



UIF

UNITAT D'INTEL·LIGÈNCIA  
FINANCERA



# Financial Intelligence Unit Activities Report 2011





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# 1. INTRODUCTION

Once again this year, in accordance with the provisions of Article 53.2 n) of Act 28/2008 on International Penal Cooperation and on the fight against the laundering of proceeds derived from international crime and against terrorism financing dated 11th December, considered in relation to Article 20.4 of the Regulations of the Act of 13 May 2009, we present this Activities Report on the year 2011, which attests to the work carried out in this year, mainly with a twofold goal:

- firstly, to inform the competent authorities and the international bodies concerned, about the actions undertaken, the milestones reached and the projects envisaged for the near future, and
- secondly, to continue to provide the indicators allowing us to measure the degree of effectiveness of prevention in the fight against money laundering, which forms the essence of the Financial Intelligence Unit's activity.

2011 has been a special dense year, particularly because of the commitment to undergo an assessment by the Council of Europe and, specifically, by Moneyval, which concluded, following the pertinent discussion and examination of the text, with the approval and adoption of the report presented by the Principality of Andorra to the Plenary Session no. 38, on 8th March 2012.

Subsequent to the foregoing, within the context of the work on improving the system for prevention and repression of money laundering in the Principality, the Permanent Commission on Prevention of Money Laundering, formed by representatives of each of the groups and bodies involved, with the participation of two external advisers of legal and financial character, respectively, has held throughout the year –and continues to do so– regular meetings addressed to the necessary legislative reform, by which we should adapt ourselves to the international standards.



The year 2011, however, has also marked a turning point in the course of our Unit. Indeed, not only is our organization known and fittingly identified in the Principality's socioeconomic system, but it is moreover consolidating itself in a task that it has fully assumed and that will lead it in the near future to carry out all the activities that are entrusted to it by legal mandate.

Likewise, 24th July 2011 marked the tenth anniversary of the creation and start-up of the Unit as a result of the first Act against Money Laundering dated 29th December 2000, and of the need to possess an independent body with the mission of directing, promoting and coordinating the activities of preventing and fighting the use of our country's organizations for money laundering, as was summarized in the Activities Report of the year 2001-2002.

With respect to the statistics, as usual data are provided on this year of activity in the Unit's various fields of action, and a comparison is drawn with the previous year in order to highlight the substantial changes for improvement which we have been making year after year. In accordance with the foregoing paragraph, a historical overview of all these years is added, clearly illustrating the work that has been carried out. Before concluding I would like to point out the period of improvement which the Unit is experiencing in all spheres, both from the structural standpoint, inasmuch as we now have excellent facilities and premises, and from the professional standpoint, with the forthcoming incorporation of persons possessing a highly qualified profile.

All this motivates us and prompts us to renew our commitment to our work with the responsibility that has been entrusted to us, while watching out as well for the independence and autonomy of the Unit, and seeking to maintain and even increase the high degree of credibility that we have achieved with our international interlocutors.

Lastly, allow me to express my acknowledgement to the whole team of people who form the Unit for the professionalism and commitment that they have shown.

Carles FIÑANA PIFARRÉ

Head of the Financial Intelligence Unit

## 2. BALANCE

In last year's Report I began this section by stating that the year 2010 was particularly important since it entailed not only the obligation to present the second progress report in relation to the 3rd assessment, as was indeed the case – being approved at the 34th Plenary Session in the month of December 2010, but also because at the same time, and almost in parallel, work was beginning on the preparation of the questionnaire of the 4th assessment, which had been provided to us in May 2010.

In this respect and, accordingly, in relation to the various examinations which were to be passed, the same or even greater consideration is deserved by the balance of the year 2011, bearing in mind that an assessment more than surpasses the degree of difficulty of a progress report.

Basically, the objective of this year of activity has been to confront the proposal for the best preparation of the questionnaire's content, not only because of the high standards set by the Moneyval authorities –the requirements for compliance with standards grow stricter with each new assessment–, but also because, as a result of these high standards, we found ourselves facing a considerable number of non-compliances and shortcomings in our system for the prevention of money laundering and terrorism financing.

We faced this challenge and, as will be seen in the following pages, with a great spirit of endeavour and a highly qualified team of people who spared no efforts in the achievement of this task, the end result has proven quite positive.

Additionally, the Financial Intelligence Unit has kept its course and played its role in the performance of the tasks with which it has been entrusted, which are duly covered in this Activities Report.

With respect to national cooperation, contacts have been maintained and meetings have been held on a regular basis with our closest interlocutors, in the judicial sphere (in which the relations between all have improved immensely with the aim to achieve a greater effectiveness in the handling of affairs and better communication in connection with the incidents arising); in the police sphere (in which a more professional communication has been evidenced in relation to our joint affairs), and in our dealings with other representatives of public bodies, such as the National Institute of Finances of Andorra (INAF) or the Andorran Customs Service, establishing a joint level of accessibility.

By way of example, meetings have been held on a private basis with judicial representatives of the Court of the First Instance and of the Attorney-General's Office, individually or in groups, on 27th January, 9th March and 20th December, and as representatives of the Permanent Commission on Prevention of Money Laundering on a large number of other occasions, as will be seen in this report.

Likewise:

With the Magistrates of the Criminal Law Court on 19th January.

With the Police through its command office on 17th February and at the same time also as representatives of the Commission.

With representatives of professional associations and specifically with the dean of the Economists Association on 18th January, and with the dean of the Lawyers Association on numerous occasions (almost twice monthly).

With representatives of the banks through their association, ABA, meeting with them on 20th April, 3rd and 10th May, and 22nd September.

In relation to the most significant visits received at the Unit, we may point out those of the representatives of the insurance company Previsió i Futur on 19th January, of the U.S. Consulate in Barcelona on 7th April, of Spanish directors of Barclay's Bank on 10th May, of directors in charge of matters involving money laundering in Spain and the U.S.A. of Wells Fargo, and of Spanish and Andorran central government directors in charge of matters involving money laundering in Correos (the Spanish Post Office in Andorra).

With respect to international cooperation, the Unit maintains its readiness to cooperate with other intelligence units, as is shown by the figures presented further on in this report.

We have participated, as is appropriate, in all the plenary sessions of Moneyval, which were held in Strasbourg on 11-14 May, 26-30 September and 12-16 December.

We have also been present at the annual Egmont Conference, which was held in Yerevan (Armenia) on this occasion from 11th to 15th July with the participation of 239 representatives from 134 countries and 19 delegates from international bodies.



Main venue of the meetings (Yerevan, Armenia)



19th Plenary Session of the Egmont Group (Presidency).



General view of the 19th Plenary Session of the Egmont Group.

In this type of conference, the working days are subdivided into different groups, according to the degree of representation of each country:

- special meetings are held by the directors of the intelligence units according to regions. Consequently, Andorra forms part of the European regional group, which analyses joint problems of units and outlooks for improvement of work methods, and also takes part in all the meetings of the plenary session that are held, regardless of whether it is with the directors from around the world alone, with these directors accompanied by their advisers and accompanying persons, or with the representatives of all the international bodies in attendance.



Working Group of Heads of the FIUs (European area).



Detail of the Working Group.

- the members of the units, accompanying persons and/or persons in charge of international bodies hold working days, subdivided into working groups: operational, juridical and legal, focused on diverse topics, such as new technologies, new payment methods used in money laundering, exchange of information between units and good practices, comparative study of laws, etc.



Participants in the 19th Plenary Session of the Egmont Group.

In relation to training, I should insist on the fact that, due to the personnel shortage that affects us, it has not been possible to carry out this obligation to the full extent that it deserves.



Nevertheless, on the one hand we have provided training in the seminar prepared by the Lawyers Association which was held on 4th and 5th May and dealt with “Money Movement and Laundering”, presenting the conference “Andorran and International Rules on Money Laundering”. Prominent juridical figures from our neighbour country, Spain, also took part in other sections of the event. On the other hand, with respect to the training received, the members of the operational sector of the Unit, Mr. Ferran VALENCIA and Ms. Cristina PUJOL, as well as the juridical expert who is also a member Ms. Tanjit SANDHU and the Head of the Unit participated in the GRECO Conference held in the Principality of Andorra on 9th November 2011.

Likewise, Ms. SANDHU attended the Typologies Meeting 2011 held in Tel Aviv (Israel) from 30th October to 3rd November, taking part in the working group that dealt with the topic “The Laundering Business in Cash-Intensive Economies”.

Concerning the supervision and control of the system in the Principality, this continues to be the second important shortcoming of the Unit’s work. The control of the financial system does certainly not escape us, thanks either to the review of the audits that are submitted to us or to the contacts that are maintained with INAF in the event of detecting any dubious affair, but even so, we are not doing enough and we do not resign ourselves to this situation.

I hope that in the course of the coming year, with the changes envisaged in the form of the strengthening of the staff of the Unit, we will finally be able to comply with these obligations.

In this respect, we may be pleased by a very significant advance: since 22nd December we have new, suitable and duly secured premises for the Unit.

With respect to statistics, the pertinent data are provided in detail in Point 3 of this report for each of the subjects covered. It may also be added that we continue to work together with the Court of the First Instance and the Attorney-General’s Office on improving the installed Lotus software system, which will bring together all the necessary data on the affairs in progress, something that will not only favour the follow-up of files but also provide us with a valuable source of information when submitting the figures that are required from us in the international sphere.

Lastly, it should be said that, in the present Activities Report, we include on this occasion a new subject dealing with the 10 years of experience of the Financial Intelligence Unit, as well as the data of a historical overview, which reflect the work carried out in the various spheres of interest.

I also wish to take this opportunity to thank my two predecessors as directors of the Unit, Messrs. Jordi PONS LLUELLES and Josep Maria FRANCINO BATLLE, for the job they have done, which I have been able to appreciate personally and which has been highly meritorious, and I also wish to thank the various members of the Unit and especially those assigned to us from the Police Service, because they have carried out their work with great responsibility and efficiency.

In conclusion, in general terms, I may affirm that the balance of this year of activity is notably positive, although we continue to work hard to achieve a better appraisal that will be closer to the excellence that I hope to achieve in the years to come, once we have suitably dealt with the shortcomings that are taking so long to correct.

### 3. STATISTICS OF THE YEAR 2011 AND COMPARISON WITH 2010

As usual, we present below the figures resulting from the work carried out in this calendar period, and we present jointly those of 2010 to allow a comparison and the confirmation of the progress and advances achieved.

With respect to the annual data for 2011, the figures are clearly illustrative of the volume generated, despite the fact that our complete working team is not yet in place.

The information that we present is limited exclusively to the number of opened files of diverse origin, for which the pertinent information has been suitably analysed and processed, resulting in the shelving of the files or their transmission to the judicial sphere for the purpose of continuing the investigation process.

At the same time this system provides data with respect to the number of natural persons or legal persons involved in the various cases, and likewise with respect to the volume of money of the respective banking and/or business transactions which are, when the need is evidenced, the object of a direct freeze by the Unit or which are seized later in the judicial process already initiated.

In the second hypothesis, that is to say, with respect to the comparison, it should be pointed out that the volume of work is steadily increasing with a significant general growth of the data, especially in relation to the files opened on the Unit's own initiative, to the control of cases derived from the register of companies, and to international cooperation, the number of persons investigated and, lastly, the amounts or volume of money under intervention.

Let us consider this more specifically:

A total of 263 files were handled by the Andorran FIU in the year 2011, of which:

- 21 are STRs submitted by the set of reporting entities.
- 43 are information requests from our foreign counterparts.
- 2 are transmissions of information relating to official bodies of the Principality in the form of national cooperation.
- 16 are files opened ex parte on the Unit's own initiative.
- 181 are foreign investment requests from the Register of Companies.

In comparison to the year 2010, the volume of files processed in 2011 increased 42.16%, this volume having been the largest in the Unit's history.

Moreover, a total of 21 files from 2011 have been conveyed to the Attorney-General's Office, proceeding with them judicially. Fifteen of these belong to affairs of this year and the other 6 are from previous years, having been concluded in 2011.

Of the 263 files processed in 2011, 244 have been shelved after carrying out the pertinent verifications and studies. Four files from 2011 and 5 files from earlier years (the oldest one being from 2007) remain under investigation and pending conclusion, that is to say, there is a total of 9 investigations in progress.

**BALANCE OF THE WORK GENERATED AND CARRIED OUT AT THE ANDORRAN FIU  
- YEAR 2011 -**

Item	Number	Amount	Remarks
STRs received	21	-	-
Files ex parte UIF	16	-	-
Register of Companies	181	-	11 unfavourable
National cooperation	2	-	Justice Cooperation Government Cooperation
International cooperation (FIUs)	43	-	Received and answered
<b>Total volume:</b>	263	-	-
Files conveyed to Attorney-General's Office	21		1 from 2009 2 from 2010 15 from 2011
Files shelved	244		
Files under investigation	9		1 from 2007 2 from 2008 2 from 2009 4 from 2011
Freeze on transactions by the FIU	1	68.312 €	
Values of files conveyed to Attorney-General's Office possibly subject to judicial seizure	15	10.356.525,02 €	2 apartments
<b>Total values:</b>	-	10.424.837,21 €	2 apartments

Next we will give some detailed comparative data for the years 2010 and 2011:

- Suspicious transaction reports (STRs) decreased 4.55%, the reporting entity with the largest number of reports being the banking sector, with 13 for each year.
- The files opened ex parte by the Unit increased 300%.
- National cooperation rose from 0 to 2 cases.
- There was also an increase, specifically of 41.41%, in the case of investigations for foreign investment requests from the Register of Companies.
- International cooperation, based on requests received by the Unit, rose 38.71%.
- The total number of natural and legal persons investigated increased by 83.80%.
- Lastly, the volume of generated files also increased, by 42.16%.

COMPARATIVE PER CENT EVOLUTION OF YEARS 2010 - 2011			
	2010	2011	Evolution %
<b>STRs</b>	22	21	- 4,55
<b>Andorran FIU initiative</b>	4	16	300,00
<b>Register of Companies</b>	128	181	41,41
<b>FIU's</b>	31	43	38,71
<b>Investigated persons</b>	1.154	2.121	83,80
<b>Total files</b>	185	263	42,16

### a. Suspicious transaction reports

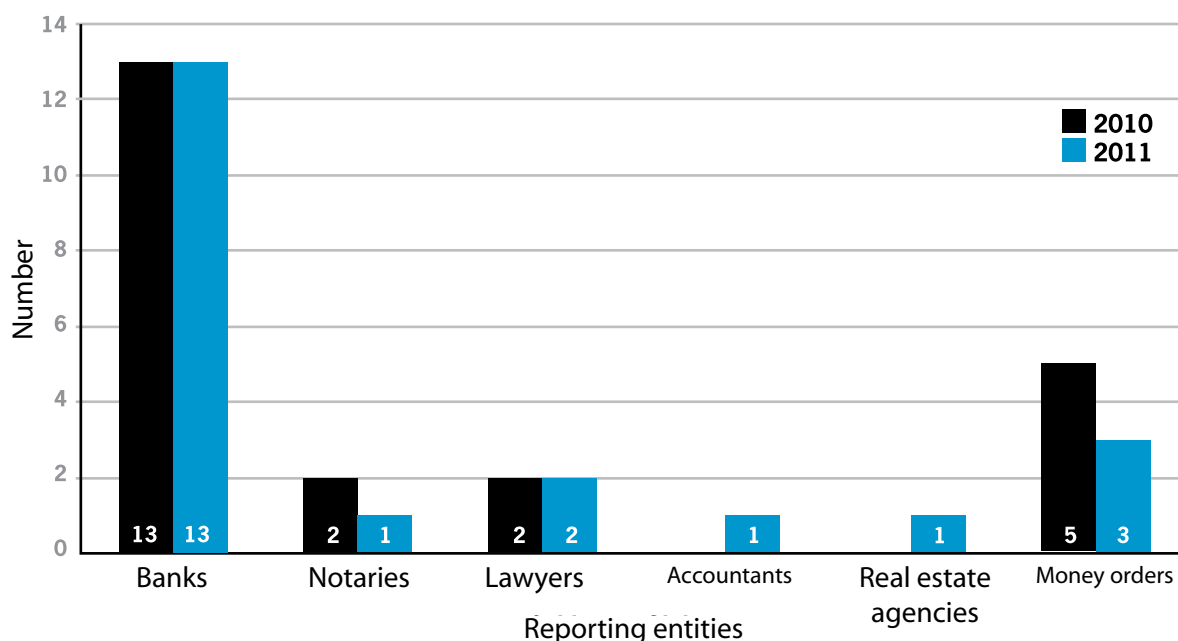
As provided by the Act on International Penal Cooperation in its Article 46 considered in relation to Article 11 of the Regulations of the Act, the Reporting Entities defined in Article 45 have the obligation to report to the Unit on any transaction or planned transaction relating to moneys or securities under suspicion of money laundering or terrorism financing.

The form and content of the suspicious transaction report and, consequently, the way in which the pertinent information should be conveyed, are provided in Article 12 of the Regulations of the Act.

Having made this introduction and presented this well-known information, and entering into detail on the figures relating to the number of Suspicious Transaction Reports (STRs) submitted, it may be observed that this figure remains constant at between 20 and 25 reports per year, and that most of these reports stem from the financial sector and specifically from banks, as previously mentioned.

Furthermore, with respect to the rest of the reporting entities, it may be said that the figures are quite modest if not to say concerning, but I believe that this fact is doubtless due to the lack of a greater and more extensive job of training and awareness-raising which it is the Unit's duty to carry out.

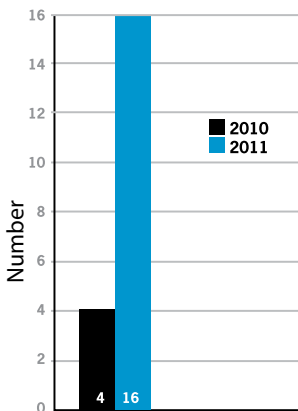
#### SUSPICIOUS TRANSACTION REPORTS



## b. Intelligence Unit Initiative

The biggest progress may be observed in this area, doubtless as a result of the circumstances and of the news articles appearing in all the communication media.

### ANDORRAN FIU INITIATIVE

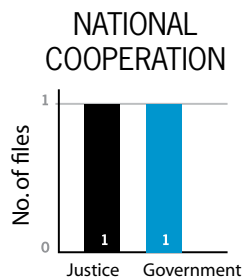


I mean to say by this that it is not that greater emphasis has been placed on this matter in the year of activity 2011, but rather simply that the information obtained has led us to initiate ex parte a greater number of investigations than before.

Nevertheless, these data reflect quite clearly the spirit and philosophy of work that reign in the Unit, in a clearly proactive way.

## c. National cooperation

These have doubtless always been the most modest data. The explanation for this depends on the administrative body considered in each case.



The Police Service, for example, has a special specific department for money laundering matters called the “Group for Organized Crime and Money Laundering”, which receives in turn requests for intervention from other international police bodies or requests from the Justice department stemming from requests for international cooperation made through letters rogatory, or which acts on its own initiative in cases of internal investigation but always under the control of the Attorney-General’s Office as the guarantor of the principle of legality.

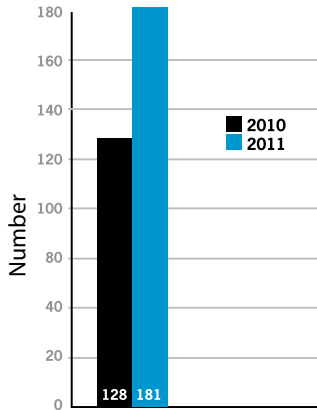
In the case of other bodies, such as the Andorran National Institute of Finances (INAF), the pertinent practices should be improved, especially with respect to the supervision and control of financial reporting entities.

In this respect, it is envisaged to sign a collaboration agreement or memorandum of understanding (MOU) that will cover this internal collaboration as well as our relationship to external counterparts whose functions do not necessarily include supervisory authority, which would pertain, as in most countries, to the Central Bank itself as the pre-eminent supervision and control body.

## d. Register of Companies

The relationship between the Financial Intelligence Unit and the Register of Companies department of the Ministry of Economy derives from Article 1 Point 5 of Act 2/2008, dated 8th April, on foreign investments in the Principality of Andorra, which provides: “Foreign investments are not authorized when they are made by natural persons or legal persons domiciled in countries considered non-cooperative in matters of money laundering or terrorism financing defined by the Financial Action Task Force (FATF), or when they are made by natural persons or legal persons who are reported on unfavourably by the bodies entrusted with the prevention of money laundering” (BOPA no. 37, year 20 dated 7th April 2008).

## REGISTER OF COMPANIES



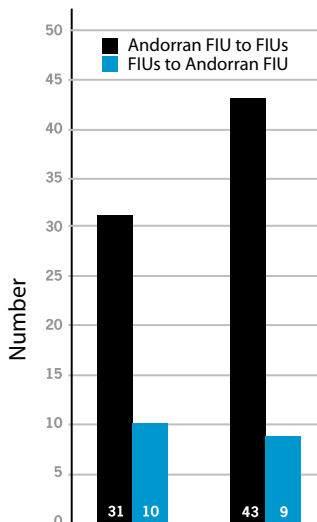
This Act was modified partially by Act 36/2008 dated 18th December (BOPA no. 4, year 21 dated 21st January 2009).

The volume of requests increases significantly each year, which is a good sign considering that the control carried out relates to investment requested from abroad or by persons domiciled abroad, reflecting the interest aroused by the Principality in matters of economic investment outside our borders.

### COOPERACIÓ INTERNACIONAL

## e. International Cooperation

### INTERNATIONAL COOPERATION



International cooperation forms a very important part of the work of an Intelligence Unit. It is essential within the goals and the selfsame character of the Unit which, we may recall, works and analyses financial information, which it must provide to and receive from any counterpart in the world, among the 127 intelligence units established in different countries.

All this should be based on some essential criteria: firstly, mutual trust; secondly, the need to provide and receive information in real time and with the necessary content, and thirdly, the importance of complying with the instructions of the provider of the information in relation to disclosing or not disclosing it.

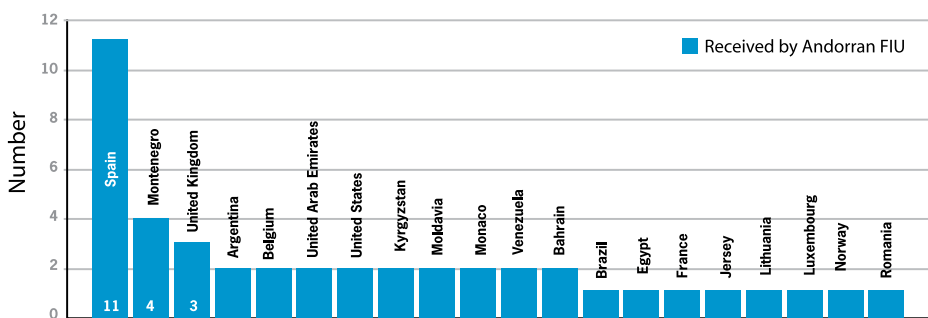
### International cooperation by countries 2011

Requesting countries (FIUs to Andorran FIU)	Number of times
Spain	11
Montenegro	4
United Kingdom	3
Argentina	2
Belgium	2
United Arab Emirates	2
United States	2
Kyrgyzstan	2
Moldavia	2
Monaco	2
Venezuela	2
Bahrain	1

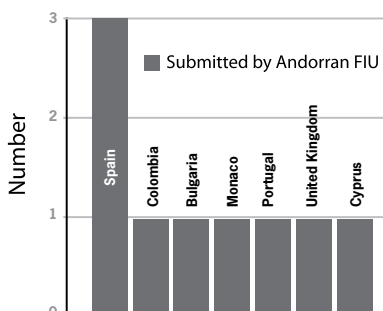
Brazil	1
Egypt	1
France	1
Jersey	1
Lithuania	1
Luxembourg	1
Norway	1
Romania	1
<b>Total</b>	<b>43</b>

International cooperation by countries 2011	
Requesting countries (Andorran FIU to FIUs)	Number of times
Spain	3
Colombia	1
Bulgaria	1
Monaco	1
Portugal	1
United Kingdom	1
Cyprus	1
<b>Total</b>	<b>9</b>

INTERNATIONAL COOPERATION - YEAR 2011



INTERNATIONAL COOPERATION - YEAR 2011

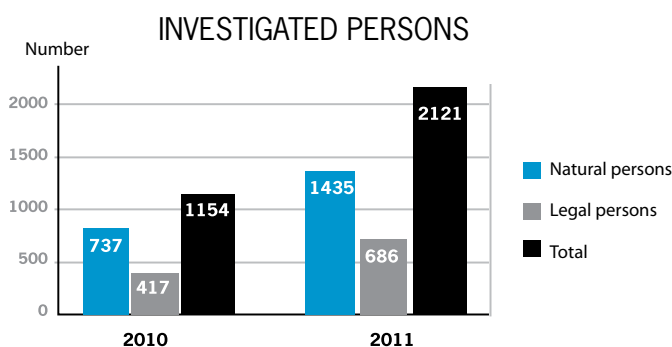


## f. Investigated persons

This section on investigated persons and the following section on amounts frozen and/or possibly subject to judicial seizure contain data that may at first make a rather strong impression, but they are the result of the foregoing data and a direct consequence of the analysis and investigation carried out at the Unit.

These data are the essence of the Unit's existence, that is to say, the reason for the Unit's creation and for its possibility of using a broad power of intervention: the fight against money laundering and terrorism financing. In short, the Unit seeks to pursue criminals acting alone or organized international criminal networks, and to dismantle their commercial operation through the direct freeze of their money or indirectly favouring the seizure of their assets through the judicial process, whether this involves money or other property obtained from the criminal activities that they carry out.

Just as has been succinctly stated by different authors, the Unit seeks "to pursue criminals and to strike them where it hurts them the most, that is to say, by taking their money".



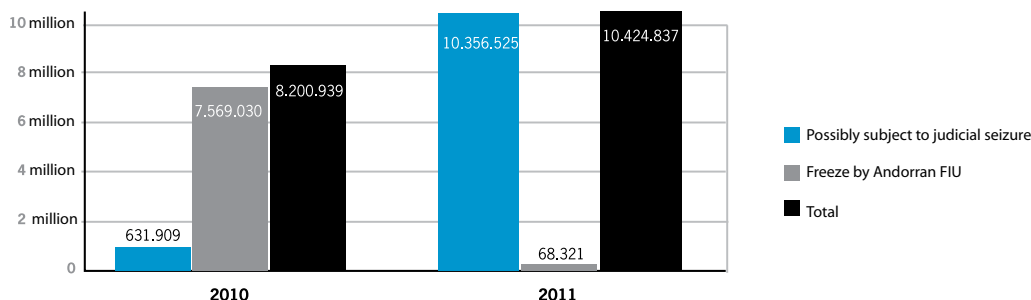
## g. Amounts frozen and/or possibly subject to judicial seizure

I refer to what is said in the foregoing paragraph but I would add that the amounts that are deduced from the processed files are not negligible, representing a real possibility of seizure by the Andorran courts, and they would consequently revert to the treasury of the State.

Although it is larger every year, basically as a result of the number of cases detected and worked on, the final amount is absolutely random.

Nevertheless, the formula is simple and a matter of common sense: the more work is carried out, the greater the possibility of obtaining better results.

**AMOUNTS POSSIBLY SUBJECT TO JUDICIAL SEIZURE OR FREEZE BY THE ANDORRAN FIU**





## 4. 4th ASSESSMENT

By way of introduction I would like to begin by referring to the conception of assessment and its meaning, that is to say, I wish to explain why all the member countries of Moneyval find ourselves regularly obliged to pass these examinations through a questionnaire based on the 40 + 9 recommendations of FATF with its methodology and criteria, plus the implementation of the Directives of the Council of Europe and the addition of other international rules that are derived from the ratification and signing of international agreements and/or conventions, and the various international accords or treaties to which countries submit themselves in the world context, in order to adapt themselves to international standards.

Moneyval began its assessments in 1998 and, in these 14 years of existence, it has become the foremost support of the Council of Europe in the control of the fight against money laundering and terrorism financing (ML/TF).

Year after year, all the countries participating in the Moneyval assessment process are progressing thanks to the development and consolidation of their legal arsenal in matters of money laundering, through either prevention or repression.

Laws generally provide important rules relating to the duty of supervision of customers and the need to verify their commercial transactions. These rules are to be applied to all the financial and non-financial establishments concerned, and to other business activities and professional sectors that are obliged to impose the obligations with respect to money laundering.

In the field of criminal law, the progress is also evident in most of the countries that have adopted concepts which, just ten years ago, did not even form part of their legal tradition, such as the criminal responsibility of legal persons or the criminalization of money laundering by negligent laundering.

From the preventive standpoint, measures have been adopted and changes have been made in the laws to strengthen the investigations and complaints in cases of money laundering and also to develop the aspects of freeze, seizure and confiscation of proceeds. These preliminary guarantee measures are of capital importance in the system in order to prevent the perpetrators of crimes and the criminal organizations which they form from obtaining the benefit that they expect from their enormous profits resulting from crime.

From the standpoint of repression, the services entrusted with the application of the law, in a general way, must make the necessary efforts to follow the track of the money and, at the same time, they must carry out the investigation on the main underlying offence in the cases that generate substantial financial profits.

In accordance with the foregoing, the Principality of Andorra is no exception, having recently been the object of one of these assessments, and for this reason I consider it necessary in this Activities Report 2011 to make a brief summary of what the preparation and passing of the 4th round of mutual assessment has meant for the Financial Intelligence Unit.

This assessment has entailed an intense in-depth effort that officially began with the submission of the respective report to Moneyval on 12th January 2011 and which concluded with the presentation of this duly verified report to the 38th Plenary Session of Moneyval in March 2012.

For information purposes, allow me to say that the questionnaire of the 3rd assessment was followed in time by the 1st progress report which the Principality of Andorra also prepared, submitted and presented to the plenary session, and it was approved at the 28th Plenary Session of 10th December 2008, as well as the 2nd progress report, which was approved at the 34th Plenary Session of 9th December 2010.

After submitting the questionnaire, which incidentally contained 710 pages and was duly translated into French (subsequently the Secretariat also translated it into English for the Plenary Session as a whole), the process began as established in the rules, under the control of the appointed assessors, in this case two financial expert representatives of Monaco and Italy, respectively, a legal expert representative of Belgium, a repressive expert representative of Albania, and two other expert members of the Moneyval Secretariat, representatives of Romania.

All of them, in direct permanent contact with the Intelligence Unit through its Secretariat, make a thorough in-depth analysis of the submitted questionnaire with all the required laws and documentation attached, and a date was set for a visit to the country, which was in this case between 20th and 26th March 2011.

The purpose of the visit was to allow them all, in a direct way, to interview the representatives of all the public and private sectors affected by the anti-laundering rules.



Reception of the Moneyval assessors by the Prime Minister, Mr. Jaume Bartumeu Cassany, at the Government Building.

Following that week and by then in possession of the information gathered on site from the persons interviewed in the numerous meetings that were held, and other documents that they requested, the experts drafted a preliminary conclusions report that was submitted to us on 26th March, a report entailing the first warning with respect to the general situation in which we found ourselves.

This circumstance caused the Permanent Commission on Prevention of Money Laundering to analyse the content of the preliminary report, to assess the changes that could be made urgently, and to submit to the Government a proposal of legislative amendment.

This proposal basically contained, on the one hand, the presentation of a new organization chart of the Unit with respect to its composition and to the need to change premises, and on the other hand, the recommendation to modify Articles 3, 6, 8 Points 1 and 2, 9 Points 3 and 4, and 16 Point 1, and the addition of Point 4 to Article 16, all belonging to the Regulations of the Act on International Penal Cooperation and the fight against the laundering of money or securities derived from international crime and against terrorism financing, approved by Decree of 13th May 2009, and the modification of Articles 41, 45, 47, 49, 49 bis, 49 ter and 49 quater Point 1 of the aforementioned Act, and lastly the ratification of the United Nations Convention against Transnational Organized Crime adopted in New York on 15th November 2000.

The new Government resulting from the elections held in the month of April admitted all these requests and urgently approved the new organization chart and the modifications of the rules of law through the Decree of 18th May 2011, and submitted the rest to the Parliament, which approved it at its session of 25th May 2011, palliating in this way some deficiencies from the beginning.

Then, possessing this whole body of information, gathered with the initial questionnaire, the documents that had been provided, the visit in person to the country and the legislative modifications that had been adopted, the assessors submitted to us a preliminary draft on 23rd December 2011, the content of which was progressively improved and perfected through a second draft on 11th January 2012, which was in turn debated almost entirely at the meeting held in Strasbourg on 23-25 January 2012 with the attendance of the whole assessment team and of the Andorran delegation, and a third draft was prepared.

Lastly, this third draft was reviewed with the same participants on 5th March 2012, during the week of the 38th Plenary Session and consequently of the assessment, upon which the final fourth draft was written for its submission to the discussion of the plenary session of 8th March 2012, at which it was approved and adopted.

The Andorran delegation was formed by the Head of the Unit and also of the delegation, Mr. Carles FIÑANA accompanied by the member of the Unit Ms. Tanjit SANDHU, the director of INAF Ms. Maria COSAN accompanied by Mr. Jesús GARCIA, the head of international relations of the Ministry of Finance, Ms. Clàudia CORNELLA, and the external advisers on financial and legal matters, the lawyers Messrs. Lluís VIÑUALES and Jesús JIMENEZ.

I take this opportunity to thank them all for their effectiveness and involvement.



Andorran delegation for the 4th Moneyval assessment

I wish to point out that this adoption has represented a notable success for the Principality of Andorra, considering the difficulties which we were facing and the high standards with respect to the degree of compliance of some of the Recommendations and the effectiveness of the system, which meant a low score in some cases.

The examiners in particular and especially the Plenary session in general, which provided great support to the Andorran delegation on some of the topics examined, on the basis of the defence that was made of the submitted report and the replies given to the continuous questions posed throughout the session, endorsed and subscribed the improvements presented and the evident progress of the last two years.

Nevertheless, the margin for improvement is still large, the shortcomings are fully identified, and the commitment of the Government and of the bodies connected with it on this matter is maximal. To the indubitable will to carry out the pertinent legislation modifications should be added the present inescapable need to establish, on this matter, a comprehensive normative framework that is adapted to the country's needs and interests and that will at the same time be sufficient and in accordance with the international demands, which are increasingly specific and insistent.

## 5. THE PERMANENT COMMISSION ON PREVENTION OF MONEY LAUNDERING

As has been stated on other occasions, the Permanent Commission on Prevention of Money Laundering (PCPML) was created by the Decree of 13th February 2008 on the organization and functioning of this body.

In the statement of purpose it provided that its “object is to improve the coordination of all the bodies and ministries involved in preventing and fighting against money laundering and terrorism financing, and to obtain in this way a comprehensive multidisciplinary vision and greater effectiveness and agility in the adoption of measures”.

Article 24 of the Regulations of the Act refers to it as well, as a technical and consultative body of the Government, the functioning of which is ruled by its effective provisions.

Consequently, it may be concluded that PCPML plays an essential leading role in matters of money laundering, particularly through its participation in the analysis of the situation in the Principality, providing the available information, both statistical and observable in the performance of its functions, assessing the measures and actions carried out in this field, and offering advice on legislative changes and on the drafting of reports addressed to the international bodies.

Beginning a few months ago, subsequently to what was stated in the foregoing point, the PCPML has been carrying out the full range of interventions and cooperation with representatives of all the bodies and ministries linked to matters of money laundering.

In this way, once organized under the auspices of the head of the Unit, assisted by the legal expert adviser of the Unit, and around representatives of the Ministry of Finance and the Public Function, the Ministry of Foreign Affairs and International Relations, the Ministry of Economy, and the Legal Office of the Government, and in the Judicial sphere with the assistance of the Attorney-General, assisted on occasion by some Deputy Public Prosecutor, a Judge of the First Instance representing the Court of the First Instance of Andorra, the directors of the Police Service and of the Customs Service and, finally, with the participation of external advisers in the financial and juridical fields, the working meetings began which I subdivide into three distinct stages according to the objective pursued and the breadth and depth of the reforms considered:

- The first stage, with its meeting held on 10th February 2011, addressed to the study of the content of the questionnaire sent to Moneyval on 12th January 2011 and the first impressions on the problems that have arisen, which will necessarily entail legal reviews, and the preparation for the visit of the assessors in the month of March. Subsequent to the visit, different proposals for legislative reform were presented and adopted urgently as previously explained.

- The second stage, more intense and of broader scope, with almost monthly meetings, on 28th June, 25th July, 12th September and 17th October 2011, concretized with the study of the proposals already defined on the partial modification of the Act on International Penal Cooperation and its Regulations, as well as the Penal Code.

The need arose in this stage to coordinate efforts in order to confront the set of commitments which should soon be faced by the Principality of Andorra, not only in relation to the Recommendations of the 4th assessment of Moneyval, but also as a consequence of the requests of GRECO on matters of corruption, of the signing of the Monetary Accord that requires the implementation of the 3rd Directive of the Council of Europe within a maximum period of 18 months from its entry into effect (1st April 2012), the transpo-

sition of the content of the United Nations Convention against Transnational Organized Crime, and lastly, other requests in the judicial sphere relating to the improvement of procedures and the partial legislative modification, especially with respect to terrorism financing.

- The third stage, which extends into 2012 and is consequently fully current, with frequent meetings held on 3rd and 11th January, 29th February, 15th and 29th March, and the latest one on 23rd April, the early ones addressed to the review for improvement of the drafting of the various reports of the Questionnaire of the 4th assessment, and the later ones, after passing the examination in March, are addressed to continuing the work of studying the package of changes that are under way, some of which were announced by the Minister of Finance and Public Function at the Parliamentary session of 19th April 2012, and which should be implemented in the coming months.

All this represents the commitment of each of the participants to face the current challenges within the frame of the new position defining the Principality of Andorra in the international context.

## 6.TEN YEARS OF FINANCIAL INTELLIGENCE

It so happens that in this year 2011 the Andorran Financial Intelligence Unit celebrates its tenth anniversary.

In effect, what was called the Money Laundering Prevention Unit (UPB in its Catalan denomination) began its activity on 24th July 2001, following the Parliament's approval on 29th December 2000 of the Act on International Penal Cooperation and on the fight against the laundering of monies or securities derived from international crime (BOPA no. 10, year 13, of 24th January 2001).

The aim of the legislators as described in the statement of purpose lies in the need to change the aspect of the prevention of the laundering of monies or securities derived from organized crime in order to "provide greater assurances of effectiveness to the mechanism for the reporting, control and denouncement of suspicious facts, while protecting the principle of bank secrecy. To this end the Money Laundering Prevention Unit is created as the centralizing body of all reports in relation to money laundering".

In Title II "Fight against laundering of monies or securities", Chapter IV "Money laundering prevention system", Section Seven "Body for prevention of laundering of monies or securities", Articles 53 et seq., a description is given of the aforementioned body and its composition, international cooperation, administrative responsibilities, offences and penalties.

Later, subsequently to the foregoing, the Government of Andorra approved by Decree of 27th March 2002 the Regulations of the Act on International Penal Cooperation and on the fight against the laundering of monies or securities derived from international crime (BOPA no. 27, year 14 of 3rd April 2002).

In the statement of purpose it is provided that "these Regulations establish organizational and functional aspects of the Money Laundering Prevention Unit created by the Act, which is the body that has the mission of promoting and coordinating the money laundering prevention measures".

These Regulations are formed by 17 articles, which set out the way in which the reporting entities are to comply with the obligations provided by the Act, the procedures to be followed in the event of detecting transactions relating to the laundering of capitals derived from criminal activities, the training to be possessed by the persons who form part of the internal control and communication bodies, its personnel, the duty of professional secrecy, international cooperation and exchange of information, and the penalizing procedure.

Later, both legal texts were modified, with the Parliament approving Act 28/2008 of 11th December on modification of the Act on International Penal Cooperation and on the fight against the laundering of monies or securities derived from international crime, of 29th December 2000 (BOPA no. 4, year 21, of 21st January 2009).

The main reason for this change is the need to adopt provisions harmonized with the European environment, especially including those relating to terrorism financing as the principal novelty, and they should be easily identifiable by the reviewing bodies and adapted, when appropriate, to the particularities of the Andorran legal system.

This evolution of the international standards is reflected in the 27 articles of the Act, 23 of which modify previous provisions, while 4 are newly created, basically with respect, as is set out in the statement of purpose, to the "broadening of the scope of the reporting entities, the definition of politically exposed persons, the definition of the true beneficiary, the greatest precision when specifying the obligations of the reporting entities and especially those of due diligence, the introduction of risk criteria, and the compulsory character of the FIU's technical communications".

In particular, Article 18 of the Act, which modifies the previous Article 53, refers to the body that promotes and coordinates the measures for prevention of money laundering and terrorism financing, designating it generally as the Financial Intelligence Unit (FIU).

In this same respect the Government approved by Decree of 13th April 2009 the Regulations of the Act on International Penal Cooperation and on the fight against the laundering of money or securities derived from international crime and against terrorism financing, establishing in this way the organizational and functional aspects of the Financial Intelligence Unit, the way in which the reporting entities are to comply with the established provisions, the procedures to be followed in the event of detecting a suspicious transaction, the training of personnel, the duty of professional secrecy, international cooperation and the exchange of information, and the penalizing procedure (BOPA no. 36, year 21, of 20th April 2009).

With the passing of the years, and this may be verified by anyone who is interested in reading the aforementioned legal texts through the indicated reference of the BOPA, the Intelligence Unit has gone about progressively broadening its functions, competences, composition and cooperation, achieving –I would say in a more than acceptable way– the milestones that have been set, which are the reason for its existence.

Nevertheless, now is the time to take another step forward and to move up one more level in the degree of compliance in matters of prevention and repression of money laundering and terrorism financing, by improving the study and follow-up of affairs that are carried out in the operational area, or by dealing with the significant shortcomings in the area of supervision and control and in matters of training and awareness-raising.

For this reason, at the present time and with the winds of change in our favour, not only because of the commitments undertaken but also because of the high degree of credibility demonstrated to our international interlocutors, backed by the impetus shown in the last two years in matters of prevention and repression of money laundering, the Andorran Financial Intelligence Unit faces an important twofold challenge: firstly, to progressively come into possession of suitable premises and of the minimum expert personnel necessary to meet the many obligations that pertain to it by legal mandate, and secondly, to maintain and broaden its degree of independence and autonomy through the necessary legislative reform, which is already foreseen.

This aspiration, which is defined and thoroughly accepted by the public officials and by ourselves, will lead us to the necessary degree of compliance that is demanded and highlighted in the conclusions of the report on the 4th assessment.



In relation to this reflection and with full satisfaction, since 22nd December 2011 the Financial Intelligence Unit has been working at new premises that are perfectly adapted to its needs, and it has also launched the procedures aimed to fill the vacancies of required personnel.

I will conclude this section by explaining that we will now present the detailed data of the historical overview of the work carried out in these ten years by the Andorran Financial Intelligence Unit, following the same pattern as for the annual statistics.

## 7. HISTORICAL OVERVIEW OF THE STATISTICS FOR THE YEARS 2001-2011

These statistics present in detail the work carried out at the Financial Intelligence Unit since its beginnings, that is to say, from July 2001 to the year 2011.

The sole purpose of this is, taking the occasion, to offer the reader an in-depth idea of the work carried out at the Financial Intelligence Unit which, as will be seen, has already acquired significant proportions. More specifically, it may be pointed out that:

A total of 1,005 files have been handled by the Unit in this decade. Of this total:

- 206 were STRs submitted by the set of reporting entities.
- 287 were requests for information from our foreign counterparts.
- 23 were transmissions of information relating to official bodies of the Principality in the form of national cooperation.
- 38 were files opened ex parte on the Unit's own initiative.
- 451 were foreign investment requests derived from the Register of Companies.

Likewise, a total of 109 files have been judicialized and consequently transferred to the Attorney-General's Office; another 887 have been shelved after carrying out the respective verifications and studies, and at the present time 9 files are under investigation by the Unit.

BALANCE OF THE WORK GENERATED AND CARRIED OUT AT THE ANDORRAN FIU – YEAR 2001 to 2011 –		
Item	Number	Amount
STRs received	206	-
Files opened ex parte by the Andorran FIU	38	-
Register of Companies	451	-
National cooperation	23	-
International cooperation (FIUs)	287	-
<b>Volume of files:</b>	<b>1005</b>	<b>-</b>
Files sent to the Attorney-General's Office	109	
Files shelved	887	
Files under investigation	9	
Freeze on transactions by the Andorran FIU	11	9.366.020 €
Value of files sent to the Attorney-General's Office, possibly subject to judicial seizure	-	72.514.627 €
<b>Total value:</b>	<b>-</b>	<b>81.880.647 €</b>



From a different standpoint, to state the maximum figures achieved during the period of time in question, it may be pointed out that:

- 2003 was the year with the maximum figure for national cooperation, with 7 files.
- 2006 was the year with the maximum number of STRs submitted by the reporting entities, with a total of 32 reports.
- 2011 was the year with the highest figures of all, with respect to requests for information received from other Financial Intelligence Units –international cooperation– with a total of 43; to files opened on the Andorran FIU's own initiative, with a total of 16, and to the handling of foreign investment requests from the Register of Companies, with a total of 181.

With respect to the transmission of files from the Unit to the Attorney-General's Office, the year with the highest figure was 2006, with a total of 20 transmitted files. Of this number, 17 were from STRs, 1 from National cooperation and 2 from International cooperation (FIUs).

Nevertheless, mention should be made of the increase of 95.39% with respect to the transmission of files to the Attorney-General's Office in the period 2010-2011 in comparison to the period 2001-2009 (calculated on average values).

**COMPARATIVE PER CENT EVOLUTION BETWEEN THE AVERAGES OF 2001-2009 AND 2010-2011 WITH RESPECT TO FILES SENT TO THE ATTORNEY-GENERAL'S OFFICE**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
STRs	1	4	2	6	2	17	6	10	9	17	8	82
Andorran FIU	-	2	-	-	-	-	-	-	1	-	6	9
National cooperation	-	1	-	1	-	1	-	-	-	-	1	4
Register of Companies	-	-	-	-	-	-	-	-	-	1	-	1
FIU's	-	1	2	3	1	2	1	2	1	-	-	13
<b>Total</b>	<b>1</b>	<b>8</b>	<b>4</b>	<b>10</b>	<b>3</b>	<b>20</b>	<b>7</b>	<b>12</b>	<b>11</b>	<b>18</b>	<b>15</b>	<b>109</b>
Partial STRs, no.	<b>76</b>									<b>33</b>		
Partial STRs, %	<b>69,72%</b>									<b>30,28%</b>		
Average	<b>8,44</b>									<b>16,50</b>		
Per cent evolution	<b>95,35%</b>											

A total of 7,889 persons were investigated by the Andorran FIU, of whom 5,347 were natural persons and 2,515 were legal persons.

2011 was the year with the highest figure, totalling 2,121 persons, of whom 1,435 were natural persons and 686 were legal persons.

With respect to the securities and deposits in banks accounts of the 109 files transmitted to the Attorney-General's Office, the detected amounts had a total exchange value of 81,880,647 €.

2008 was the year with the highest overall figure of files transmitted to the Attorney-General's Office, with a total exchange value of 20,765,853 €.

Lastly, I would like to mention some other figures that I consider significant. It should be noted that, for each item, the calculations are based on the averages of the years 2001 to 2009, which have been compared to the average values for the last two years, 2010-2011, obtaining in this way the respective per cent value for the increase or decrease in each case.

All this goes to provide a broad historic overview of the data, allowing one to observe the upward trend of the last two years. Specifically, these data are as follows:

- STRs increased 18.71%.
- files opened ex parte by the Andorran FIU increased 400%.
- national cooperation decreased 57.14%.
- files derived from the Register of Companies increased 335.21%.
- international cooperation increased 56.34%.
- investigated natural and legal persons increased 219.41%.
- the value of the files transmitted to the Attorney-General's Office, possibly subject to judicial seizure, increased 32.51%.
- the total number of files handled by the Andorran FIU increased 261.94%.

#### Comparative per cent evolution between the averages of the years 2001-2009 vs. 2010-2011

	2001-2009	Years	Average	2010-2011	Years	Average	Evolution %
STRs	163	9	18,11	43	2	21,50	<b>18,71</b>
Andorran FIU	18	9	2	20	2	10	<b>400</b>
National cooperation	21	9	2,33	2	2	1	<b>-57,14</b>
Register of Companies	142	4	35,50	309	2	154,50	<b>335,21</b>
FIUs	213	9	23,67	74	2	37	<b>56,34</b>
Persons investigated	4.614	9	512,67	3.275	2	1.637	<b>219,41</b>
Value	63.254.871	9	7.028.319	18.625.776	2	9.312.888	<b>32,51</b>
Files	557	9	61,89	448	2	224	<b>261,94</b>

In short, on analysing these data as a whole, with the exception of national cooperation, it may be observed that all the items have increased significantly in the last two years, 2010-2011, in comparison to the average figures for the previous period involving the rest of the years, 2001-2009.

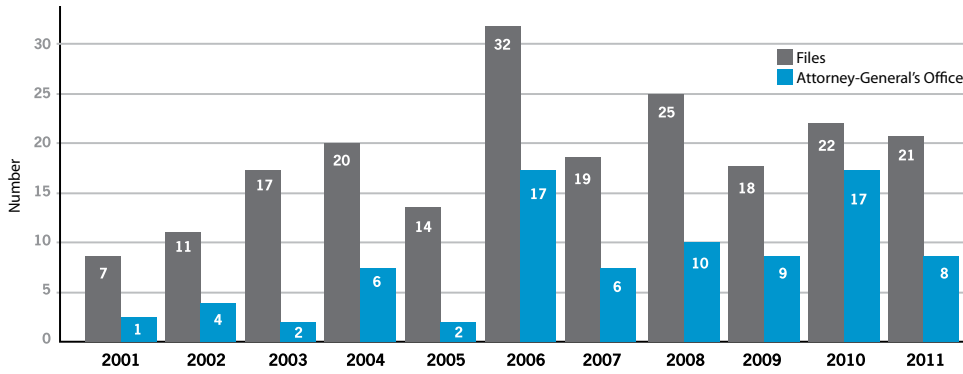
## a. Suspicious transaction reports

### Comparative per cent evolution between the averages for the years 2001-2009 vs. 2010-2011 of the files transmitted to the Attorney-General's Office

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	Volume generated at Andorran FIU
Banks	6	9	13	15	10	28	17	21	14	13	13	159	77,18%
Financing companies	1	-	1	2	-	1	-	1	1	-	-	7	3,40%
Notaries	-	1	1	-	2	-	1	-	1	2	1	9	4,37%
Lawyers	-	1	2	1	-	1	-	1	-	2	-	10	4,85%
Accountants	-	-	-	-	-	-	-	-	-	-	1	1	0,49%
Jewellery firms	-	-	-	-	-	1	-	1	-	-	2	2	0,97%
Real estate agencies	-	-	-	2	2	-	1	-	1	-	1	7	3,40%
Insurance companies	-	-	-	-	-	1	-	-	-	1	-	1	0,49%
Money order	-	-	-	-	-	-	-	1	1	5	3	10	4,85%
Total STRs	7	11	17	20	14	32	19	25	18	22	21	206	100%
Sent to Attorney-General's Office	1	4	2	6	2	17	6	10	9	17	8	82	
Total partial STRs	163									43			
Volume partial STRs	79,13%									20,87%			

HISTÒRIC DOS I TRANSMISSIÓ A LA FISCALIA GENERAL

HISTORICAL OVERVIEW OF STRs AND TRANSMISSION TO THE ATTORNEY-GENERAL'S OFFICE

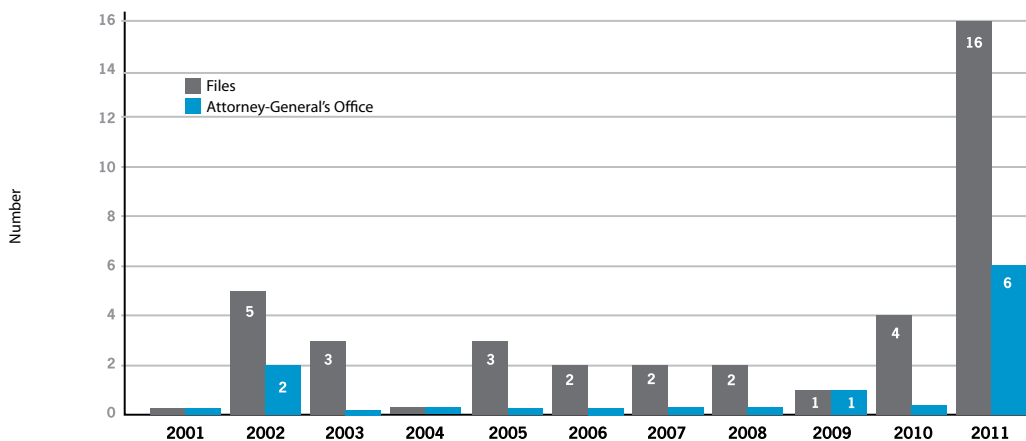


b. Financial Intelligence Unit Initiative

HISTORICAL OVERVIEW OF THE FILES OPENED EX PARTE BY THE ANDORRAN FIU AND TRANSMITTED TO THE ATTORNEY-GENERAL'S OFFICE – 2001 TO 2011 –

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Ex parte Andorran FIU	-	5	3	-	3	2	2	2	1	4	16	38
Transmitted to Attorney-General's Office	-	2	-	-	-	-	-	-	1	-	6	9
Total partial files	18									20		
Volume partial files	47,37%									52,63%		

HISTORICAL OVERVIEW OF FILES OPENED EX PARTE BY THE ANDORRAN FIU

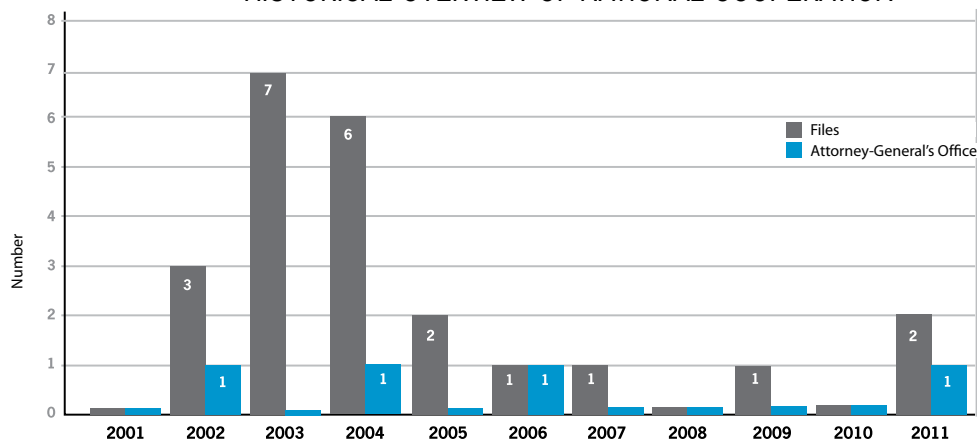


## c. National cooperation

### HISTORICAL OVERVIEW OF NATIONAL COOPERATION FILES AND THOSE TRANSMITTED TO THE ATTORNEY-GENERAL'S OFFICE – 2001 TO 2011 –

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	Volume generated at Andorran FIU
Police	-	3	7	4	1	-	1	-	-	-	-	16	69,57%
Justice	-	-	-	1	1	-	-	-	-	-	1	3	13,04%
Customs	-	-	-	1	-	1	-	-	1	-	-	3	13,04%
Government	-	-	-	-	-	-	-	-	-	-	-	1	4,35%
Total files	-	3	7	6	2	1	1	-	1	-	2	23	100%
Total to Attorney-General's Office	-	1	-	1	-	1	-	-	-	-	1	4	
Total partial files	21									2			
Volume partial files	91,30%									8,70%			

### HISTORICAL OVERVIEW OF NATIONAL COOPERATION

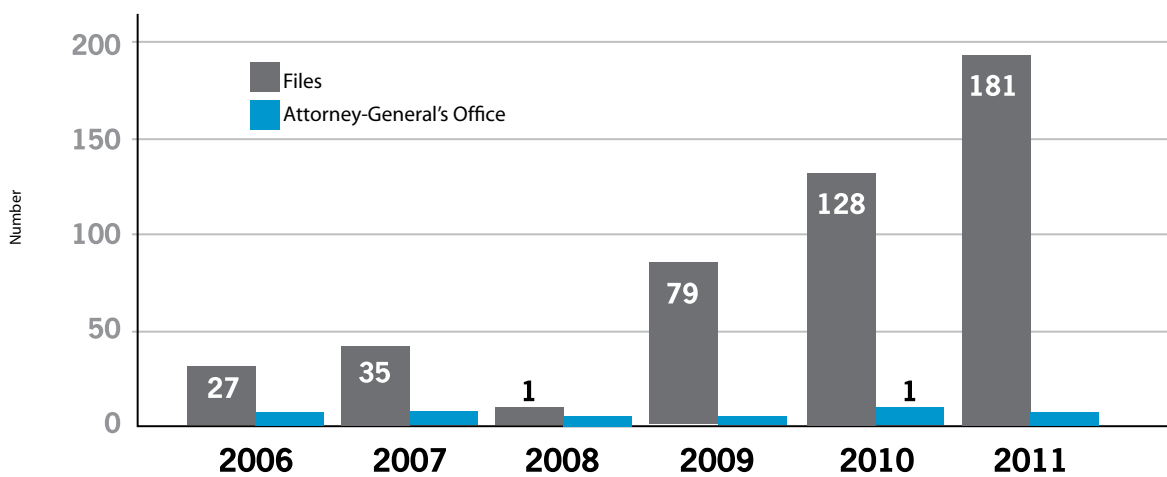


## d. Register of Companies

HISTORICAL OVERVIEW OF FILES FROM THE REGISTER OF COMPANIES AND THOSE TRANSMITTED TO THE ATTORNEY-GENERAL'S OFFICE*							
	2006	2007	2008	2009	2010	2011	Total
Register of Companies files	27	35	1	79	128	181	451
Total files to Attorney-General's Office	-	-	-	-	1	-	1
Total partial files	142			309			
Volume partial files	31,49%			68,51%			

\*) These data began in the year 2006 through the Companies Commissions, and from 2008 by legal obligation according to Act 2/2008, dated 8th April, on foreign investments in the Principality of Andorra.

HISTORICAL OVERVIEW OF REGISTER OF COMPANIES FILES

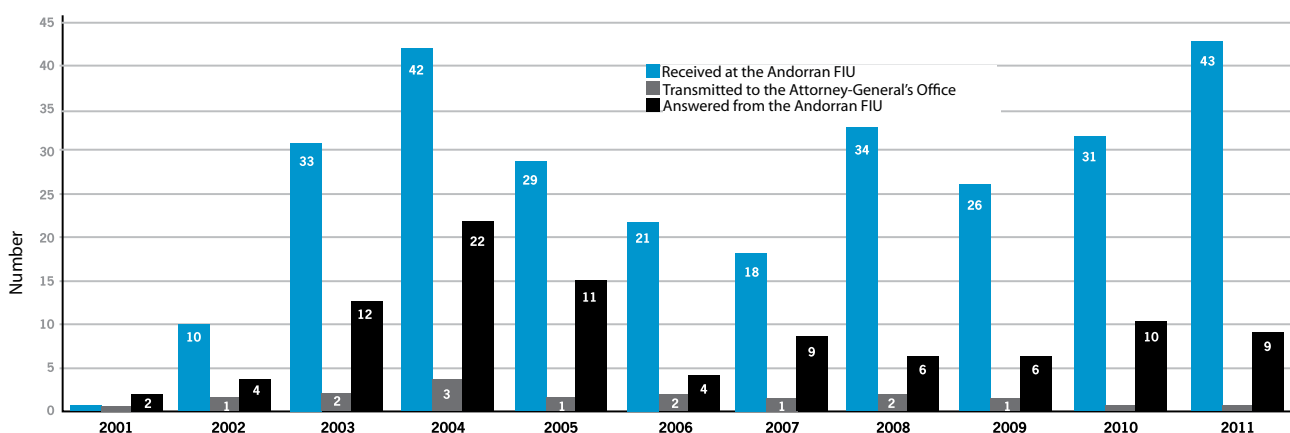


## e. International cooperation

### INTERNATIONAL COOPERATION WITH OTHER FINANCIAL INTELLIGENCE UNITS AND TRANSMISSION OF FILES RELATING TO REQUESTS RECEIVED TO THE ATTORNEY-GENERAL'S OFFICE – 2001 TO 2011 –

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
FIUs to Andorran FIU	0	10	33	42	29	21	18	34	26	31	43	287
Average reply delay (days)						23,57	19,27	26,26	26,92	38,96	47,51	30,42
Transmitted to Attorney-General's Office	-	1	2	3	1	2	1	2	1	-	-	13
Andorran FIU to FIUs	2	4	12	22	11	4	9	6	6	10	9	95
Average reply delay (days)						16,25	53,44	27,50	34,16	81,80	82,63	49,30
Total	2	14	45	64	40	25	27	40	32	41	52	382
Total partial STRs	289									93		
Volume partial STRs	75,65%									24,35%		100%

### HISTORICAL OVERVIEW OF INTERNATIONAL COOPERATION FILES AND TRANSMISSION OF FILES TO THE ATTORNEY-GENERAL'S OFFICE

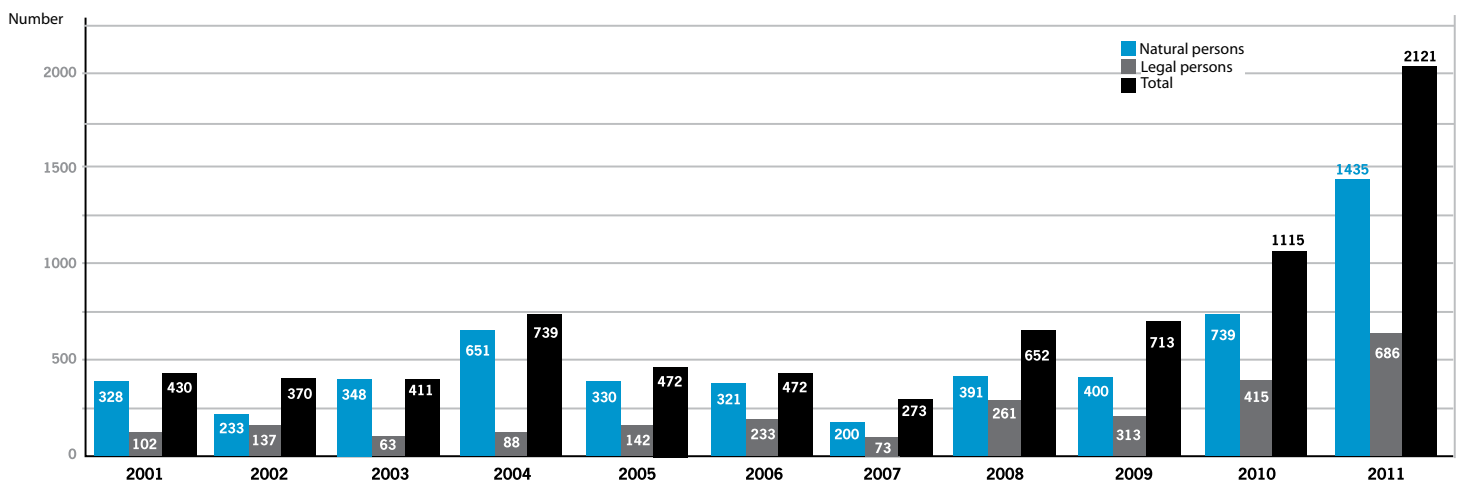


## f. Investigated persons

### HISTORICAL OVERVIEW OF THE NUMBER OF PERSONS INVESTIGATED AT THE ANDORRAN FIU – 2001 to 2011 –

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Natural persons	328	233	348	651	330	321	200	391	400	737	1435	5375
Legal persons	102	137	63	88	142	233	73	261	313	417	686	2515
Total	430	370	411	739	472	554	273	652	713	1154	2121	7889
Total partial files	4614									93		7889
Volume partial files	58,49%									41,51%		100%

### HISTORICAL OVERVIEW OF PERSONS INVESTIGATED AT THE ANDORRAN FIU

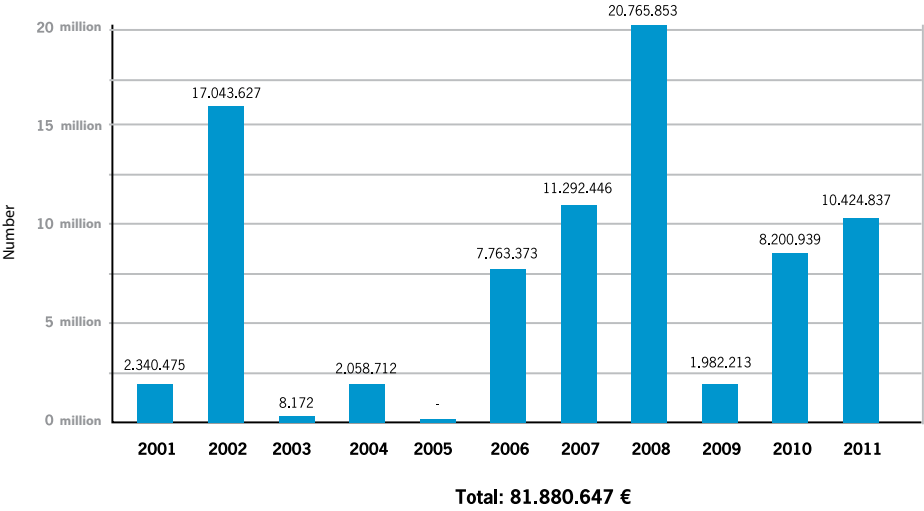




g. Amounts frozen and/or possibly subject to judicial seizure

HISTORICAL OVERVIEW OF VALUES* POSSIBLY SUBJECT TO JUDICIAL SEIZURE RELATIVE TO FILES TRANSMITTED TO THE ATTORNEY-GENERAL'S OFFICE, AND OF VALUES OF TRANSACTIONS FROZEN BY THE ANDORRAN FIU – 2001 TO 2011 – (* exchange value in euros.												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Possibly subject to judicial seizure	2.340.475	17.043.627	8.172	2.022.892	-	7.763.373	9.599.588	20.765.853	1.982.213	631.909	10.356.525	72.514.627
Andorran FIU freeze	-	-	-	358.20	-	-	1.692.858	-	-	7.569.030	68.312	9.366.020
<b>Total</b>	<b>2.340.475</b>	<b>17.043.627</b>	<b>8.172</b>	<b>2.058.712</b>	<b>-</b>	<b>7.763.373</b>	<b>11.292.446</b>	<b>20.765.853</b>	<b>1.982.213</b>	<b>8.200.939</b>	<b>10.424.837</b>	<b>81.880.647</b>
Total partial files	63.254.871											
Volume partial files	77,25%											
	18.625.776										22,751%	100%

### HISTORICAL OVERVIEW OF VALUES OF FILES TRANSMITTED TO THE ATTORNEY-GENERAL'S OFFICE



## 8. JUDICIAL DATA

The judicial data unquestionably deserve special attention since they represent the operational success of the system, that is to say, the judicial phase is the last stage of an affair that originates at the Financial Intelligence Unit, with the Police, through international letters rogatory, through private denouncement or complaint, or initiated ex parte, ending in a court decision, through a writ or a sentence declaring in most cases a criminal conviction and likewise involving the forfeiture and/or confiscation of the assets derived from the respective criminal offence.

With respect to judicial proceedings in the year 2011, the upward trend was maintained in the number of decisions issued, a trend that was already observed in the previous year, and both figures are quite larger than those for the period 2006-2009.

In 2011, a total of 13 decisions were issued, of which 8 were writs in the examination phase at the Court of the First Instance of Andorra, and the other 5 were writs in the judicial phase of the first instance based on decisions of the Criminal Law Court.

On the one hand this figure indicates a growing interest with respect to the handling of the judicial affairs in general, in both the examination phase and the judicial phase, and on the other hand, three of the court decisions also ordered the forfeiture of the seized assets for an overall exchange value of 3,335,560 euros.

Other significant data that supplement the foregoing ones are that the Court of the First Instance, in the year 2011, commenced preliminary proceedings on a total of 17 new cases, while commencing another 10 files as criminal proceedings.

Of these 10 proceedings, 7 persons have been indicted in 4 of them, and in 4 of the other 6 proceedings the Criminal Law Court has been requested to order forfeiture, while in the remaining 2 proceedings no indictment has yet been issued. It should also be pointed out that, of these 10 proceedings, 9 are based on preliminary proceedings from previous years and 1 on preliminary proceedings commenced in the year 2011.

These figures show that the courts have finally understood that in order to give satisfaction (since to grant reason is a different matter, of course) to those who seek their protection and request them for a conclusion in the form of a decision, it does not suffice to merely proceed with the affairs that are presented to them. Likewise, these figures also show that compliance is being duly achieved with the demands that are made on us in this respect from abroad.

We will now present the data in question in the form of a summary table, together with a listing of the aforementioned decisions for both the present year 2011 and for the previous year 2010 for the purpose of their comparison.

Year	COURT OF THE FIRST INSTANCE			CRIMINAL LAW COURT				HIGH COURT OF JUSTICE	
	WRITS			Writs and sentences (1st instance)				Sentences	
	Cases	Shelving or dismissal writs	Persons indicted	Firm		Under appeal		Firm	
				Cases	Persons	Cases	Persons	Cases	Persons
2010	12	-	86	4 <sup>1</sup>	14	2 <sup>2</sup>	5-3 (REVOCATIONS) = 2	3 <sup>3</sup>	8 (including 1 revocation)
2011	17	8 <sup>4</sup>	7	5 <sup>5</sup>	9	-	-	-	-

## 2010

### Writs of the Criminal Law Court

- <sup>1</sup>1. TC 028-4/09. Writ dated 19.11.2010. Confiscated assets: 290,288.18 EUR.
2. CRI 236-1/09. Writ dated 26.02.2010. Confiscated assets: 629,558.61 EUR and a safe.
3. CRI 300-1/09. Writ dated 12.04.2010. Confiscated assets: 1 apartment and 1 parking place.
4. CRI 435-2/08. Writ dated 13.09.2010. Confiscated assets: 1 apartment, 1 parking place, 1 basement storage room and 16,013,468.86 EUR.

### Sentences of the Criminal Law Court

- <sup>2</sup>1. TC 075-5/06. Sentence dated 07.05.2010.
2. TC 122-3/06. Sentence dated 26.02.2010. Confiscated assets: 57.24 EUR.

### Writs of the High Court of Justice

- <sup>3</sup>1. TC 075-5/06. Sentence dated 18.11.2010. Confiscated assets: 241.66 EUR and 1,447.03 USD.
2. TC 122-3/06. Sentence dated 29.11.2010. Confiscated assets: 31.75% of an apartment and bank accounts.
3. TC 051-4/02. Sentence dated 14.10.2010.

## 2011

### Writs of the Court of the First Instance

- <sup>4</sup>1. DP-1091-2/11. Writ dated 28.10.2011. Shelving of preliminary proceedings.
2. DP-3245-1/00. Writ dated 26.09.2011. Provisional dismissal of preliminary proceedings.
3. DP-55-1/00. Writ dated 6.07.2011. Shelving of preliminary proceedings.
4. DP-2921-5/08. Writ dated 20.06.2011. Shelving of preliminary proceedings, annulling the freeze and seizure made of assets and rights.
5. DP-1075-5/08. Writ dated 16.06.2011. Provisional dismissal, annulling the freeze and seizure made of assets and rights.
6. DP-1802-3/11. Writ dated 20.05.2011. Itemization and partial provisional dismissal.
7. DP-1412-3/10. Writ dated 9.03.2011. Provisional dismissal.
8. DP-2425-3/08. Writ dated 28.02.2011. Provisional dismissal.

### Writs of the Criminal Law Court

- <sup>5</sup>1. TC-028-4/09. Writ dated 6.04.2011. Final dismissal and shelving.
2. TC-030-4/06. Writ dated 2.06.2011. Provisional dismissal and shelving.
3. TC-028-1/06. Writ dated 13.07.2011. Provisional dismissal and forfeiture of 77,655.23 USD.
4. DP-2215-1/06. Writ dated 14.10.2011. Confiscation of 4,113,776.91 USD.
5. TC-092-2/11. Writ dated 14.09.2011. Provisional dismissal and forfeiture of 29,000 EUR

## 9.- TYPOLOGIES

The following are some examples of real cases handled at the Financial Intelligence Unit. They form a compendium of the most representative cases from previous years and one from the present year has also been included.

### 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.

## 10.- ATTACHED DOCUMENTS

- BOPA núm. 34, any 23 del 25 de maig del 2011
- BOPA núm. 41, any 23 del 22 de juny del 2011.





**UIF**

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