

Extract of the UIF Annual Activity Report corresponding to the year 2011

Typologies

Year 2011

A and B open respective individual accounts in a bank in the year 2011.

The initial intention is to make deposits by means of international transfers derived from commissions for acting as intermediaries in the sale of Internet traffic. The entity that makes the transfers to the Principality is an “international intermediary that offers online services for making remittances of monies between two subjects”. Despite this, however, the reference appearing in each bank transfer shows that the effective ordering party is the foreign company (Z).

Moreover, the bilateral private contracts provided by the customers to the bank are signed by a representative of the company (Z), highlighting the commercial relationship between both parties.

With respect to (Z), it should be pointed out that its only partner is another foreign company (Y), which has been the object of an international investigation for the facts which will be specified below in summarized form and which are extremely pertinent and serious.

Before this, however, a body of intelligence information was compiled from open media and others –digital press, reports of NGOs, Register of Companies, sentences, UN resolutions, reports of FIUs and editorial articles– and, once analysed, the set of this information allowed identification of a company and corporate conspiracy and different groups of natural persons who act transnationally and who would have devoted themselves to large-scale arms trafficking to countries at war or those internationally blacklisted by the UN, and they would moreover be connected with large-scale drug trafficking by internationally recognized cartels.

Summary of the facts.

In the decade of 2000, a cargo airplane was intercepted by the security forces of the country (X), which carried out a search and verified that the goods transported were not as declared on the respective documents. Specifically, several tonnes of military armament were seized.

The investigation determined that the armament had been exported by one country (W) and was being sent to another country (V).

The presumed mind of the conspiracy was identified as one of the foremost figures in the illegal transnational export of arms (C), who would have previously have provided arms to terrorist groups, guerrillas and States in a situation of civil war.

A complex transnational corporate network went into action to carry out the transport of the forbidden arms. In relation to this, the following facts stand out:

- The foreign company (Y') participated in commercial contracts as an intermediary together with other intermediary companies in the transport and logistics service of the confiscated airplane.
- The sole partner of the mercantile company (Y') is (Y), who in turn is the sole partner of the mercantile company (Z); the latter company appeared in the reference of the transfers that reached the Principality.
- It is considered that the company group that encompasses these companies is directed by a small circle of natural persons, who may be estimated to number about 2,000. Consequently, the group's main activity is to create shell companies.
- Four companies (K) (K') (K'') and (K'''), the sole partner of which is (Y), are directly related to one of the biggest drug trafficking and money laundering cases, which publicly implicated a foreign banking institution that was penalized with a fine of over one hundred million US dollars for not proceeding to verify correctly the provenance of the illegal funds from drug trafficking linked to a well-known cartel, which deposited thousands of millions of US dollars over a period of 5 years.
- The four companies (K) formed part of a complex widespread engineering company and they were the ordering parties of international transfers in the amount of tens of millions of US dollars.
- A large list of persons has been drawn up –according to sufficiently reasonable evidence– for questioning with respect to the participation of the customers (A) and (B) of the banking institution of the Principality in the channelling of illegal funds.

A total of 170 natural and legal persons were compiled and related.

After analysing and preparing the file, it was transferred to the Attorney-General's Office of Andorra for judicial proceedings.

Year 2010

Opening of bank accounts by the persons (A) and (B) on a private basis, and of a third account in the name of a humanitarian aid foundation (C), of which (A) and (B) are the representatives.

The account of (C) was fed through a large international transfer coming from the country (X), which was justified a priori by the payment of material relating to humanitarian aid to the country (Y).

An important part of these monies was drawn upon through transfers to the individual accounts, with cash withdrawals, and through the purchase of a luxury asset, the title of ownership to same falling to (A).

The study carried out by the banking institution allowed it to be determined that doubts existed with respect to the transactions, so an STR was made.

The investigation carried out showed that another banking institution had refused to meet the requests of the customers –who were its customers as well–, because they did not provide the documents that would prove in a reliable way the real

provenance of the monies, and neither did they provide the correct identification of the parties involved in the transactions.

It also turned out, on the basis of the documents studied by the Unit, that the foundation was of purely private character in a country (Z), with a name that was similar to that of an NGO of the country (W) which was endorsed by the Government of said country.

The proceedings carried out were transferred to the Attorney-General's Office of Andorra.

Year 2009

A non-resident (A) had opened two accounts in a banking institution of the Principality. One was a personal account, the holders of which also included said person's wife and daughter, and the other was an account in the name of a foreign company (Z), of which said person was the sole representative.

The internal mechanisms for detecting the commission of presumed offences by customers and, consequently, for preventing transactions involving the laundering of securities or terrorism financing, allowed the respective banking institution of the Principality to learn from the communication media about the arrest of its customer in his country of origin. This matter prompted the submission of a suspicious transaction report to the Financial Intelligence Unit.

On carrying out the financial analysis, it was determined that the operation of the accounts consisted mainly of the reception and transmission of international transfers. Nevertheless, a national transfer was detected that (A) made to (B), also a non-resident, to an account of the latter in a banking institution of the Principality. On carrying out the respective financial analysis in this case as well, it was determined that (A) and (B) made international transfers of payment to the same company (Y), and it was elucidated that the partners of this company were (A) himself and a third non-resident (C).

The investigation was completed and it was learned that the Justice department of the country of origin of the interested parties had issued respective bills of indictment that charged (A) and (C) as straw men devoted to laundering the money of the head of an organized network devoted to the large-scale trafficking of drugs.

The proceedings carried out were transferred to the Attorney-General's Office of Andorra.

Year 2008

(A), a customer of a banking institution (X) of the Principality since many years past, was the indistinct holder, together with his partner, of an account in a banking institution of the Principality. The account showed a domestic operation from the

time of its opening, consisting of the periodic payment of two payrolls and the charges of direct debits and of credit card payments.

When an unaccustomed transaction (the arrival of an international transfer) was made, the bank requested (A) for documentary proof. This fact appeared to annoy (A), although he finally provided proof for the transaction consisting of the collection of a commission for the sale of objects of great value on behalf of the company (B). The documents that were provided appeared to be insufficient since in no case did they prove sufficiently any working relationship or other relationship between (A) and the company (B). The banking institution (X) submitted an STR to our Unit.

The subsequent follow-up of the accounts of (A) showed that after the arrival of the transfer, several cash withdrawals were made for similar amounts in some cases on the same day and that moreover different branches of the bank were used. Also detected was a transfer to a different banking institution (Y) of the Principality, to an account of which the beneficiary was (C.)

The verification carried out on the accounts of (C) allowed it to be concluded that this account was fed mainly by cash deposits and that there was a correlation between the dates and amounts of these deposits and the cash withdrawals of (A). The charges made against the accounts of (C) would have been devoted mainly to payments in diverse establishments of the Principality, showing a high standard of living.

(C) would have opened accounts in two banking institutions of the Principality and in one of them he would have presented Messrs. (D) and (E). The type of operations proposed by (D) and (E) to the banking institution (Y) led to the submission of an STR to our Unit.

The verifications carried out by our Unit revealed evident links between (C), (D), (E) and the foreign company (B), which was the source of the transfer made to (A).

The banking institution (Y) of the Principality submitted an STR in response to the transactions proposed by (A), which mainly consisted of the negotiation of a large volume of bonds issued by a multinational company and by a foreign public institution. The first verifications carried out by our Unit showed that these documents were lacking in any value.

The diligence measures used by the institutions (X) and (Y) prevented the intended future transaction; in our opinion there would have been an initial or prospective phase with scant financial movements, although it is understood that the facts investigated here could have a relationship with presumed crimes against property.

The proceedings carried out were transferred to the Attorney-General's Office of Andorra.

Year 2007

Ms. (A) was a customer since several years past of a banking institution of the Principality, where she was the holder of an account indistinctly with her son (B). From the time of the opening of the account, (B) had always operated by making cash deposits in various currencies, making such deposits periodically and investing them in certificates of deposit. She had never made any type of transfer abroad and the transactions did not show any signs of money laundering in any case.

According to statements of the banking institution, (A) had always dealt with the same manager and had justified her deposits by saying that they came from a restaurant business in her country of origin which she and her son managed, since her husband was deceased.

The behaviour, presence and operation of Ms. (A) had not raised any suspicion in the bank. On one of her visits to the bank, due to an illness of her usual manager, (A) was attended to by another manager who, on duly updating the information relating to the customer, asked her for supplementary proof documents in relation to the source of the monies, which annoyed (A).

A few days later, (A) requested the transfer of the entire balance of her accounts to a foreign bank.

In response to the attitude of (A), the banking institution submitted a Suspicious Transaction Report to the Money Laundering Prevention Unit.

The investigation that was carried out by this Unit allowed information to be obtained on the police and judicial record of (A), who had been arrested in her country of origin on numerous occasions for crimes against the freedom of persons (extortion), crimes against the rights of workers and other crimes relating to the sexual exploitation of persons.

Moreover, the Unit obtained information that linked (A) to the operation of three businesses in her country of origin where prostitution is exercised. (B), the son of (A), also has a record for the same circumstances.

The Money Laundering Prevention Unit, in the exercise of the prerogatives conferred on it by law, proceeded to the preventive freeze of the requested transfer transaction, forwarding the file to the Attorney General's Office.