

## **Risk indicators of operations related to the foreign political corruption**

Listed below a number of indicators of transaction that, if the customer is a politically exposed person, could be related to proceeds from foreign political corruption<sup>1</sup> can be found. This is not a close-ended or exhaustive list of indicators by any means:

- A customer requests to establish a relationship with, or route a transaction through, a financial institution that is unaccustomed to doing business with foreign persons and that has not sought out business of that type.
- A customer requests to associate any form of secrecy with a transaction, such as booking the transaction in the name of another person or a business entity whose beneficial owner is not disclosed or readily apparent;
- A customer routes its transactions into or through a secrecy jurisdiction or through jurisdictions or financial institutions that have inadequate customer identification practices and/or allow third parties to carry out transactions on behalf of others without identifying themselves to the institution.
- A customer routes its transactions through several jurisdictions and/or financial institutions prior to or following entry into an institution in the Principality without any apparent purpose other than to disguise the nature, source, ownership or control of the funds.
- The customer uses accounts at a foreign central bank or other government-owned bank, or of government accounts, as the source of funds in a transaction.
- The rapid increase or decrease in the funds or asset value in an account of a customer that is not attributable to fluctuations in the market value of investment instruments held in the account.

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<sup>1</sup> Extracts from the "Guidance on enhanced scrutiny for transactions that may involve the proceeds of foreign official corruption" issued by the "Office of the Comptroller of the Currency (OCC)"

- Frequent or excessive use of funds transfers or wire transfers either in or out of an account of a customer.
- Wire transfers for the benefit of a customer where the beneficial owner or originator information is not provided with the wire transfer.
- Large currency or bearer instrument transactions either in or out of an account of a customer.
- High-value deposits or withdrawals, particularly irregular ones, not commensurate with the type of account or what is known and documented regarding the wealth or professional activity of the customer.
- A pattern that after a deposit or wire transfer is received in a customer's account, the funds are shortly thereafter wired in the same amount to another financial institution, especially if the transfer is to an account at an offshore financial institution or one in another jurisdiction where tax or banking secrecy is applied.
- The frequent minimal balance or zeroing out of an account of a customer for purposes other than maximizing the value of the funds held in the account (for example, by placing the funds in an overnight investment and having the funds return to the account the next day).
- The customer shows an interest in knowing if there are any exceptions to the obligations of financial institutions to declare suspicious operations or activities.
- Transactions that involve public contracts of foreign governments received in personal accounts.
- Transactions involving foreign government contracts that are directed to companies that operate in an unrelated line of business (for example, payments for construction projects directed at textile companies).
- Transactions involving government contracts that originate with, or are directed to, entities that are shell corporations, general "trading companies", or companies that appear to lack a general business purpose.
- Documents corroborating transactions involving foreign government contracts (for example, invoices) that include charges at a substantially higher prices than market rates or that include overly simple documentation or lack traditional details (for example, valuations for goods or services).
- Payments involving foreign government contracts that originate from third parties that are not official government entities in the concerned country (for example, shell companies).

- Cash deposits, instead of banking transfers, in accounts of companies that have signed foreign government contracts.
- Transactions for the purchase of real estate by authorities of foreign countries (either currently holding the position or having held it in the past), their family members' or their close associates, inconsistent with their official salaries.
- Corrupt foreign public authorities who seek to use the wealth management services of banking entities to circulate and hide corruption proceeds through complex financial transactions.

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