

Report of
ACTIVITIES
2007

Unitat de Prevenció del Blanqueig
UPB



Govern d'Andorra

1. Presentation

As we indicated in the reports for 2006, the UPB this year has continued strengthening synergies to intensify the measures of prevention and the fight against asset laundering and the financing of terrorism.

It is very well known that criminality in general and this type of crime in particular is always in constant evolution. The criminals, perfectly aware of the preventive measures adopted on a world scale, spare no efforts in searching out lacunae in the preventive/repressive procedures established, in order to continue their activities with impunity, always taking advantage of those countries and jurisdictions which, through their financial, political or social characteristics, are more amenable to being used as instruments to channel the proceeds of crime.

In fact, as emerges from the exercise of types of laundering and financing of terrorism, the methods used by organised crime are in continual mutation, which requires reinforcement of measures of prudence and a continuous search for new formulas to enable us to combat the perils which surround us.

Within the range of regulations used by international organisations in charge of the fight against this type of crime, there is one which is concerned with supervising the methods used in each country, with the aim of encouraging the homogenisation of the various legislations. In this context Andorra has been subject to a series

of evaluations, conducted on the last occasion in 2005 by MONEYVAL (Council of Europe), jointly with FAFT (Financial Action Task Force), the provisional results of which have been obtained recently.

The evaluating team was pleased with advances made in these matters and has urged the integration into the legal framework of new elements to improve the effectiveness of the system to fight against these crimes. The experts were also able to observe that various sectors in the Andorran economy are already applying these requirements.

From the moment of receiving these preliminary reports the UPB has started the appropriate actions, both in legislation and in the field of training and supervision, so as to adapt the fight and prevention of laundering and the financing of terrorism to the recommendations of MONEYVAL. This process will culminate in 2008 with an intense work in legislative reform and the execution of a planned series of actions designed to bring Andorra up to the level of the more advanced countries in these matters. To carry out this group of actions, at the end of 2007 the UPB implemented in its operational plan a process of internal restructuring and an increase in resources with the aim of providing a new impulse to its activities.

Andorra la Vella, 11 February 2008

Josep Maria Francino Batlle
Head of the Laundering Prevention Unit

2.1 National ambit

2.1.1 Training

In the middle of 2007, for the first time, the UPB published the report corresponding to 2006, hitherto restricted to the Government. The report was distributed to the main political, financial and legal entities of the country.

During February and March this year, the UPB delivered the third substantial training course, addressed to the personnel of the country's banking entities. The Andorran Banks Association collaborated in the tasks of organising the groups (20 groups of 50 people), the distribution of the teaching material supplied by the UPB, checking attendance and also the rental of the premises.

Each session lasted for two hours. Three themes of prime importance were addressed, relating to the duty of diligence of the financial entities:

- Knowledge of the customer, emphasising points such as identification, professional career, nature of the business, capacity to generate profits, viability of projects, types of investments, risk profile and the purpose and nature of the business relationship desired with the financial entity.
- Customer acceptance policy, the follow-up of transactions, alert systems, risk management.
- Internal communications, channels, instruments.
- Supporting documentation.
- Types of laundering detected in Andorra.
- Statistics of files, principal crimes, etc.

It must be said that the seminar was attended by substantial numbers (close to 1,000) and that there was a high degree of participation in the subsequent discussions.

Then, during March, the UPB organised another seminar for the personnel of non-banking entities in the financial system. The points dealt with were the same as in the above paragraph and here again there was substantial attendance by members of the sector.

On the basis of the future Law regulating the Andorran postal service, independently of the contribution of the UPB to that law, various interviews have been held with representatives of the Spanish Correos and the French La Poste. As a result of these meetings, having established that these entities offer financial services to their customers, the UPB proposed a training plan for the various members of these entities. This training, for reasons of timetable, has been postponed to 2008.



1000 participants

2.1.2 Legislation

As has been mentioned, the Spanish Correos and the French La Poste (postal giro institutions) give financial services to their customers. They are, therefore, considered as subjects bound under Andorran legislation in matters of the prevention of laundering and the financing of terrorism. Consequently, on 30 May this year, the UPB prepared a technical communiqué which was addressed to the entities mentioned. The content referred to the obligations arising from the Law of international criminal cooperation and the fight against the laundering of money or securities the proceeds of international crime. Together with it, all the previous technical communiqués issued by the UPB were also delivered.

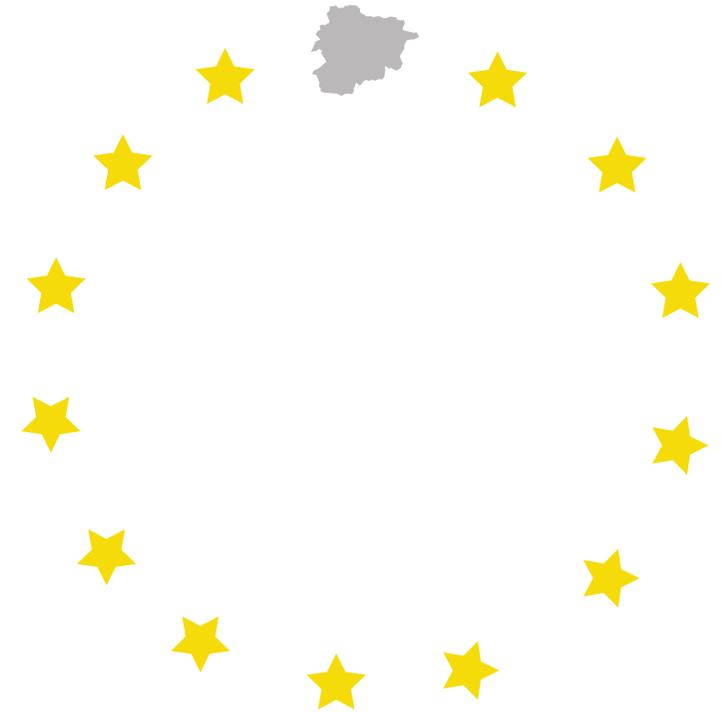
In virtue of the United Nations Security Council resolution no. 1737 (2006), which states: “All member countries shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly, of all items, equipment, materials, goods, or technology which could contribute to the development of Iran’s nuclear programme”, the UPB sent the entities of the financial system a technical communiqué containing a list of individuals and legal persons for verification of the existence of accounts or other services and to prevent their being opened.

Also, as a supplement to United Nations resolution no. 1267, the UPB prepared another technical communiqué for the purposes of updating the lists which the financial entities had with a new list of individuals and legal persons directly or indirectly linked with international terrorist groups.

The normal processes in both cases consist in a check by the financial entities of the possible existence of accounts in the Principality, with a report to the UPB, which advises the Public Prosecutor for the appropriate purposes (adoption of precautionary measures, freezing accounts, etc.). Before accounts are opened, the financial entities have the obligation, arising from the technical communiqués, of checking the lists referred to and preventing the establishment of business relationships.

It must be said that until now, happily, no account of this kind has been found in the financial entities of the Principality.

The Andorran Government has started a process of legislative changes intended to adapt the legislation in matters of prevention of laundering and the financing of terrorism to international standards, in line with the recommendations from MONEYVAL. The changes include ratification of the United Nations Convention for the Suppression of the Financing of Terrorism, amendments to the Penal Code and Penal Procedure Code to extend it to the crimes underlying the laundering and to an independent definition of the crime of financing terrorism, and a reform of the Law of international criminal cooperation and the fight against the laundering of money or securities the proceeds of international crime.



2.1.3 Audits

All the entities in the financial system and the insurance companies have sent the UPB the external audit report prescribed in the Law for the year 2006. In general, the result is fairly satisfactory with respect to the degree of implementation of the measures required by the technical communiqué.

The UPB, in consonance with international directives, held preparatory meetings with the representatives of the various audit companies in order to define precisely and clearly the aspects which need to be set out in their reports, demonstrating the degree of implementation of procedures for the prevention of laundering and the financing of terrorism.

The content of the technical communiqué prepared specifies the elements which these auditors have to check:

1. Internal control unit.

- a) Composition, names and positions of the members in the company.
- b) Regularity of meetings held during the last year.
- c) Evidence of drawing up minutes of the meetings.
- d) Description of the content of the same, corresponding to 2006.

2. Communication systems.

- a) Communication channels between the internal control unit and the personnel of the entity.
- b) Dissemination of information/training material, communiqués, circulars, etc. to the personnel of the entity.
- c) Systems of reporting of suspicious transactions by the employees of the entity to the internal control chief.

- d) Number of transactions reported by the employees of the entity to the internal control chief. Number of transactions reported to the UPB.
- e) Availability and accessibility by the control chief to all the information collected by the manager.



3. Measures and procedures of control.

- a) Prudent measures adopted in taking on new personnel. Information required and given to the new employee.
- b) Systems of checking the degree of assimilation/sensitisation of the employees relative to the training delivered.
- c) Customer acceptance policy. Selective criteria. Preventive measures.

- d) Existence of database of undesirable persons. Accessibility and source from which it is fed.
- e) Identification and knowledge of the customer. Information required. Verification and authorisation for opening accounts.
- f) Updating of data. Measures used for possible inactive accounts and/or lacking identification, basically long-standing customers or motivated by substantial changes in operations.
- g) Systems of control of transactions (criteria, follow-up, alarms, authorisations).
- h) Means of evidence of missing documents and/or information relative to the identification of the customer (profession, address, activity which generated the funds deposited).

4. Branches, subsidiaries or offices abroad.

- a) Possession of branches, subsidiaries or offices abroad. Suppliers of services.
- b) Countries or jurisdictions where they are located.
- c) Description of type of products offered.
- d) Knowledge of current regulations in the mentioned countries or jurisdictions, in matters of the fight against money laundering, financing of terrorism and corruption.
- e) Knowledge of the entity audited, with branches, subsidiaries or offices located abroad, relative to the identity of their customers.
- f) Detail of control procedures and preventive measures used in these cases, noting possible differences which could exist with the systems used for accounts open in the Principality.
- g) Use by the audited entity of structures which, although presenting a complex and opaque appearance, allow identification of the true final beneficiary.
- h) Information delivered to the UPB, on own initiative or by formal requirement, on possible

customers who have accounts in branches, subsidiaries or offices abroad. Report of suspicious transactions.

5. Indicate the number of accounts in the identification of which some possible details are missing, pursuant to the Law and the UPB Regulation. In the case of not having available adequate means to detect presumed anomalies, indicate the systems used by the audited entity to know the degree of compliance with current regulations in these matters.

6. Random check of the documentary support of 20 accounts in the private banking area (individuals and legal persons), 15 company accounts (national and foreign) and 10 nominative accounts. The information referred to must specifically contain:

- Photocopy of an official identity document (ID card or passport). Holders, representatives. Address, etc.
- In the case of legal persons, deed of formation, registry entry, constitution and powers. Also, the documentation in the previous section for the members and representatives.
- Contract opening the account.
- Signed declaration confirming that the customer named is the true beneficiary, in the case that the entity uses this form or something similar.
- Professional activity of the customer and origin of the funds paid in. Documentary support.

Evidence that the operation of the account by the customer corresponds with the professional activity declared and the normal movements reflected. Check possible significant deviations and the corresponding documentary justification.

7. New measures and procedures of prevention/detection (or in the phase of study or implementation) installed by own initiative of the audited entity, since the last audit.

8. Detailed description of training delivered. As a guideline, this must refer to the content, scope and dates when the training was given. The number attending must also be included – in relation with the total work force – and the responsibilities that they have.

9. Attach to the audit report the internal rules of the company in matters of prevention of money laundering or financing terrorism.

10. Opinion of the company auditor referring to the degree of compliance with the regulations in matters of prevention, detailing in each point required the procedures used by the entity, making an evaluation of the effectiveness of the processes applied and, if necessary, proposing the corrective measures believed appropriate.

2.1.4 Declarations of suspicion

We attach hereunder a list of the reports of suspicion received during 2007, with a comparative table from preceding years.

It must be said that this table does not include reports lacking sufficiently solid arguments, in order not to weaken the statistics relating to the quality of the information declared. In the same way, neither has additional information produced subsequent to the declarations been taken into account, although it has generated a significant number of communications.

One of the essential factors is the processing of the information delivered in the communications of suspicion. Depending on their content they may be subject to the opening of an investigation file or the archiving of the communication, in not showing, a priori, elements related with criminal acts.

With regard to the communications which must be made by the subjects bound, it has to be noted that although the number is an important factor, the quality of the information must prevail, using the appropriate filters to obtain coherent and relevant data. After adequate processing, this year has shown also substantial improvements in the quality and quantity of the information supplied in each report.

An increase or decrease in the number of declarations does not necessarily mean a rise or fall in criminal acts. From the UPB records made in the course of its investigations, the increase is due to the broadening of control measures by the subjects bound and, naturally, by a higher degree of involvement in the fight against the crimes. Having reviewed all the accounts of the entities, it is normal to find, as can be observed in comparison with other jurisdictions, a stabilisation in the number of reports. After experiencing a few years, the trend is marked by the detection of anomalous transactions, lacking clear justification. Logically, it is also necessary to declare, where applicable, attempts to open new accounts or to carry out transactions refused by the entities.

It must also be said that strong measures of checking and control, with the consequent legal framework, constitute elements of dissuasion to those who seek a country or entity through which to channel the proceeds of criminal activities.

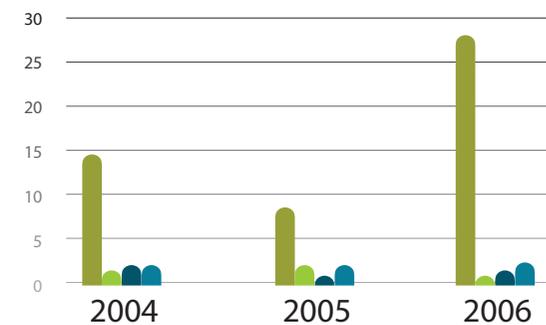
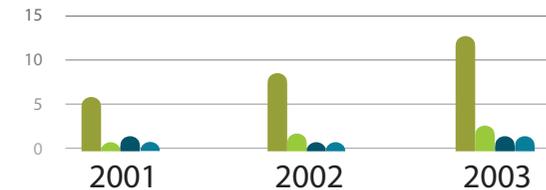
It must be repeated that, in certain countries and jurisdictions, the number of reports may be much higher, since the subjects bound must routinely report transactions of over a certain amount, by law. The UPB has been able to establish that this measure would not be effective in Andorra due to the country's particular features, in being very

commercial but with few financial institutions, which are always the most important sources of reports of suspicion.

The effectiveness of our reporting system must be sought, then, in the quantity of dossiers transferred to and accepted by the Public Prosecutor, a clear demonstration of the quality of the dossiers, comparing them in percentage terms with the number of files opened and not with the quantity, nearly always misleading, produced where there is a system of routine reporting.

Declaration of suspicion

	2001	2002	2003	2004	2005	2006	2007	Totals
Banks	6	9	13	15	9	28	16	96
Lawyers / Notaries	0	2	3	1	2	0	0	8
Financial entities - Insurance	1	0	1	2	0	1	0	5
EPNFD ()	0	0	1	2	2	3	2	10
Totals	7	11	18	20	13	32	18	119



2.1.5 Files / Origin of files

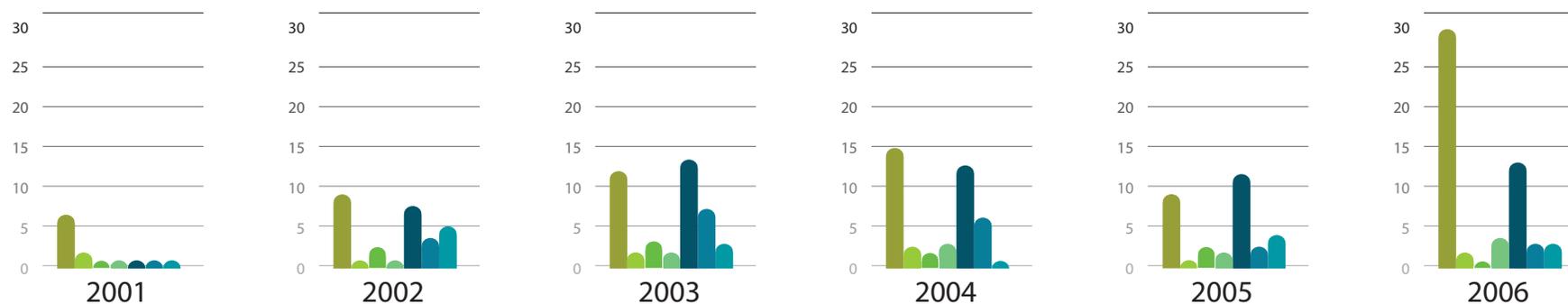
Clearly, this is the most important chapter as it reflects the results of actions in matters of prevention from a global perspective. During 2007 a total of 30 files were opened. We mean by file the initiation of a series of actions directed to opening an investigation. For coherence, files are only opened on a report of suspicion from external information where there are elements linked with a crime defined in the Andorran Penal Code. The table below gives details of files opened this year, in relation with those of preceding years, classified by originating bodies.

The above charts show a growing trend in files originating in the Principality. There is a noticeable stabilisation in those originating from the FIU and other foreign organisations, which make up 30% of the files. This fact demonstrates the importance of international collaboration, the fruit of contacts established and cooperation agreements signed.

The financial sector continues to be the principal source of information and is the cause of opening 44% of the files. As has been said above, the degree of sensitisation and the increase in

measures of control and detection of transactions has affected this situation which, now, is also tending to stabilise.

Third place, with 10% of files opened, corresponds to national cooperation, principally information from the Police Force and the Companies Committee. The latter, in which the UPB has taken part since 2006, has already commenced to show the benefits of the prudent measures adopted in granting authorisations for the formation of legal persons.



Origin of files

	2001	2002	2003	2004	2005	2006	2007	Totals
Banking entities	6	9	13	15	9	28	16	96
Financial entities - Insurance	1	0	1	2	0	1	0	5
Lawyers - Notaries	0	2	3	1	2	0	1	9
EPNFD ()	0	0	1	2	1	3	1	8
FIU - International bodies	0	7	14	13	11	12	8	65
National bodies	0	3	7	6	2	2	3	23
UPB Initiative ()	0	5	3	0	3	2	1	14
Totals	7	26	42	39	28	48	30	220

2.1.5.2. State of files

The state of the files is an indicator which shows their destination at a certain time, as it is subject to constant change. Fundamentally, it enables us to have an appreciation of the effectiveness of the preventive system and the quality of the information delivered to the UPB by the various actors which collaborate closely with this Unit.

These graphics show how, in comparison with other countries, the percentage of cases dealt with and passed to the Public Prosecutor is quite high (24%), with an increase of 1% over 2006. The UPB attributes this to the selective policy used in the phase previous to the investigation, and the quality of the information supplied by the subjects bound. The arguments put forward and supporting documentation have been sufficiently sound to lead to legal action. It is not discounted that this figure may increase, once the investigation phase of the remaining files is completed, representing 10% as against 7% for 2006.

This observation is not simply the perception of the UPB. It is corroborated, among others, by the results of legal and police actions which have led to the dismantling of significant

criminal networks and their financial apparatus in the neighbouring countries. In 2007, as will be reported later, the files transmitted to the Public Prosecutor have allowed the freezing of substantial sums in bank accounts.

A large number of files (66%) have been archived, as there were reasonable doubts that they were involved with illicit transactions or, in the majority of cases, because there was no possible link with a criminal offence. In relation with 2006 there has been a reduction of 3% in cases archived and an increased percentage of dossiers being investigated and those transferred to the Public Prosecutor.

The UPB recognises that certain countries, aware of the Unit's working policy, have collaborated substantially in the growing number of requests for cooperation and, consequently, in the success of certain operations.

2.1.5.3. Classification of files by type of crime

This indicator gives us an overall view of the crime underlying the laundering. It is very

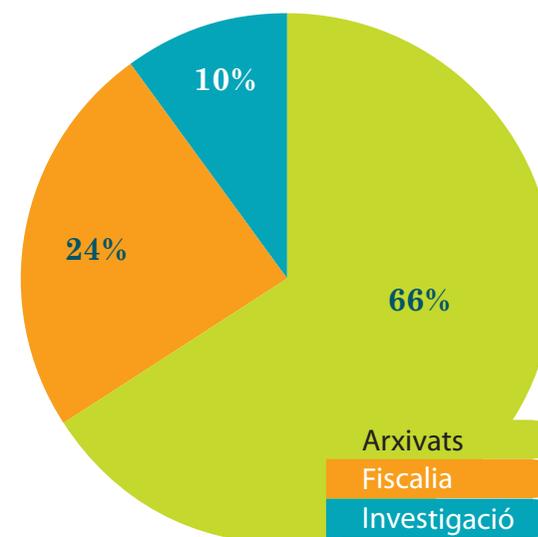
important to mention that, until now, none of these underlying crimes has taken place in Andorra.

As happened in 2006, the laundering of the proceeds of narcotics trafficking continues to be the predominant crime, followed by fraud. This pattern has been maintained since the start of actions by the Unit. The cases of laundering funds proceeding from corruption have moved into third place. In 2007, however, for the first time, cases of laundering the proceeds of prostitution and extortion were found (3 cases), one of which is subject to the freezing of accounts as a precautionary measure.

Laundering as an independent crime (laundering funds for others, without necessarily or apparently having any participation in the major crime) and forgery follow the same general trend. With regard to organised crime, this section includes the dossiers in which there is a concurrence of crimes. Fortunately the incidence of this type of criminality, as well as that of arms trafficking, does not at the moment present a serious threat.

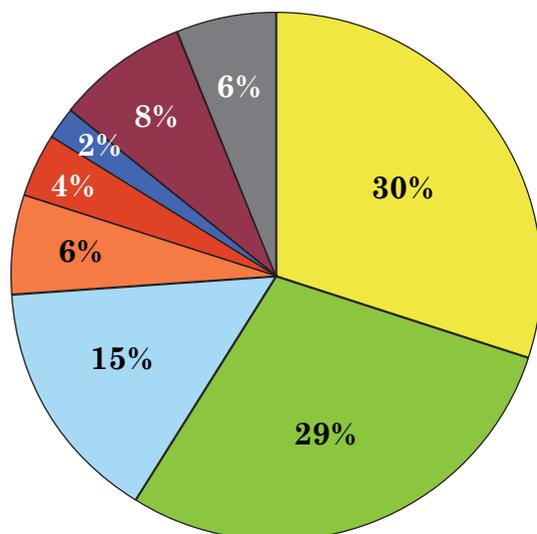
State of files

	Public Prosecutor	Investigation	Archived	Totals
Banking entities	29	13	54	96
Financial entities - Insurance	1	0	4	5
Lawyers - Notaries	2	1	6	9
EPNFD ()	2	2	4	8
FIU – International bodies	12	3	50	65
National bodies	4	1	17	22
UPB Initiative ()	2	2	11	15
Totals	52	22	146	220



2.1.5.4 Persons investigated

Every person reported to us, through whatever route or origin, or detected by the UPB as possibly being involved in some type of crime, is the subject of a preliminary minimal enquiry, in order to see whether there are indications of criminality (background, etc.). Subject to the result obtained, the investigations can be furthered by an application for national or



international cooperation, calling if necessary for the collaboration of the financial entities.

The number investigated forms another indicator, showing the scale of the work carried out and the number of individuals and legal persons who have been the subject of any kind of action.

In spite of the fact that all the persons listed have been investigated, the UPB has not delivered facts in response to insufficiently motivated external requests. Where criminal indications are detected, more information is asked for from the requesting entity. On the other hand, their introduction into the databases does not necessarily mean the opening of a file if the underlying crime is not established. The results of investigations are stored for purposes exclusively of intelligence.

No account is taken in the table above, or in any section of this report, of the names listed in the UN communiqués as linked with international terrorism. The treatment of the lists has been centred basically on a search for any legal or police history in the Principality and on their circulation to the financial entities for the purpose of preventing any commercial relationships being established with the names on these lists.

2.1.5.5. Sums frozen

The latest details indicate that in relation to the years 2006 and 2007 a total of 18 penal actions have taken place, in which funds have been frozen by order of the magistrates section of the Courts to a total of €28,781,360.10 and USD 4,113,776.91.

Persons investigated

	2001	2002	2003	2004	2005	2006	2007	Totals
Individuals	328	233	348	651	330	321	200	2411
Legal persons	102	137	63	88	142	233	73	838
Totals	430	370	411	739	472	554	273	3249

2.2 International

2.2.1 International cooperation

The UPB, within the framework of its functions, cooperates with other Financial Intelligence Units in communications, requests for information, responses to requests for information, reports of suspicion, etc. This cooperation is normally carried out through the Egmont Group.

2.2.2 UPB visits and meetings

During 2006, MONEYVAL (Council of Europe) was appointed as an associate member of FATF (Financial Action Task Force). The Principality of Andorra had the honour of being appointed, together with two other countries, as a representative of the MONEYVAL delegation to FATF. For this reason, the UPB attended a FATF plenary meeting, for the first time, in Paris on 9 October 2007.

During 2007 the UPB attended four plenary assemblies of MONEYVAL and one preliminary evaluation meeting. These five meetings were held in Strasbourg, the headquarters of MONEYVAL.

The first plenary session took place in February 2007, and was the occasion of presentation of the essential report on the advances which had taken place in the Principality since the previous evaluation in 2002, a standard practice in most of the assemblies.

The second plenary attended by the UPB was held in June 2007.

In July 2007 the UPB went to Strasbourg for a preliminary meeting with the MONEYVAL expert team, relating to the evaluation of 2005, to clarify all the points which showed deficiencies or needed some clarification or supplementary information.

In September 2007 a plenary session of Moneyval was held at which the report on Andorra was presented and adopted.

In general lines the report recognises advances in the fight against the crimes in question and gives a whole range of new recommendations, in accordance with the essential criteria of the FATF recommendations, which have to be implemented within a year. In fact, the majority of these recommendations are of a legislative

nature, many of them relating to practices which are already in use, some even since before the evaluation of 2005.

The last plenary session was held in December 2007, also attended by the UPB.

Continuing with information in the international ambit, the UPB took part in various exercises of type definition, contributing the more usual systems of laundering used in the Principality. One of the objectives is the incorporation of these defined types into its web page, an objective not to be postponed beyond 2008, with all the types of procedures used, both nationally and internationally.

In this context a new technical communiqué will be instrumented and will replace that of “transactions likely to involve the laundering of cash or securities”, published in the Andorran OJ in 2002, adding to them the financing of terrorism.



3. Types of laundering

This section gives an account of various actual cases detected in the Principality, in which subjects bound have been used for a presumed crime of asset laundering.

It must be said that the operational technique detected, in most of the cases, consists in paying in cash or receiving international transfers, for later distribution to other national or international accounts, generally using transfers. In this context, the cases set out below are atypical examples.

The same system has been used in the explanation of the five cases discussed: mention of the origin, brief description and, finally, the most significant aspects.

CASE 1

A friend of an estate agent (A) introduced to him a couple (B, C) interested in buying several apartments. For the purpose, B signed some contracts of irrevocable commitment to purchase, as the properties in question had not yet been built. In the course of time, B paid several sums in cash, up to an amount of €270,000, into an account in the name of a promoter company which A had open in a bank in the Principality.

A little later, B became interested in two more apartments, located in a second promotion which A was carrying out. As all the flats were sold, also with irrevocable contracts of purchase, and as there were some of the prominent purchasers interested in selling, A took the appropriate steps and, finally, C acquired the flats in question. In this new transaction there was no instrumental contract since, according to A, as there was an irrevocable contract of purchase between the promoter and third parties, the people taking part in the new transaction only had to sign private contracts among themselves.

C made various part payments in cash to the new promoter, who had an account open in a second bank in Andorra. The total amount paid in was also €270,000.

In parallel, B informed the Andorran real estate agent A that he had a great opportunity to buy a boat, as there was someone (D) in the UK could not meet the debt to a Spanish ship-owning company (F). In this connection he asked for the second transaction to be cancelled in order to pay the price of the vessel.

A, with the previous receipt of various new payments amounting to €270,000, made respective transfers to D and F for amounts of €270,000 each, to satisfy the sum paid by D and the rest of the debt that D owed to F.

Later, in a collaboration between the Spanish and French police, a sailing yacht was intercepted 400 miles from Madeira, loaded with 3,500 Kg of cocaine, and 14 people were arrested, among them B and C. The name of the yacht was that recorded as the concept of payment in the transfers issued by the two Andorran banks. The presumed head of the network was B.

In this case, from the viewpoint of the UPB, there is a concurrence of crimes. On the one hand, there is a clear case of the laundering of assets. At the same time, the money, on being introduced into financial circuits and transformed, was used to finance another criminal act, in this specific case the purchase of an instrument to be used for the transport of drugs. The arrest of other linked people (crime committed with an organised group) constitutes an aggravating factor of the crime.

The proceedings undertaken by the legal authorities will have to determine the degree of involvement of those presumably involved and, where applicable, the responsibilities of those who acted in good faith, being involuntary instruments in the service of a criminal network.

CASE 2

A potential customer and his partner (A) tried to open an account in a bank in the Principality (B), acting as representatives of a European company (C). The company in question applied for the grant of a loan of 75 million dollars, in order to make various real estate investments in the Principality and in the neighbouring countries.

As a guarantee for the loan, A supplied an authenticated guarantee from a bank in an eastern country (D). Once the investments and the profits were made, the loan was to be cancelled through national and foreign transfers, in a relatively short period of time.

Company C tried to get in touch with bank D and, curiously, the latter cancelled the issue of the guarantee, without giving any explanation.

The UPB was informed, and it was established that both subjects (A) had an international record of fraud, undue appropriation and the issue of cheques without funds, but had never been arrested. However, one of them was connected with an operation of laundering money from drugs trafficking in neighbouring countries, of which this Unit already had a record.

A priori, this operation contains elements which could presuppose an attempted fraud. However, the UPB believed that it was a case of laundering. It is clear that the bank would never grant a loan of these characteristics without a suitable guarantee. The fact of the loan being cancelled in a short time supports this view, as in the case of making internal or external investments, the redemption of the loan would require a much longer term. In any event, the fact that the bank aborted the operation, that it acted with due diligence, did not allow the objective of the presumed criminals to be determined.

CASE 3

(A), a non-resident professional, opened an account in a financial entity in the Principality, together with his wife and children. For seven years they made cash payments in and ended up with a significant balance in euro. At this point (A) asked to open a second account for which his wife would be the only holder and wished to transfer to it the whole of the balance on the first account. The bank was suspicious of this transaction, obtained information on the opening of a penal investigation on its customer (A) in his country of origin and submitted a report of suspicion to the UPB. The investigation carried out by the Unit confirmed the involvement of (A) as a member of a local corporation in a town planning scam.



CASE 4

(A), non-resident and a citizen of an Eastern European country, opened an account in a financial entity of the Principality, supplying all the necessary accrediting documentation and references from financial entities in a neighbouring country where he managed his business.

The operational technique from this point on was the receipt of international transfers without justification, which caused the bank to stop them until it received the corresponding backup documentation. Time having passed without this documentation having been produced, (A) went to a branch of the bank to ask for an extract of his account. When the manager asked him to wait while he checked the situation of the account, (A) left the branch precipitately without giving any explanation. The banking entity was suspicious of the attitude of this customer and sent a report of suspicion to the UPB.

The investigation carried out by the Unit identified (A) as a member of an organised crime outfit in his country of origin. At the same time, the collaboration requested from the financial system led to the identification of a second account of which (A) was the holder in a second banking entity, which (A) had been using in the same way. Finally, a study of the bank documentation supplied by the entity which made the report identified the existence of a real estate unit belonging to (A) and located in the Principality.

CASE 5

Mrs. (A) was a customer for some years of a banking entity in the Principality, where she was the holder of a joint account with her son (B). Since the opening of the account, he had operated always by making cash payments in, in different currencies, which took place regularly and were invested in deposit certificates, but no transfer abroad was ever made and the operation never presented any indication of laundering. According to the statements by the banking entity, A had always dealt with the same manager and had said that her income came from a restaurant business in her country of origin which she managed with her son, as her husband had died. The behaviour, presence and operations of Mrs. (A) had not raised any suspicion in the banking entity. On one of her visits to the bank, due to the illness of her normal manager, (A) was attended by another manager who, on duly updating the information relating to the customer, asked her for extra justifying documentation on the origin of the money, which made (A) become angry. A few days later, she asked for the whole of the balance on her accounts to be transferred to a foreign bank.

In view of her attitude, the bank made a report of suspicion to the UPB.

The investigation carried out by the Unit obtained information on the police record and legal background of Mrs. (A), who had been arrested in her country of origin on many occasions for offences against the liberty of individuals (extortion), against workers' rights and other crimes related with sexual exploitation. In addition, the Unit obtained information which linked Mrs. (A) with the exploitation of three businesses in her country of origin concerned with prostitution. (B), her son, also had a history of the same sort.

The UPB, with the competence conferred on it by law, proceeded to the preventive freezing of the transfer requested.