollars via a money transmitter to an African country. Before the transfer could be carried out, the US dollars had to be changed into Swiss francs. As a result, the client had to accept a currency exchange loss, which did not bother him in the least. Only later did the money transmitter realise that all the US dollars were forged.

Under Article 242 Swiss Criminal Code¹⁵, the circulation of forged money is punishable by a custodial sentence of up to three years, thus constituting a felony (Art. 10 para. 3 SCC). Although this act is liable to punishment, it is not subject to mandatory reporting under the Anti-Money Laundering Act as it does not constitute a predicate offence to money laundering. In cases where forged money is involved, however, MROS strongly recommends financial intermediaries to hand over the forged money in question to the police in accordance with the guidelines of the Swiss Bankers Association¹⁶. As the act in question is a public offence, the criminal police officially initiate the appropriate investigations.

The case is different if the money forger was remunerated for his work (the forging of coins, paper money or banknotes). This money would then represent the proceeds of a felony: under Article 240 SCC money counterfeiting is punishable with a minimum of one year's custodial sentence¹⁷ and thus constitutes a crime subject to mandatory reporting under the Anti-Money Laundering Act.

¹⁵ Swiss Criminal Code (SCC; SR 311.0)

¹⁶ Provisions of March 2007 on the Treatment of forged money and forged precious metal coins and bars; www.swissbanking.org

¹⁷ Terminologically, this means that a custodial sentence of more than three years is possible and that the act thus constitutes a felony. Cf. Dr. iur. Esther Omlin, public prosecutor in Canton Obwalden: "Strafgesetzbuch, Revision des allgemeinen Teils", published by Helbling & Lichtenhahn, p. 5

3.5 *Suspicious transactions*

Based on irregular payment procedures concerning an invoice which was settled by a payee probably bearing no relation to the recipient of the invoice, an asset manager sent us a SAR under Article 9 AMLA. Through an asset manager, a bank had opened an account for a Swiss company which had been founded by the asset manager's CEO. The beneficial owner of this company is the CEO of a well-known European company dealing in medical appliances. The Swiss company receives an order from customers abroad (in particular hospitals) and forwards these to the European partner company, which then ships the appliances abroad and installs them in situ. The European company then makes out an invoice for the goods to the Swiss company, which in turn sends a special invoice to the customer abroad. After the customer's payment has been credited to its Swiss business account, the Swiss company pays the invoice of the European company. Subsequently, one particular payment totalling several millions to the account of the Swiss company aroused attention; although the reason for payment referred to an invoice for appliances supposedly transported to an African country, the invoice was settled by a foreign third party domiciled in Switzerland who bore no obvious relationship to the company in this African country. MROS investigations revealed that the transaction was uncustomary and unusual. In fact, the well-known European company had only effected one important transaction in co-operation with the Swiss company; furthermore, there was no information on the Internet concerning the alleged African hospital. The invoices submitted by the financial intermediary were possibly mere forgeries aimed at lending legitimacy to the transaction.

3.6 *Accounts opened by correspondence*

On checking the documents submitted at the counter for the purpose of opening an account for client X, the attention of the back office was aroused by the identity card and passport: the nationality of the holder was different on both documents. It turned out that the identity card was forged and the passport had expired several years previously. The financial intermediary subsequently identified links between client X and other clients who had also opened accounts via correspondence.

MROS investigated the case and discovered that the companies implicated had pursued very disparate objectives (real estate businesses, software companies, wholesale businesses), whereas the persons opening the accounts were always the same. In several cases, it was even established that the seats of certain companies were located at the same address. The fact that forged identity documents had been used to open accounts and the businesses seemed to be connected gave rise to the suspicion that a criminal network was at work. MROS therefore forwarded the case to the appropriate prosecution authorities.

3.7 "Churning"

Churning is the practice employed by some brokers to increase their commissions by excessively trading via a client's account. A bank notified MROS of one of their clients X who was managing assets via a specialised service provider. The bank noticed that X was carrying out multiple transactions on the currency market on a daily basis for his clients (investors). However, the accounts of the various investors were dwindling over the months. Investigations by the bank revealed that X had previously also been involved in such activities following a similar pattern. It was also established that X's investors had little or no experience in the money market and had obviously been willing to invest considerable sums of money in high-risk transactions. The analysis led to a suspicion of churning. MROS therefore submitted the case to the prosecution authorities on the basis of suspected unlawful business practices (Art. 158 SCC) and possibly also misappropriation (Art. 138 SCC).

3.8 *Helpful prison officer*

A money transmitter noticed that a prison officer known in the community had been transferring several thousand Swiss francs to a person in Eastern Europe. Investigations conducted by the financial intermediary revealed that the prison officer had often transferred money abroad on behalf of prison inmates. Money transfers by prisoners may only be carried out with the authorisation of the prison management and must always be declared as such. Also, the prison officer must submit an identity document of the prisoner who is the beneficial owner of the money. The transaction journal of the prison officer showed that he had already made four transfers to the same person in Eastern Europe. In the case of these four transfers, the prison employee always claimed that he was conducting these transactions on behalf of a certain prisoner and that the latter was also the beneficial owner of the assets. For this reason, the money transmitter became suspicious when the prison officer sent further money to the recipient in Eastern Europe, this time claiming that he was making the transfer in his own name and that he himself was the beneficial owner of the assets. However, the money transmitter suspected that the prison officer had also been commissioned by the prisoner in this transfer. It is unclear why he had claimed that the latest transfer was made on his own behalf. MROS investigations revealed that the prisoner who was the beneficial owner of the assets transferred had been imprisoned on grounds of dealing with large quantities of drugs and belonging to a criminal organisation. Furthermore, the amounts to be transferred bore no relation to the prisoner's income. And moreover, the prisoner did not officially possess any assets or a legal income amounting to the level of the money already transferred. Not having police authorisation for additional investigations, MROS was unable to conclusively decide whether the prison officer had merely violated a service regulation by transferring the money or whether

other offences could have been committed. The SAR was therefore passed on to the competent prosecution authority for further investigation.

3.9 Money laundering via debit cards

A credit card company reported its business relationship with an East European national. Approximately two months before, the latter had applied for a debit card. The application was approved and the account was opened by correspondence. The financial intermediary thus did not know the contracting party personally and identification was effected on the basis of an uncertified residence permit. Shortly after the account had been opened, several thousand francs were credited to it in twelve installments. About half of this amount was withdrawn by the account holder from cash machines or via PayPal. A short while later, the financial intermediary was informed by a health insurance company that one of its members had received a statement from the health insurance company requesting the member to pay the self-retention amount to the card account of the person mentioned in the SAR. This statement was a forgery. Furthermore, the financial intermediary's investigations revealed that the address given in the client's residence permit was incorrect. The credit card company therefore suspected that the foreigner's identity document could also be forged. Based on the communication from the health insurance company, the financial intermediary checked various new applications for debit cards, thus discovering some with a pattern that resembled the reported client's application. These bank accounts were also opened by correspondence and the addresses given in the residence permits did not correspond to the actual domiciles of the clients. MROS's analysis reinforced the suspicions of the financial intermediary. The addresses given in all the residence permits had been manipulated. The photographs, names, birth and entry dates, etc., however, were correct. Further investigations led to the conclusion that the holders of the residence permits were probably only frontmen. In order to find out more about the actual wirepullers, MROS checked the mobile telephone numbers given in the applications. As expected, they found that the subscribers of the telephone numbers did not correspond with the account holders. One of the wirepullers had already been reported by a money transmitter to MROS on grounds of suspicious money transfers abroad. In addition, he was already on police record for dealing in stolen goods, theft, welfare fraud and in connection with professional gang theft. MROS also recognised the modus operandi. A few months before, the credit card company had already reported a similar occurrence. In this case, a business account for a debit card had also been opened by correspondence and the copied residence permit seemed to have been forged. An employee at an Internet auction house had transferred the purchase price of a mobile telephone bought at auction to the debit card account. However, the mobile telephone was never handed over. MROS assumed that these fraudulent activities were not isolated occurrences. The perpetrators' modus operandi showed too many similarities. Either the holders of the residence permits had placed their identity documents at the

disposal of third persons against payment or they had no knowledge that their documents had been misused.

3.10 *The false landlord*

A bank was informed by a real estate company that one of the bank's client had presumably damaged the assets of several persons by renting out to third persons in the name of the said real estate company his former apartment for which the rental contract had already been dissolved due to outstanding rental payments; in the process he had signed the contract in the name of the real estate company. Investigations conducted by the bank further revealed that the client had inserted the number of his private account in the field marked "Tenant's security deposit" in the rental agreement. On the basis of forged documents, the potential tenant of the apartment transferred a security deposit of CHF 6,000 as well as a first month's rent of CHF 3,000 to the client's account. Further investigations carried out by the bank to verify the statements made by the real estate company revealed that an amount of CHF 9,000 had actually been credited to the account of their client. However, this money had been withdrawn again by the client shortly after receipt. A short time later, the bank was contacted by the owner of an apartment. He mentioned that their client had submitted a manifestly forged confirmation of payment from the bank. This was supposed to prove that the client had transferred the security deposit for the apartment to the owner within the agreed time limit, thus enabling the bank client to move into the new apartment.

According to legal doctrine, the forgery of a rental agreement fulfils the provisions of Article 251 SCC (forgery of a document). Moreover, the use of a forged document qualifies as wilful deceit under Article 146 SCC (fraud). There were thus clear indications that the payments credited to the client's account were derived from a case of fraud and accordingly were the proceeds of a crime. MROS investigations subsequently revealed that the person reported had already been repeatedly registered for similar matters.

3.11 *Who paid the insurance premiums?*

An insurance company reported two external brokers who, on the basis of a corresponding agreement with the reporting insurance company, had been concluding insurance deals for about two and a half years. For this purpose, the two agents had founded company X. The policies brokered were mostly children's insurances, which were concluded with families with two or more children. The majority of the clients were foreigners from the same region living in Switzerland. A total of some 600 policies had been concluded in the period of two years. Although suspicions had already been circulating for a while concerning the business methods of company X, no useful evidence for unfair practice could initially be found. Then, however, the insurance

company received a telephone call from the wife of an insured person; the call was related to a misdirected premium invoice which had been sent directly to the policy holder, her husband. Through the brokerage of company X, he had concluded insurance policies with the company for their three children. The lady explained that the family did not pay any premiums for the three policies, which were paid by company X. Thereupon the insurance company made various inquiries, consulting the clients and the company responsible for brokering the contracts. Questioning the clients at least partially confirmed the claim that company X paid the premiums itself. At this point the insurance company had no logical explanation for the actions of company X. The fact that the premiums were always paid in time begs the question as to company X's financial incentive to take part in such activities. There were justified doubts concerning company X's business model. Further justified suspicions were aroused, not only by the circumstance that the premiums were not paid by the insured parties but also by the fact that the monthly part payments were always settled in cash over the post office counter and the individual depositors could not be identified. More thorough investigations revealed that the payments of such insurance premiums tended to be effected on the same day (up to 80 in one day). Random checks on contract documentation left the impression that the signatures provided by the insured parties were genuine. It is, however, striking that the applications were always signed before the quotation (offer), which points to the fact that the applications were evidently signed in blank.

MROS investigations did not reveal any further information concerning the suspected persons but neither did they calm the suspicions of the financial intermediary. There were three possible scenarios:

1. Company X is running a kind of snowball system and finds more and more new persons for whom they can conclude insurances. The provision for the brokerage, which is already available after payment of the first premium, amounts to about 3 years' premiums. As in all snowball systems, the affair would sooner or later collapse as soon as no more policy holders could be found but the premiums had to go on being paid. In the case of certain policies there were, in fact, unpaid premiums.
2. Company X concluded a contract with the insured parties which guaranteed them a large part of the insurance benefits. In this version, however, the origin of the money remained unexplained; moreover, the duration of the insurance policies is so high (e.g. expiry in 2059) that it would not be interesting for insurance holders to wait that long.
3. With their business practices, the two directors of company X are trying to launder money from illegal activities (e.g. drug dealing).

As - in the opinion of MROS - at least one of these scenarios could be applicable and the resources at MROS's disposal did not permit further investigations, the report was forwarded to the competent cantonal prosecution authority with the recommendation to open preliminary criminal proceedings. The outcome is still pending.

3.12 *The phantom*

An initially unidentified person (we shall call him Y) submitted by post an application to a credit card company for two debit cards. A copy of a residence permit was presented as legitimisation. After the business account was opened, a total of 47 payments were subsequently credited to the debit account by third parties. The account holder withdrew the incoming amounts in rapid succession at various cash machines. A few days later, the credit card company was contacted by a person who was apparently the victim of fraud. Via the Internet auction platform www.ricardo.ch, the person in question had bought a mobile telephone from a vendor with the user name X. However, in spite of advance payment of the purchase price, the mobile telephone was not delivered. As the victim was instructed to transfer the advance payment to Y's debit account, it would seem that client Y is behind the login X.

The account at the credit card company was opened with a copy of an identity document for foreign nationals. In accordance with the company's business practice, the identification of the client is not complete until the copy of an official identity document has been submitted and the documentation sent by post is not returned as "undeliverable". The company intentionally dispenses with an official certification of the identity document. The financial intermediary suspected fraud to the detriment of a number of persons and reported the case to MROS. MROS investigations revealed that the copy of the residence permit submitted by client Y was a copy of a false identity document. Both the issuing canton and the address had been altered. However, the photograph used in the forged identity document corresponded to the original document holder. Further inquiries via Y's mobile telephone number revealed that the mobile telephone had probably also been acquired with the help of a forged identity document. Consultation with the residents' registration office revealed that there was nobody with the client's name at the address given in the application form. This led to the assumption that Y either had an accomplice living at this address or that he had prepared an empty letter-box so that he could easily intercept any post coming from the financial intermediary. In the meantime the credit card company had contacted the bank from whose cash machine Y had withdrawn money. A video record was secured. This confirmed the suspicion that the initially unknown perpetrator had forged a document in order to prepare the commission of an offence and thus secured access to a debit card. The perpetrator had evidently initiated Internet auctions with fraudulent intent and enriched himself illegally with the advance payments. It must be assumed that the person in question never intended to deliver the goods promised to purchasers. By appropriating the incoming amounts via the cash machines, he had moreover broken the paper chain and thus made the recovery of the fraudulently acquired assets impossible.

4 From the MROS Office

4.1 *Attempted money laundering (Art. 9 para. 1b AMLA)*

As already mentioned under chapter 2.1.4, mandatory reporting in cases of attempted money laundering was introduced for all financial intermediaries in 2009. The challenge facing financial intermediaries primarily consists in choosing the right moment for the submission of a SAR. In cases of well-founded suspicion, a financial intermediary should not send his SAR until he has sufficient information and details regarding the identification of the client. Furthermore, it is essential that he has actually broken off negotiations before submitting the SAR. He should not wait with breaking off the burgeoning relationship until MROS has made a decision to forward the case to a prosecution authority or to close it. Should, for instance, the financial intermediary decide to make the final suspension of contract negotiations dependent on an MROS decision to pass the case on, this investigation of the facts via the reporting office would be legally abusive.

Once a financial intermediary has broken off contract negotiations or reported the case to MROS, a subsequent decision by MROS to close the said case does not, however, mean that the resumption of the disrupted contract negotiations is unproblematic. The fact is that MROS can often confirm the suspicions contained in the SAR through its own investigations but cannot forward the case to the prosecution authorities owing to the lack of criminal procedural points of reference. An example of this is the case where there is suspicion regarding a foreigner living outside Switzerland who wants to invest drug-related money in Switzerland. If negotiations break down and the potential client returns to his native country without opening an account resp. without assets being transferred, there is no point of reference for the initiation of criminal proceedings in Switzerland. Nevertheless, in such a case the report of attempted money laundering is still useful: on the one hand, the deposit of presumably criminal assets in Switzerland can thus be prevented; on the other hand, within the scope of spontaneous information to the corresponding reporting office abroad, MROS can relay valuable information on the suspect, thus supporting the investigations there¹⁸.

¹⁸ Art. 32 AMLA (SR 955.0)

4.2 Relaxation of the ban on information (Art. 10a AMLA) and mandatory reporting

The revision of the Anti-Money Laundering Act brought a relaxation of the ban on information: under Article 9 AMLA a financial intermediary may inform another financial intermediary who is subject to the Swiss Anti-Money Laundering Act about a submitted SAR if:

1. the reporting financial intermediary is not in a position to freeze the assets in question,
2. both financial intermediaries execute joint services for a client on the basis of contractually agreed co-operation in connection with the administration of the latter's assets and
3. both financial intermediaries belong to the same group of companies.

However, the receipt of information from another financial intermediary does not release the informing financial intermediary from his reporting obligation, not even if because of the constellation he cannot freeze the assets himself. Should the informing financial intermediary neglect to compile his own SAR, he runs the risk of being punished for violating the obligation to report under Article 37 AMLA, for which negligence already suffices. Should MROS become aware of such behaviour, it can either report the misconduct of the financial intermediary within the framework of legal assistance to the relevant supervisory body (Art. 29 AMLA) or report the facts of the case to the administrative criminal law authorities. In contrast, the informed financial intermediary is not automatically required to send a SAR. His task is to fulfil information obligations under Article 6 AMLA and then to make the decision on his own SAR. Neither does the fact that the informing financial intermediary has already compiled a SAR release him from the obligation to submit a SAR, provided the preconditions for doing so are given.

4.3 Tax offences and mandatory reporting

So-called classical tax offences under the Federal Act of 14th December 1990 on Direct Federal Taxation¹⁹ are not felonies and thus do not constitute predicate offences to money laundering. Tax evasion is a contravention (Art. 175 ff DFTA), punishable by a fine; tax fraud is a misdemeanour (Art. 186 ff DFTA), punishable by a custodial sentence (up to 3 years) or by a fine. Thus the prerequisite for mandatory reporting is not given under the Anti-Money Laundering Act for these offences. Nevertheless, there are tax offences which are subject to mandatory reporting, such as:

¹⁹ DFTA; SR 642.11

4.3.1 Gang smuggling under Article 14 paragraph 4 Federal Act on Administrative Criminal Law ACLA (SR 313.0)

Smuggling in the customs sphere is exclusively related to the movement of goods. Under administrative criminal law, merchandise smuggling in the customs sphere constitutes customs fraud and services fraud. If the perpetrator acts as a member of a gang which meets for the purpose of committing repeated crimes and with the objective of making a considerable profit, this is considered as aggravated customs fraud, which is punishable with a custodial sentence of up to five years or by a fine and is thus subject to mandatory reporting. The crime of gang smuggling is not meant to cover individual offences in customs legislation but is aimed at general cases of serious criminality. For this reason, we have not included a list of the separate provisions or laws in Article 14 paragraph 4 ACLA.

4.3.2 Value added tax carousels

Value added tax (VAT) carousels mostly occur in cross-border trading. The objective is to enable a company to claim an input tax reduction for unpaid value added tax. The bogus companies do not pay the invoiced value added tax to the tax administration but disappear, while the purchasers sell the goods on and collect the input tax deduction. If this fraudulent pattern is repeated several times with the same goods, we speak of a carousel. In a trailblazing decision, the Federal Criminal Court in Bellinzona determined that such VAT carousels do not constitute value added tax fraud but common fraud under Article 146 SCC. Guilty of fraud is whoever – outside tax assessment proceedings and thus on his own initiative – by means of forged documents deviously creates fictitious claims for tax refunds of non-existent or invented persons. Thus a link is created to Federal criminal adjudication, whereby the crime of fraud is fulfilled if there is no connection to regular tax proceedings and the deed is only aimed at purely criminal abuse of a refund system. As common fraud is a crime, such VAT carousels are subject to mandatory reporting.

4.4 "Black funds" and mandatory reporting

In chapter 5.4 of the 2008 Annual Report, MROS discussed the extent to which black funds are to be reported in connection with the offence of bribery. We refer a priori to the remarks made there but would like to introduce a fresh approach, which is derived from the findings of investigations conducted by the Office of the Attorney General of Switzerland. The question is whether identifiable black funds, which are maintained with legal funds from business activities, are not, in fact, subject to mandatory reporting. In the eyes of the Attorney General's Office, black funds are supplied with money which is, as a rule, channelled off on the basis of fictitious contracts from the group or

company. It is thought that the primary purpose of these black funds is to conceal the paper trail between the group or the companies that have acquired an order by means of bribes and the bribed decision-maker. The funds channelled off in this way, according to the Office of the Attorney General, are assets from continued disloyal business management (Art. 158 subpara 1 para 3 SCC) and are thus derived from a crime²⁰. Black funds are therefore subject to mandatory reporting and the financial intermediary administering the accounts of black funds no longer features in the conflict mentioned under chapter 5.4 of the MROS 2008 Annual Report. MROS welcomes this approach on the part of the Attorney General's Office.

4.5 Date of receipt and expiry in connection with submitted SARs

SARs are to be submitted either by fax or first-class post, using the foreseen reporting forms (see also 2008 Annual Report under chapter 5.5.)²¹. MROS acknowledges receipt of every SAR received from financial intermediaries. In the case of mandatory SARs (Art. 9 AMLA), it moreover names the expiry of the five-day time limit with regard to the freezing of assets (Art. 10 AMLA) resp. the ban on information (Art. 10a AMLA). The following means of transmission are possible:

- by fax: transmission of the SAR and all the enclosures
- by fax: transmission of the SAR; the enclosures are sent by express or first-class post
- by first-class post: the SAR and all enclosures are sent by first-class post

In order that MROS can conduct its investigations and make its decision, it requires all the documentation related to the SAR. The receipt of the SAR is only acknowledged on arrival of the relevant enclosures, on weekdays up to 17.00 hours (otherwise not until the next working day). The reporting financial intermediary is consequently under an obligation to ensure that the SAR is submitted together with the relevant documentation without delay.

4.6 Mandatory reporting by prosecution authorities (Art. 29a para. 1 + 2 AMLA)

Cooperation between the national prosecution authorities and MROS is regulated in Article 29a paragraphs 1 and 2 AMLA. Immediate reporting to MROS of all orders (including judgements) issued on the basis of a SAR has become mandatory under the revised Anti-Money Laundering Act. This also includes the communication on when, in

²⁰ Cf. also Niklaus Schmid, Straf- und einziehungsrechtliche Fragen bei "schwarzen Kassen" zur Begehung von Bestechungen; in: AJP /PJA 7/2008

²¹ Art. 3 MROSO (Ordinance of 25 August 2004 on the Money Laundering Reporting Office; SR 955.23)

accordance with Article 67a IMAC²², prosecution authorities send spontaneous information based on a SAR via mutual assistance. Unfortunately the prosecution authorities do not yet completely fulfil this obligation. At the end of each year, therefore, MROS regularly has to ask the prosecution authorities about pending cases. Likewise unsatisfactory is the implementation of the obligation under paragraph 1, whereby prosecution authorities swiftly report to MROS all pending proceedings connected with Articles 260^{ter} subparagraph 1, 260^{quinquies} paragraph 1, 305^{bis} and 305^{ter} paragraph 1 SCC as well as their corresponding judgements (also acquittals) and orders on the discontinuation of proceedings, including grounds. MROS has thereby noticed that the prosecution authorities do not respect the fact that within the framework of criminal prosecution later extension orders relating to further accused persons are also to be reported. Under the heading "Übersicht über die Bestimmungen des Bundesrechts, welche die Mitteilungspflicht selbst begründen", subparagraph 23²³ of the appendix to the Notification Ordinance²⁴ refers to mandatory reporting.

1.1.1.1.1 ²² Federal Act of 20 March 1981 on International Mutual Assistance in Criminal Matters (Mutual Assistance Act, IMAC; SR 351.1); Art. 67a IMAC = Unsolicited Transmission of Evidence and Information

²³ The Notification Ordinance has not yet been adapted to the revised Money Laundering Act and still refers to the former legislation. The reference to Article 29a paragraph 1 and 2 MLA (SR 955.0) is applicable

²⁴ Ordinance of 10 November 2004 on the Notification of Cantonal Criminal Judgement (Notification Ordinance)

5 International scene

5.1 *Egmont Group*

In 2009 the Egmont working groups convened in Guatemala City/Guatemala in March, in Doha/Qatar in May at the same time as the Plenary Session, and in Kuala Lumpur/Malaya in October. The reports on the individual working groups and the development of the Egmont Group in general may be seen on the relevant homepage under www.egmontgroup.org. We would like to draw your attention to the following points from the 2009 reporting year:

New chair of the Egmont Committee

At the Plenary Session of the Egmont Group in May 2009, Neil Jensen of AUSTRAC Australia stepped down after one year of service as Chair of the Egmont Committee. In his place Luis Urrutia, Head of the Mexican FIU (DEGAIO/UIF), was elected as the Chair of the Egmont Committee for one year.

New title of the Egmont Committee Chair

At the Heads of FIU meeting, new regulations were drawn up regarding the eligibility conditions and the procedure for electing the Head of the Egmont Committee. At the same time it was decided that the terminology used for the Head of the Egmont Committee (hitherto "Chair of the Egmont Committee") was to be altered to "Egmont Chair". In this way, the Heads of FIU wish to emphasise that the Egmont Chair has no further-reaching powers than hitherto. In effect, this means that the Egmont Chair cannot personally make any decisions for the Egmont Group and that he – as hitherto – represents to the outside world decisions made in the name and according to the wishes of the Heads of FIU.

New members

The following new members have joined the Egmont Group. They are reporting offices from the following jurisdictions:

- Fiji
- Kyrgyzstan
- Macao
- Malawi
- Mongolia
- St Lucia
- Saudi Arabia
- Senegal
- Sri Lanka

Accordingly, the number of members of the Egmont Group has risen to 119 reporting offices.

Fulfilment of conditions for membership of the Egmont Group

Membership of a reporting office in the Egmont Group requires that the member country has a formal and effective legal foundation which explicitly designates the reporting office as the competent national office for the receipt and analysis of SARs on money laundering or terrorist financing. With the entry into force of the revised Anti-Money Laundering Act on 1 February 2009, whereby mandatory reporting on terrorist financing was explicitly legislated, Switzerland now fulfils the conditions for membership in the Egmont Group, not only “de facto” but also “de jure” (see also the remarks in the 2008 MROS Annual Report).

A subgroup of the Legal Working Group was charged with the task of checking the current members of the Egmont Group with regard to these requirements. At the Plenary Session in Doha their final report was approved with the finding that the jurisdictions of three members did not yet fulfil the requirements relating to terrorist financing. The Heads of FIU therefore decided to complete the compliance process, which has been going on since 2004, and to introduce the corresponding measures against the non-compliant FIUs.

Staff increase in the Egmont Group secretariat

Owing to the increasingly heavy burden of work on the secretariat, the Heads of FIU have decided to increase staff by a full-time post to a total of 5 persons with a new Senior Officer.

5.2 GAFI/FATF

The Financial Action Task Group (FATF) or Groupe d'Action financière (GAFI) is an intergovernmental organisation. It was founded with the objective of analysing methods of money laundering and elaborating strategies against money laundering and terrorist financing at international level. MROS is represented within the FATF as part of the Swiss delegation.

5.2.1 Events of special interest to Switzerland

In 2005, Switzerland was the subject of a FATF evaluation of the measures it had taken against money laundering. As the result was satisfactory, Switzerland's application to only submit a bi-annual instead of an annual report on measures to combat money laundering has been granted. This decision not least reflects the efficiency of Switzerland's reporting system and MROS itself.

In view of preparations for the fourth round of evaluations, the FATF has undertaken an in-depth revision of the most important norms (40 recommendations and 9 special recommendations). This work has already begun and is expected to take until 2012.

5.2.2 Third round of evaluations

In the course of 2009, the following members were evaluated: South Africa, Austria and New Zealand. These evaluations are published on the website www.fatf-gafi.org.

5.2.3 Non-compliant countries and jurisdictions

In consultation with the G20 States and the OECD, the FATF has undertaken, at international level, a very wide-reaching evaluation of countries whose legal norms with regard to combating money laundering are insufficient or impenetrable. More than 20 countries will be listed and counter-measures are to be defined in 2010.

5.2.4 New members

In 2009 the FATF welcomed South Korea, whereas India (a candidate for several years) will have to submit to further evaluations.

5.2.5 Publications on typology studies

The FATF has published (www.fatf-gafi.org) a study on money laundering in the sphere of football. This study primarily tackles matters relating to the large sums of money connected with transfers or purchases of players. The study will be completed with an appraisal of fiscal incidents, a topic which has been placed under the responsibility of the OECD Committee of Fiscal Affairs.

Another project published this year was *Money Laundering and Terrorist Financing in the Securities Sector*. This report was prepared by a special working group in which Switzerland also participated, with the task of listing the most frequent types of securities handled in most countries as well as their monitoring status. The report also contains indicators to assist the identification of money laundering and terrorist financing risks.

5.2.6 Ongoing typology studies related to money laundering

- *ML through money service business*: MONEYVAL – the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures - presides over the destiny of this project, whose next phase will be the consultation of the private sector. The preparation of a final document is foreseen for the Plenary Session in February 2010.
- *ML/TF vulnerabilities of free trade zones*: the limited relevance of this study, in particular for Switzerland, considerably restricts the number of participants as well as the interest shown in this survey. A final report should be available in February 2010.
- *ML through new payment methods*: this topic, in which Switzerland is participating, is important insofar as it plans to study the means of payment widely used in daily practice (above all *prepaid cards*, *mobile payments*) and as no special regulations have so far been adopted in this area.
- *Global threat assessment*: various members have identified special threats and risks, which will form the basis of a global threat assessment report. The report is expected to be published in the 2nd trimester of 2010. Within this framework, the IMF, in particular, will present the principal global threats in relation to money laundering.
- *Strategic Surveillance Discussion*: this permanent forum offers members the chance to point out developments concerning money laundering practices at national level. At the Plenary Session of October 2009, Japan presented an insight into the activities of the criminal organisation *Yakusa* on the securities market. The USA concentrated on the impact of fraud on the financial markets. Italy proposed a study on the effects of the financial crisis on money laundering, whereas the IMF presented a calculated evaluation of money laundering at international level, with special emphasis on fiscal infringements.

6. Internet Links

6.1. Switzerland

6.1.1 Money Laundering Reporting Office

http://www.fedpol.admin.ch	Federal Office of Police / MROS
http://www.fedpol.admin.ch/fedpol/en/home/themen/kriminalitaet/geldwaescherei/meldeformular.html	SAR form MROS

6.1.2 Supervisory authorities

http://www.finma.ch	Swiss Financial Market Supervisory Authority FINMA
http://www.esbk.admin.ch/	Federal Gaming Commission

6.1.3 Self-regulating organisations

http://www.arif.ch/	Association Romande des Intermédiaires Financières (ARIF)
http://www.oadfct.ch/	OAD-Fiduciari del Cantone Ticino (FCT)
http://www.oarg.ch/	Organisme d'Autorégulation du Groupement Suisse des Conseils en Gestion Indépendants ("GSCGI") et du Groupement Patronal Corporatif des Gérants de Fortune de Genève ("GPCGFG") (OAR-G)
http://www.polyreg.ch/	PolyReg
http://www.sro-sav-snv.ch/	Selfregulating Organization of the Swiss Bar Association and the Swiss Notaries Association
http://www.leasingverband.ch/	SRO- Schweizerischer Leasingverband (SLV)
http://www.stv-usf.ch/	SRO-Schweizerischer Treuhänder-Verband (STV)
http://www.vsv-asg.ch/	SRO-Verband Schweizerischer Vermögensverwalter (VSV)
http://www.vqf.ch/	Verein zur Qualitätssicherung im Bereich der Finanzdienstleistungen (VQF)

6.1.4 National associations and organisations

http://www.swissbanking.org	Swiss Bankers Association
http://www.swissprivatebankers.com	Swiss Private Bankers Association
http://www.svv.ch	Swiss Insurance Association

6.1.5 Others

http://www.ezv.admin.ch/	Federal Customs Administration
http://www.snb.ch	Swiss National Bank
http://www.ba.admin.ch	Office of the Attorney General of Switzerland OAG
http://www.seco.admin.ch/themen/00513/00620/00622/index.html	State Secretariat for Economic Affairs SECO / economic sanctions based on the Embargo Act
http://www.bstger.ch/	Federal Criminal Court

6.2. International

6.2.1 Foreign reporting offices

http://www.fincen.gov/	Financial Crimes Enforcement Network/USA
http://www.ncis.co.uk	National Criminal Intelligence Service/United Kingdom
http://www.austrac.gov.au	Australian Transaction Reports and Analysis Centre
http://www.ctif-cfi.be	Cel voor Financiële Informatieverwerking / Belgium
http://www.justitie.nl/mot	Meldpunt Ongebruikelijke Transacties Ministerie van Justitie (MOT) / Netherlands
http://www.fintrac-canafe.gc.ca/	Financial Transactions and Reports Analysis Centre of Canada

6.2.2 International organisations

http://www.fatf-gafi.org	Financial Action Task Force on Money Laundering
http://www.unodc.org/	United Nations Office for Drug Control and Crime Prevention
http://www.egmontgroup.org/	Egmont-Group
http://www.cfatf.org	Caribbean Financial Action Task Force

6.3. Other Links

http://europa.eu/	European Union
http://www.coe.int	European Council
http://www.ecb.int	European Central Bank
http://www.worldbank.org	World Bank
http://www.bka.de	Bundeskriminalamt Wiesbaden, Germany
http://www.fbi.gov	Federal Bureau of Investigation, USA
http://www.interpol.int	Interpol
http://www.europol.net	Europol
http://www.bis.org	Bank for International Settlements

http://www.wolfsberg-principles.com	Wolfsberg Group
http://www.swisspolice.ch	Conference of the Cantonal Police Commanders of Switzerland

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