

Activities Report

Financial Intelligence Unit of Andorra

2014



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1.- INTRODUCTION

The year 2014 has closed and once again it is time to comply with our legal obligation to present the Activities Report of the Financial Intelligence Unit of Andorra on that period. Beyond this legislative duty, however, for me it is a pleasure to render public account of the work that has been generated and carried out, involving a broad range of sectors and obliging a large part of them.

I have always spoken in the past of the intense work carried out in the field of legislative modification and this year is no exception. Indeed, I would even venture to qualify 2014 as the busiest year to date in this respect, because the legislative novelties of internal character are numerous as a result of the commitment that Andorra undertook by signing the Monetary Agreement and, above all, as a result of the Moneyval requirements, just as will be specified further on.

All the new rules involve, on the one hand, the need to assimilate and adapt of our internal texts to the international legislation and on the other hand, even more importantly, they allow us to face with greater assurance of success the challenges in the nearest future, which will conclude with a new evaluation -this time the fifth- envisaged for the first third of 2017.

Meanwhile, it should likewise be mentioned that in the course of the year we have also addressed our efforts to making ready for the start-up, in the year 2015, of the National Risks Assessment (NRA), as is our obligation under the new FATF Recommendation 1. Indeed, the NRA will form the pivotal point of most of the new requirements foreseen with respect to the prevention and suppression of money laundering and terrorist financing.

Moreover, at the 44th Plenary Meeting of Moneyval held from 31 March to 4 April 2014, the Principality of Andorra was the object of a new examination and in this respect, on that same date of 31 March, the Andorran delegation presented the first follow-up report on the evaluation report of the 4th cycle, adopted on 8 March 2012.

The follow-up report provides the pertinent information and describes the improvements adopted to remedy some of the insufficiencies which had been identified.

The result has been, just as was acknowledged by the Plenary Meeting with, moreover, the personal congratulations of the president of Moneyval, that satisfactory progress is evident, although it is still too soon to consider any cease of the regular follow-up procedures established by the rules. Andorra has been requested to present a second progress report in April of 2015.

Likewise, it should be pointed out that in 2014 we have undertaken a firm commitment to training and along this line, in keeping with our previously announced intention, various training seminars and courses have been organized on a half-yearly basis, addressed to both financial and non-financial reporting entities.

This training project will be continued in the forthcoming years until we have reached all the reporting entities.

The number of inspections and supervisions carried out by the Unit's Inspection and Control Area has also increased greatly.

With a programme designed at the beginning of the year, in this case based on quarterly periods and on the various financial and non-financial reporting entities, on-site visits have been successively made to study the degree of commitment and of application of the law, with divergent but to a large extent compliant results.

Our main mission of contributing to the public safety of Andorra and of helping to protect the integrity of the Andorran financial system through the prevention and repression money laundering goes hand in hand with the contribution of other public bodies and spheres of the State -Police Department, Andorran Customs, and Justice-. as well as that of the private sphere, of mercantile companies and of the businesses which form our economic fabric and which help decisively to improve the system as a whole.

In this respect, I welcome the significant advances made in the judicial sphere and particularly, just as is pointed out by the Attorney General of Andorra in his latest report, with respect to the improvement in our international relations with our foreign counterparts, notably including the Agreement against Corruption and Organized Crime, signed on 18 July by the Andorran High Council of Justice and the Spanish Attorney General's Office, and also with respect, internally, to the various legislative reforms -of the Penal Code and the Code of Criminal Procedure-, some of which reforms are linked to money laundering, the improvement of the data processing system, and the Principality of Andorra's ratification of various international conventions.

Lastly, I wish to reiterate the commitment of honourability and professionalism shown by the members of the Unit, who are achieving increasingly better performance in the tasks entrusted to them year after year.

Carles FIÑANA PIFARRÉ,
Head of the Financial Intelligence Unit

2.- BALANCE

This year I begin this section with a description of the legislative activity carried out in the course of 2014, a year which, as previously mentioned, has been quite productive.

Indeed, in compliance with the parameters indicated in the Moneyval evaluation report dated 8 March 2012, based on the fourth evaluation to which we were subjected on that same date, the Standing Committee on Prevention of Money Laundering and Terrorist Financing has carried on with its task of studying and proposing legislative reforms, and consequently of improving our internal rules through assimilation of the international standards.

In this way, exclusively with respect to the measures of action proposed by Moneyval -and here it may be recalled that in the period 2013, a large part of the reforms were due to the signing of the Monetary Agreement-, we have materialized the following measures:

1. By the Law 4/2014 of 27 March (BOPA no. 26, year 26, dated 23 April 2014), we have provided and amended the articles of the Law on international penal cooperation and on the fight against the laundering of money or proceeds from international crime and against terrorist financing, of 29 December 2000 (LCPI), relating to Special Recommendation III on terrorist financing, namely:

Article 1, which creates "Chapter Six. *Instruments for the fight against terrorist financing and weapons of mass destruction*", Articles 67 to 79 of the Law.

Article 2, on amendment of Article 58 by which infringements are classified as very serious, serious and minor.

Article 3, with respect to the amendment of Article 59, relating to minor infringements.

Specifically, in the first case, various measures are established for the prevention of, fight against and suppression of terrorism and its financing and for the prevention and disruption of the proliferation of weapons of mass destruction and their financing. These are especially restrictive measures, including the freeze of terrorist assets.

In the two remaining cases, specific technical adjustments are made with respect to the sanctioning regime, until we can further develop this power of the Unit in the near future.

The implementation of this Law and its entry into force have entailed the constitution and start-up of the Standing Committee on Prevention of and Fight against Terrorism and its Financing and Proliferation of Weapons of Mass Destruction and their Financing -Articles 67 et seq. of the LCPI-, which has met for the pertinent effects on two occasions, on 25 July and 31 October.

2. The second important amendment of the LCPI deals with the legal status of the Financial Intelligence Unit, seeking to adopt parameters which will accredit even more this body's independent character and provide a greater functional autonomy of its work regime, particularly with respect to the regulatory nominative framework of the appointment and removal of the head and the personnel of the Unit.

It is also envisaged to give the Unit a new acronym, under the denomination UIFAND, in order to assimilate it to other international counterparts and to constitute it as a reference.

This Bill of law on amendment of the LCPI entered the Andorran Parliament for parliamentary discussion in the middle of October 2014, and it is expected to be approved in the first half of January of 2015.

With the previously mentioned and presented amendments -see the activities reports of the years 2012 and 2013-, and with the latest novelties, the improvement of our legislation in matters of prevention and repression of money laundering is quite considerable and significant, but not definitive.

I say this because, with respect to the oft-repeated 5th Evaluation, it will be unavoidably necessary to modify our legal texts as may be required, either due to the loose ends - which have by now been identified- remaining to be tied or due to the new applicable FATF Recommendations and the National Risk Assessment which will soon begin and which will lead to conclusions that will have to be taken into consideration.

With respect to this study, and in accordance with the new recommendations of the Financial Action Task Force (FATF), approved in February of 2012, and the subsequent approval of the new applicable methodology in February of 2013, the States need to identify, evaluate and understand the risk of money laundering and of terrorist financing which they face within their respective territories.

The primary tool for carrying out the aforementioned task is to perform a National Risk Assessment, which allows the identification of the threats and the vulnerabilities of the various countries' systems of prevention and suppression, as well as the consequences derived from them. The purpose of all this is to develop a plan of action to mitigate and respond to the possible risks detected or tangible insufficiencies.

In this respect, the new **FATF Recommendation 1** provides that: "Countries should identify, assess and understand the money laundering and terrorist financing risks for the country, should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources aimed at ensuring the risks are mitigated effectively ...", and which also provides that "countries should require financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action to mitigate their money laundering and terrorist financing risks".

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This demand is taken up again in Article 7 of Directive 2015/849 relating to the use of the financial system for purposes of money laundering and terrorist financing.

Article 8 of the Directive adds and specifies that the member States shall ensure the start-up by reporting professionals of a risk assessment study taking into account, among other aspects, risk factors such as the nature of their clientele, geographic criteria, the object and nature of services, products and transactions, and distribution channels.

Likewise, the **application methodology** specifies the concepts and methodology of the national assessment of risks of money laundering and terrorist financing. A risk assessment is not an evaluation of deficiency but rather it is primarily a process aimed to identify, study and understand these risks in order to foresee them more effectively.

A risk is the result of the combination of three factors: a threat, a vulnerability and its potential consequences. Any person, group of persons or activity susceptible to cause

harm to society and/or to the economic and financial system forms a potential risk. A knowledge of the setting in which the crimes underlying money laundering are committed, is essential within this context of analysis of measures.

The notion of vulnerability encompasses any element (device, product, transaction, practice...) or situation susceptible to be used for purposes of money laundering.

In short, the demand to carry out the national risk assessment forms the backbone of the next round of assessments, on the basis of which the study and adaptation of the rest of the recommendations will pivot.

In the last quarter of 2013, in order to have on hand the necessary primary information and technical advice, the FIU established contacts with international bodies for the purpose of developing and setting up the study as soon as possible, above all taking into consideration that it is estimated that the average duration of the process of performing the study is around 12-18 months.

More specifically, members of the FIU took part in various meetings with the World Bank and/or with other jurisdictions of characteristics similar to ours, aiming to define a tool for carrying out the NRA. The first of these meetings was held in Liechtenstein on 1-2 October 2013; the second was held, taking advantage of the holding of the 43rd MONEYVAL Plenary Meeting on 13 December 2013; while the third took place in London on 9 April 2014.

The Andorran Government was informed of the content of these meetings for the pertinent effects.

It should also be pointed out that the completion and drafting of the NRA does not suffice to comply with FATF Recommendation 1 since the effectiveness of the study is also required. This translates into the implementation of a plan of action designed on the basis of the conclusions of the NRA. Likewise, the design and performance of this plan will require a period of time which cannot be determined until the NRA is finished.

It should additionally be recalled that the important cooperation of the public and private spheres and bodies within the national framework will also be indispensable for the performance of an objective and realistic national risk assessment that, far from being a propaganda element or a mere formality, should prove to be a useful tool with which to orient the action of the State in matters of AML/CFT.

Moreover, and we now begin to consider specifically the work carried out by the various areas forming the Unit, it should be said that:

With respect to the [operational area](#), bearing in mind the constant concern to endow the Financial Intelligence Unit with the necessary human means and the fact that it has been equipped since the month of June of 2013 with its complete working team according to the plans in place since 2012, the work carried out in the period of 2014 is presented through the statistics which we will be seeing further on, although it may be said here that there has been a constant increase in the figures of all items. These figures are especially significant with respect to the files handled for foreign investment, the number of files opened for Suspicious Transaction Reports, the number of matters treated with other bodies of the General Administration within the framework of national cooperation and, lastly, the number of requests received from foreign counterparts for international cooperation and similar requests sent by the Andorran Unit to its counterparts.

In relation to the [supervision and control area](#), following up the actions that had been previously started and now possessing the necessary knowledge of the overall set of non-financial reporting entities which operate in Andorra -all those forming the non-financial businesses and professions designated by law-, at the beginning of the year a programme was established to carry out quarterly on-site inspections of all the reporting entities in order to verify how they apply the rules in their professional activity.

We discuss this area more extensively in Section 4 of this report.

The [legal area](#), for its part, provides the legal support and advice required for a large portion of the activity carried out by the FIU.

Indeed, its important role makes it a key part of the Unit. This is not only because of its constant contributions to the Commission which studies and proposes the legislative reforms that are later implemented, but also because it drafts internal legal reports, prepares studies of the broad and varied international rules in force and of those new rules which are constantly appearing, participates decisively in evaluation, forming part of the Andorran delegation at the plenary meetings of Moneyval and other international bodies, and lastly, prepares and follows up the training programmes which it holds on a regular basis.

Further information is also provided on training in Section 4.

Additionally, with respect to [other activities carried out by the Unit](#) in the period under consideration, [within the national framework](#) meetings have been held with representatives of various public and private spheres and with the persons in charge of various bodies of the Public Administration.

Within [the international framework](#), we have been present at all the Moneyval Plenary Meetings held at the Council of Europe headquarters in Strasbourg and specifically at the Plenary Meeting no. 44 between 31 March and 4 April; at the Plenary Meeting no. 45 between 15 and 19 September; and at the Plenary Meeting no. 46 between 8 and 12 December.

Of special note was the Plenary Meeting of April at which we presented, on 31 March 2014, the first follow-up report of the 4th cycle of evaluations, which was studied and discussed by the Plenary Meeting and finally adopted with a mention by the president of Moneyval of the good job carried out by Andorra.



This report, which formed the basis of our presentation, contained an introduction that confirmed, as a priority and an unequivocal will, the commitment of the Andorran Authorities to continue adjusting and adapting our system for the fight against money laundering to international standards, and it also contained an exhaustive summary the principal legislative novelties, namely:

· Amendments of the LCPI:

1. Law no. 04/2014, of 27 March 2014, which introduces restrictive measures on the terrorist lists of S.R. III.
2. Law no. 20/2013, of 10 October 2013, which introduces the recommendations derived from the 4th evaluation and applies the Community legal instruments relating to Block I of the Monetary Agreement.

· Amendments of the Regulations of the LCPI:

1. Decree of 20 November 2013 which deploys the aforementioned amendments.

· Modifications of the Penal Code:

1. Qualified Law no. 18/2013, of 10 October 2013, which introduces the recommendations of Moneyval with respect to the legal classification of money laundering.
2. Qualified Law no. 18/2012, which introduces, among other changes, in accordance with the Moneyval recommendations, the classification of the crime of terrorist financing.

· Amendments of the Code of Criminal Procedure:

1. Qualified Law no. 19/2013, of 10 October 2013, basically with respect to the creation of the Police Assets Recovery Office (ORA) and of the Judicial Assets Management Office (OGA).
2. Qualified Law 19/2012, of 11 October 2012, which refers to the various amendments of procedural nature.

· Amendments of the Law on foreign investments and their application regime:

1. Decree of 28 August 2012 on foreign investments in the Principality of Andorra.
2. Law 10/2012, of 21 June 2012, regulating foreign investments in the Principality of Andorra and the authorization process.

· Other pertinent legislative amendments:

1. Law no. 28/2013, of 19 December 2013, providing additional measures for purposes of permanent identification of the effective beneficiary of businesses, and a specific sanctioning regime.
2. Decree of 20 November 2013, specifying the obligation to declare cash moneys in

cross-border transport.

Lastly, a presentation was made, on the one hand, of the bills of law that were under preparation through the Standing Committee on Prevention of Money Laundering and Terrorist Financing (CPP), with a view to including various criteria suggested in the evaluation report, such as revising the legal status of the FIU and the sanctioning regime; likewise presenting, on the other hand, the initial work involved in the preparation of the National Risk Assessment.

Following the rules of procedure, after this first report there will be a second follow-up report, which will also be presented at the first plenary meeting of 2015, in March or April. This report should provide, within the overall set of reforms that have been presented, the Principality of Andorra's exit from this biennial process.

We also attended the **Seventh Conference of States Parties to the United Nations Convention against Transnational Organized Crime (UNTOC)**, held in Vienna from 6 to 10 October 2014.



Andorra took part for the second time in the Conference as a State Party after ratifying the United Nations Convention against Transnational Organized Crime (UNTOC) on 22

September 2011.

The Andorran delegation was formed by Mr. Carles Fiñana, head of the Financial Intelligence Unit (FIU), in his quality as head of the delegation, who followed the conference as a whole; and Ms. Marta Salvat, member of the Andorran Standing Mission to the United Nations Vienna, who followed the working group of open composition on international cooperation.

The Convention forms the principal legal instrument for the fight against transnational organized crime and offers a flexible framework for international and regional cooperation, and for reciprocal extradition and judicial assistance. Moreover, the Convention has three protocols:

- a) The Protocol against the Smuggling of Migrants by Land, Sea and Air.
- b) The Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts, Components and Ammunition.
- c) The Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children.

More specifically, some 800 delegates from 182 States Parties to the Convention and members of civil society took part in the conference.

All the information relating to the Conference may be found at the link:

<http://www.unodc.org/unodc/en/treaties/CTOC/CTOC-COP-session7.html>

For easy reference, in Annex 1 of this document see the reports of the rapporteurs which give a general description of what happened at the meeting.

The purpose of the Conference is to review the progress made since 2012 in the working groups organized on the basis of the Convention and its protocols.

These groups include:

- a) Working Group on Illegal Workers.
- b) Working Group on Firearms.
- c) Working Group on International Cooperation.
- d) Working Group on Technical Assistance.
- e) Working Group to study the establishment of a review mechanism for the application of the Convention and its protocols. It should be pointed out that this working group met for the last time in January of 2012.

Consequently, the results of the UNTOC conference take shape in the adoption of four resolutions (attached here in Annex 2), based on the progress and the recommendations of the aforementioned working groups in the last two years.

It may be noted that the resolution on the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts, Components and Ammunition includes the discussions that took place in the working groups listed above in points a and b.

Moreover, mention should be made of the fact that the most problematic resolution has been that of point e, on the establishment of a review mechanism for the application of the Convention and its protocols. Just as in 2012, a consensus on its creation has not been reached this year either. The mechanism would be similar to the existing one derived from the Convention against Corruption (UNCAC). It would consequently consist of reviewing the way the States apply the Convention in a five-year cycle and it was sought to provide that two countries could evaluate a third country and the latter would have to answer the self-assessment checklist and allow experts from the other two countries to visit it.

The divergences, however, lie in how the mechanism would be financed (through voluntary contributions versus unified budget), in whether a mechanism or a working group should be established, and in the role of the NGOs in the review mechanism.

Finally, it was resolved to create a working group to strengthen the application of UNTOC and its protocols. To this end, the group will focus on studying options and making specific recommendations for the establishment of a mechanism or mechanisms for reviewing the application, and in particular it will focus on the preparation of terms of reference for the possible establishment of the mechanism and on the role of the NGOs in the review. The group will meet on specific occasions in the course of 2015 and 2016 in order to present its recommendations at the eighth Conference of States Parties, planned for October of 2016. The working group will be financed by the part of the unified budget granted to UNTOC for the operation of the already established working groups.

Our attendance in the experts area of the Conference has been valued positively since many topics of interest to Andorra were dealt with there.

We followed all the plenary meetings and Mr. Carles Fiñana gave a talk under Point 4 of the Conference, dealing with the topic of international cooperation and in particular with extradition, reciprocal judicial assistance and international cooperation in forfeitures, and the establishment and strengthening of the central authorities.

The talk emphasized Andorra's commitment to the fight against organized crime and its consequences, and particularly against money laundering. The importance of international cooperation was underscored, it was pointed out that Andorra is a cooperating State, and mention was made of the agreement signed between Andorra and the USA on 14 February 2013 on the forfeiture of the instruments and proceeds of crime. Information was also provided on the progress achieved in recent years with respect to the legislative framework and the rules in force in Andorra for the application of the Convention and other international agreements.



Additionally, Ms. Marta Salvat took part in the working group on international cooperation.



Likewise, we were given various documents, which may be found at the link:

http://www.unodc.org/unodc/en/organized-crime/tools-andpublications.html#International_cooperation_tools

and specifically with respect to the manuals, guides and compendiums which may be of interest to the Ministry of Justice and Interior and to the FIU itself. Among others, the following should be pointed out:

- Compendium of cases of transnational organized crime.
- Programme for the drafting of requests for reciprocal judicial assistance.
- Manual on reciprocal judicial assistance and extradition.
- Manual on international cooperation on seizure of the proceeds of crime.
- Directory of competent national authorities.

With respect to the protocols of the United Nations Convention against Transnational Organized Crime, although Andorra has ratified the Convention, it has neither signed nor ratified its protocols, which were opened for signing between the years 2000 and 2001.

It should be pointed out that our neighbours Spain and France, as well as the small States (Monaco, San Marino and Liechtenstein), have signed and ratified the Protocol against the Smuggling of Migrants by Land, Sea and Air (140 States have ratified it) and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (163 States have ratified it).

With respect to the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, their Parts, Components and Ammunition, it has only been ratified, among the aforementioned group, by Spain and Liechtenstein (111 States have ratified it). It should also be mentioned that this Protocol is interconnected with the Arms Trade Treaty (ATT). Consequently, in the event that it is wished to ratify the latter, work could be carried out in parallel for the ratification of both protocols, considering their identical subject matter.

Subsequent to the foregoing, the following remarks are necessary:

1. These protocols are not problematic for Andorra in terms of either their subject matter or the obligations derived from them.
2. Their ratification would mark one more step in Andorra's commitment to fight transnational organized crime, providing support to the legal framework established by the UN.

Lastly, we were present at the 22nd Annual Congress of the **Egmont** group, held in Lima, Peru between 1 and 6 June.

The delegation of the Financial Intelligence Unit was formed by Mr. Carles Fiñana, head of the FIU and of the delegation, who attended the various sessions of the plenary meeting, the session exclusively for FIU directors and the meeting of FIU directors of the Europe Group; and by the members of the Unit Messrs. Borja Aguado and Jordi Borges, who took part in the various working groups for which they were registered, that is to say, respectively, the legal group and the operation group.



At the meeting of directors of the Europe area, special emphasis was placed on the problem posed by certain countries, like Iceland and Turkey, which belong neither to the European Union nor to FATF. In this respect, the possibility was envisaged of rearranging the jurisdictions between two groups: either forming a Europe I group for FATF members and a second group, Europe II, for the rest, or considering countries according to whether or not they belong to the European Union.



The Plenary Meeting began with an initial closed-door meeting for directors of Intelligence Units alone, in which representatives of FATF, the World Bank and the United Nations alternately presented the serious current situation worldwide, which translates into a highly significant increase in the trafficking of toxic drugs and in money laundering, despite the rules and the policies applied to mitigate these problems.

Indeed, the current situation shows that the black economy is a latent reality that translates into the fact that between 30 and 40 billion dollars lie concealed outside the system, and that each year trillions of dollars escape from the less developed countries to finance illegal activities around the world, for example: corruption (5%), criminal activity of all types (35%) and tax evasion (60%).

This whole set of negative factors resulting from the capitalist system created in the 1940s, with sharp rises in the 1960s due to the declarations of independence of 46 countries in the world, and in the 1980s with the utilization of the system established by the drug traffickers, finally led to a complete failure that became perceptible in recent years.

For this reason, as from the 1990s a turning point arose with the creation of the Intelligence Units, aimed to structure a strategic financial analysis of each country that entailed real progress towards changing the financial system that acted in hiding, through four elements of improvement, namely:

1. the inclusion of all the underlying crimes in the internal legislations,
2. the change of internal legislation, with two lists of offences against property, one national and the other international,
3. the G-20 undertook the commitment to automatically exchange financial information,
4. the political will to start up a global movement to request a knowledge of the properties and assets of people, in the sense of eliminating secrecy.

The second session, with open doors, was devoted primarily to the new strategic plan 2014-2017, designed at the previous meeting in South Africa in June of 2013, which entailed various working meetings: in Doha at the end of 2013, and in Budapest and in Paris in February and April of 2014, respectively.

This plan seeks to improve the communications between Intelligence Units through better practices, to achieve a knowledge of the sectors which have shared interests, to coordinate the working capacity of each one, and to carry out a more extensive and better follow-up of communications.

The final conclusions which will soon be implemented pivot around two key areas: the first involves the improvement of information between Intelligence Units (KRA 1), and second deals with facilitating adherence to uniform international rules (KRA 2).

The third and last session was devoted to the FATF countries currently in the process of the 4th evaluation, and representatives of each of these countries -Norway, Australia, Spain and Belgium- presented their experiences over the course of the National Risk Assessment.

I would like to briefly mention the case of the Kingdom of Spain which, it should be noted, passed this evaluation with flying colours in October of 2014. Its representative focused the work carried out on the following aspects:

1. coordination: a necessity between the Intelligence Unit and the rest of the institutions involved, and a commitment of all to consider the interest of the country and not proven matters.
2. the importance of the results: conflicts of interests should be overcome and contradictions between the reporting entities should be avoided.
3. strategy: self-complacent language should be avoided; the working methodology should be strict with respect to what is demanded; and a manageable and understandable document should be drafted.
4. effectiveness: the format and presentation are of key importance, and the data and statistics (relevant, comparable and coherent), which form the basis of the comments, should be understood and be supported with specific examples.
5. other significant points: the same contact person should always be maintained; meetings should be held in one same place; the number of participants should be that which is strictly sufficient; interpretations should be avoided; long PowerPoint presentations should not be made; successful cases that demonstrate that the system works should be presented; and cases of failures and the solutions found for them should be highlighted.



UIFAND took part in the Legal Working Group through Mr. Borja Aguado. This group met in two-day sessions and its principal conclusions were the following:

- Revision of the Memorandum of Understanding (MoU) model: a new MoU model was developed in accordance with the new Egmont standards, based on their latest update, and it is available to all the Egmont members for use within the framework of bilateral agreements. This document includes new compulsory elements on the character of the financial intelligence units and their international cooperation.
- The LWG's opinion on international cooperation: a legal opinion was adopted with respect to the treatment of the information requirements of foreign Intelligence Units. It was resolved that the standard would consider that the FIUs have to be able to access all the necessary information under the same conditions as in the case of internal investigations. Obviously, the confidentiality of the exchanged information and of the case under study must be guaranteed and ensured at all times. In this way, the adopted legal opinion will be equated with the new FATF recommendations.
- With respect to the implementation of the revised Egmont standards: a study on the legal challenges faced by the Intelligence Units in relation to the implementation of the revised Egmont standards was presented and extensively discussed. The end result was that the Legal Working Group resolved to use the results of the study to identify the areas in which legal assistance or clarification could be required, finally including this matter among the issues to be considered in the future.

The Operational Working Group was attended by Mr. Jordi Borges. It held a one-day session, reaching the following conclusions:

- In the first part of the seminar, Christian Squalli (FIU Sweden) explained the new payment methods, underscoring the potential risks from the Swedish standpoint. Mr. Squalli illustrated the rapid growth of the supply and use of products and services based on e-money (electronic money), and a discussion was held on the increase in the use of virtual currencies and on how these new technologies and payment means can offer new opportunities for money laundering and other financial crimes.
- In the second part, Kirk Meyer (GE Capital) presented the transfer systems of informal securities, such as *hawalas*, explaining how they pose a risk of terrorist financing and how these informal systems interact with the formal financial system. He then went on to give his opinion -from the standpoint of a financial institution- of how modern financial institutions develop and implement programmes, training and technological information systems to identify and to protect themselves against money laundering and terrorist financing which may appear through the intersection between the formal and informal systems of transferring securities.



We may conclude this section by mentioning that on this occasion we signed a memorandum of understanding between the Principality of Andorra and Russia.



3.- STATISTICS of the year 2014 and COMPARISON with 2013

Now, as usual, we present graphs on each of the sections listed in the Contents.

Once again, these data reflect the Unit's activity in the various areas in which it works. There is a significant increase in all items except for two (the number of requests under national and international cooperation and the number of files in the course of investigation).

Both these items are of relative significance, however, since in the case of the first, the data are the result of the need or suitability considered to exist by internal bodies or external jurisdictions with respect to making requests to our Unit, and in the case of the second, it is simply the result of the greater number of files that have been added to those which were already in the process of investigation.

With respect to the remaining items, there has been, as mentioned, a quite significant overall increase and a highly significant increase in terms of files initiated *ex officio*.

BALANCE OF THE WORK GENERATED AND CARRIED OUT AT THE FIU - YEAR 2013 -			WORK GENERATED AND CARRIED OUT AT THE FIU - YEAR 2014 -		Evolution %	
Item	Number	Remarks	Number	Remarks		
STRs received	31	-	36	-	16.13%	
Files at FIU initiative	8	-	18	-	125%	
National cooperation	9	4 Government 3 INAF 1 Justice 1 Police	7	6 INAF 1 Register of Companies	-22.22%	
Register of Companies	802	20 unfavourable 532- Direct investment (Companies) 270- Real estate investment	1022	20 unfavourable 701- Direct investment (Companies) 321- Real estate investment	27.43%	
International cooperation (FIUs)	26	Received and answered	22	Received and answered	-15,38%	
Volume of work generated:	876	-	1105	-	26.14%	
Files forwarded to the Attorney General's Office ^(*)	18	1 from 2011 5 from 2012 12 from 2013	25	1 from 2012 2 from 2013 22 from 2014	38.89%	
Shelved files dismissed ^(*)	866	-	1078	-	24.48%	
Volume of work carried out	884	-	1103	-	24.77%	
Files under investigation	20	1 from 2008 2 from 2011 8 from 2012 9 from 2013	20	2 from 2011 3 from 2012 5 from 2013 12 from 2014	10%	
Investigated persons (natural and legal)	3478	2414 natural 1064 legal	4372	3205 natural 1167 legal	25.70%	
Freeze of transactions from the FIU	3	497,673.58 €	0	- €		
Value of files forwarded to the Attorney General's Office with possibility of judicial seizure ^(*)	8	17,524,726.46 €	18	6,183,860.31€		
TOTAL VALUE		17,524,726.46 €		6,183,860.31€	-	

Closed on 01.01.2015

(*)Error corrected with respect to the entry in the Report of the year 2013. It should read as follows:

General Attorney's Office: + 2 files (Year 2012)

Dismissed: - 2 files

The error observed affects neither the number nor the values of the files forwarded to the Attorney General's Office with possibility of judicial seizure.

a. Suspicious Transaction Reports

Rather than to go into detail about the data presented here, I would prefer to point out how significant it is for an FIU to present a Suspicious Transaction Report so that, through the notice, information or data item provided, suitable operational and strategic decisions can be taken.

A large part of the success and overall effectiveness of any system and, consequently, of ours as well, depends on the timely transmission, by the reporting entities, of quality financial transaction reports.

Accordingly, these Suspicious Transaction Reports are essential to our job of preventing money laundering and they are the most effective way for businesses to contribute to the security of the system and to the integrity of the Andorran financial system.

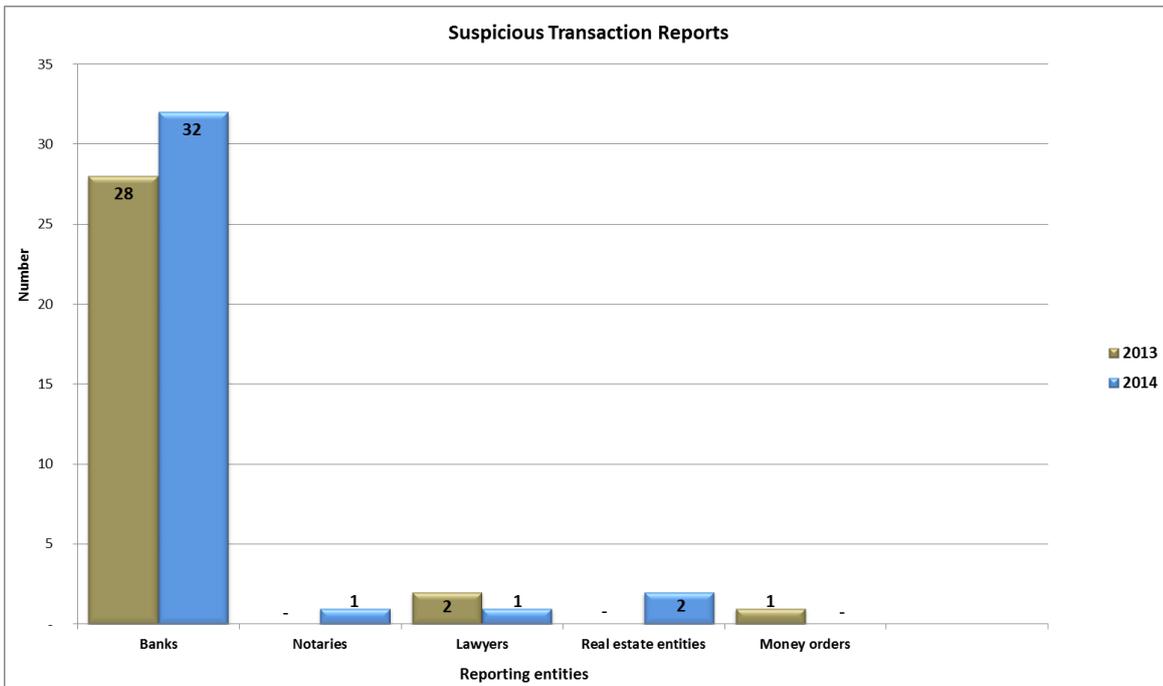
Our response capacity necessarily depends, among other factors, on the compliance of the businesses forming Andorra's socio-economic fabric with their legally established obligations and specifically with the requirement to report suspicious transactions.

The data which are gathered through these reports provide the essential force required to carry out our study of each case, allowing us, moreover, to detect financial transactions for the purpose of surveys and the study of money laundering and terrorist financing.

It is true and only fair to say that we have observed tangible progress in recent years with respect to Suspicious Transaction Reports. The improvement in the quality of information and the speed with which this information is transmitted to us, strengthen our capacity to provide a better and quicker response.

In short, it is necessary for all of us to make a joint effort to achieve a fair balance between reliability, completeness and timeliness in Suspicious Transaction Reports.

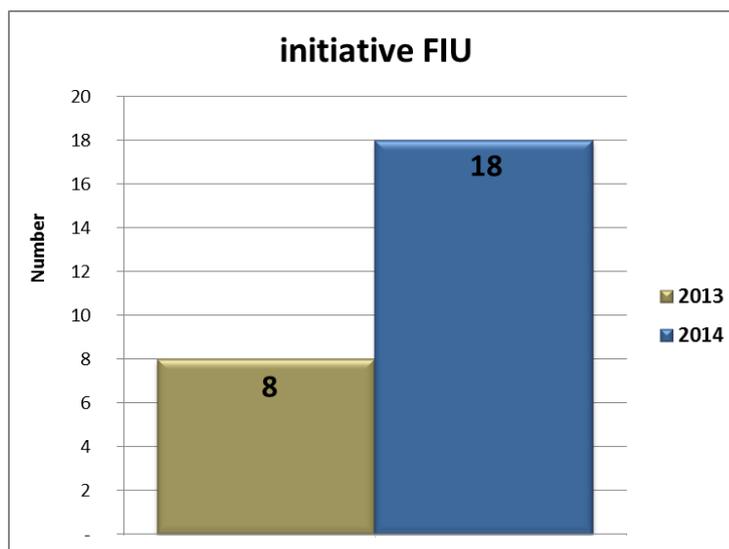
	STRs	
	2013	2014
Banks	28	32
Notaries	-	1
Lawyers	2	1
Real estate entities	-	2
Money orders	1	-
TOTAL	31	36



b. Initiative of the Intelligence Unit

As may be observed, 18 new files have been opened in the year 2014 at the initiative of the Unit. This number is considerably higher than in the previous year and it reflects, in our opinion, the need to proceed with the pertinent matters.

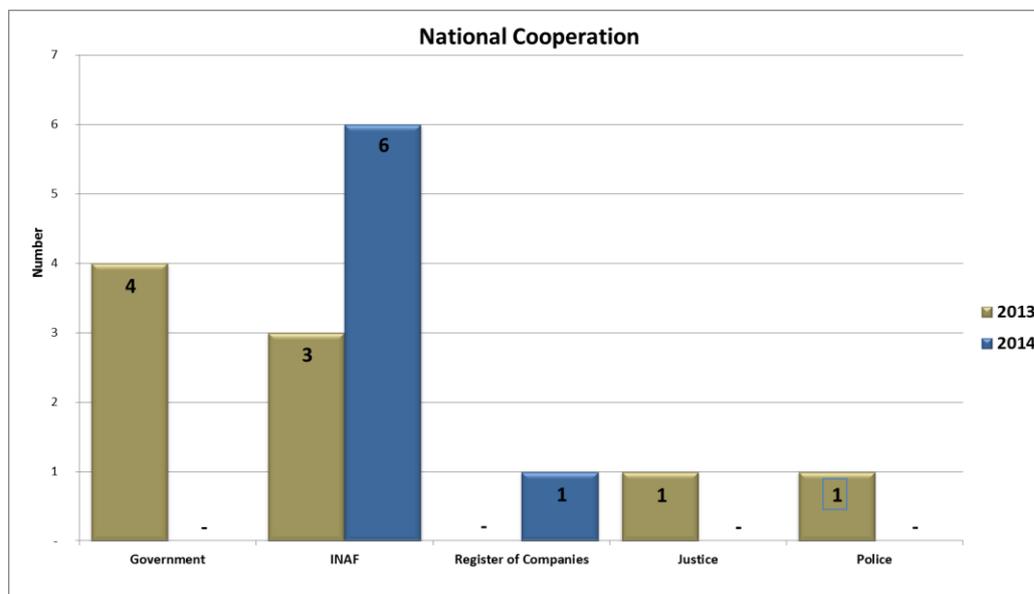
	FIU	
	2013	2014
	8	18
TOTAL	8	18



c. National cooperation

This is one of the items which has diminished perceptibly overall, although there has been an ostensible increase in the case of some national bodies, such as INAF.

	NATIONAL COOPERATION	
	2013	2014
Government	4	-
INAF	3	6
Register of Companies	-	1
Justice	1	-
Police	1	-
TOTAL	9	7



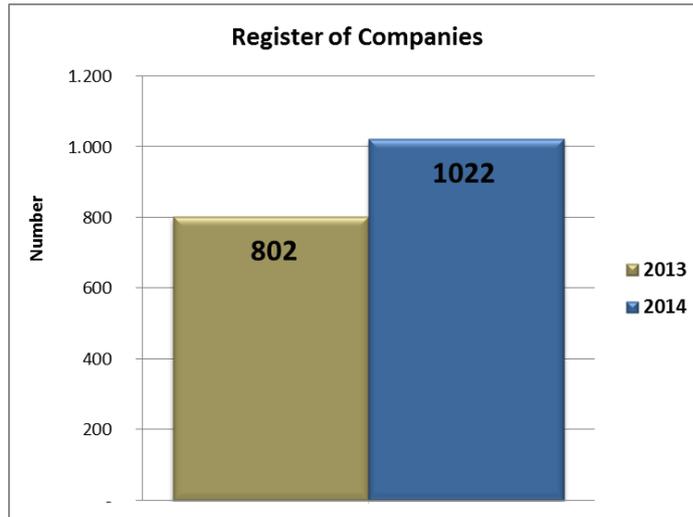
d. Register of Companies

In this section, there is a continued increase in requests for foreign investment forwarded to the Unit, following the trend of recent years.

The same comments made in last year's Report apply here: in short, a good figure has been achieved.

	REGISTER OF COMPANIES	
	2013	2014
	802	1022

TOTAL	802	1022
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e. International cooperation

The second most important item that has diminished in volume involves the requests from our counterparts abroad, with respect to those issued by our Unit.

It should be pointed out, however, that the average response time has dropped from an average of 33.75 days in 2013 to 25.23 days in the present year.

In any case, both figures are very good and much lower than the international average.

	International cooperation	
	2013	2014
FIUs to FIU Andorra	26	22
FIU Andorra to FIUs	12	11
TOTAL	38	33



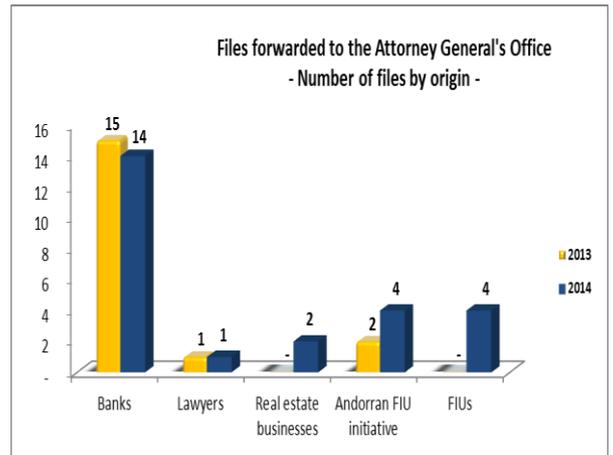
International cooperation by countries – Year 2014						
Requesting countries (FIUs to FIU Andorra)	Number of requests	Response time (days)				
Spain	5	12	16	19	22	17
U.S.A.	2	29	56			
Argentina	1	35				
Bahrain	1	22				
Bosnia and Herzegovina	1	29				
Brazil	1	25				
Denmark	1	2				
Finland	1	16				
France	1	53				
Gibraltar	1	8				
Kyrgyzstan	1	135				
Nigeria	1	15				
Republic of Korea	1	4				
Sri Lanka	1	8				
Switzerland	1	7				
Ukraine	1	14				
Cyprus	1	11				
Total	22	Average: 25.23 days				

INTERNATIONAL COOPERATION BY COUNTRIES - Year 2014	
Requested countries (FIU Andorra to FIUs)	Number of requests
Spain	4
Canada	1
France	1
Netherlands	1
Israel	1
Latvia	1
Sweden	1
Cyprus	1
Total:	11

f. Files forwarded to the Attorney General's Office

This table is presented here for the first time, although the item of data concerned has appeared in previous reports. It covers not only the total number of forwarded files but also the partial origin of the files. The Suspicious Transaction Reports submitted by the financial sector are significant in this respect, as usual.

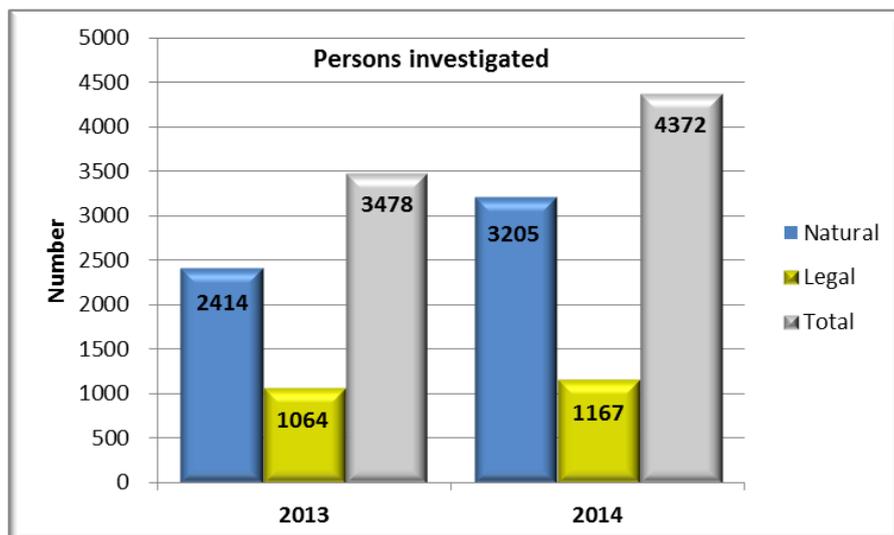
Files forwarded to the Attorney General's Office - Number of files by origin -		
	2013	2014
Banks	13	14
Lawyers	2	1
Real estate entities	-	2
Andorran FIU initiative	2	4
FIUs	1	4
Total	18	25



g. Investigated persons

These data are directly linked to and derived from the foregoing data.

	Persons investigated	
	2013	2014
Natural	2414	3205
Legal	1064	1167
Total	3478	4372



4.- OTHER FIU DATA

Just as has been previously mentioned, in this section we will take a closer look at two of the functions carried out at the FIU which have undergone a very large increase of activity in the period under study.

The first of these is training, which is closely tied to the legal area, while the second is the implementation of the work in the supervision and control area, just as we have previously mentioned.

a. Training

Training is always a fundamental tool for making our organization known and for communicating our purpose, the reason behind the necessary cooperation between all concerned and, in short, the obligations which bind us all, to the people, institutions, associations, professional groups and all other parties which are connected in one way or another with the field of prevention and suppression of money laundering.

For this reason and more than ever, just as will be seen, a series of seminars and conferences which will be listed further on was held in 2014. Our intention is to continue this programme in the future and to expand it as much as possible.

I would like to insist on the fact that this is not just one more of the tasks entrusted to the FIU through its specific Law, but rather it is a fundamental activity addressed to transmitting the necessary knowledge about their obligations to the reporting entities, and to raising the awareness of the system with respect to a matter which I would qualify as strategic in the interests of all.

We are convinced that, thanks to this activity of awareness-raising and of disseminating information, we can achieve greater and more important benefits and reach higher levels of compliance with respect to providing instruction about the system and to strengthening its support.

This approximation is essential to establish relations and a climate of trust with the reporting entities and the country as a whole.

Consequently, in conjunction with the legal area and the supervision and control area, at the beginning of the year a training programme was deployed that is conceived to be held on a half-yearly basis for all the reporting entities. It will include both the applicable rules and the legislative novelties which arise, as well as all the specific information required for each entity.

2014	TRAINING PROVIDED				
	Educational action	Date	Addressees	Attendance	
				Course	Year
	Seminar on prevention of money laundering, organized by the Andorran Lawyers Association	May 2014	Economists	30	137
	Seminar on the declaration of transborder transport of cash, practical and legal issues	June 2014	Customs Corps	20	
	Course on prevention of money laundering and terrorist financing	Nov. 2014	Non-banking financial entities Economist, auditors and tax advisers	25 62	

As may be observed in the table, three training programmes were held by members of the FIU: the first in the month of May, facilitated by the Andorran Lawyers Association and addressed to economists, with the attendance of 30 people; the second in June, addressed exclusively to the Customs Corps, with the participation of 20 members holding various degrees of responsibility; and the third in November, addressed on the one hand to the non-banking financial entities, with a participation of 25 people, and on the other hand to economists, auditors and tax advisers, with the attendance of 62 professionals of that field.

These figures give a total of 137 people in attendance at these courses and seminars. Lastly, it should be pointed out that these training programmes dealt with the following subject matter:

The first training programme included two presentations, one relating to the general situation of the prevention of money laundering in Andorra and the other, of legal character, was entitled "The Role of the FIU".

The second programme, which took place in two sessions of three hours each, dealt with the new regulatory framework relating to the transborder transport of cash and the obligations which this change implies in the framework of the regulation of Customs activity.

In order to deal with these matters, the training was structured in two presentations, the first dealing with "the general phenomenon of money laundering", and the second concerning "Customs requirements, the new obligation to declare moneys, and money laundering".

The third and last programme was presented in a total of four sessions of three hours each. The purpose of the course was to describe and study the obligations in matters of AML/CFT which are to be met by reporting entities.

The subject matter of this course was specifically adapted to its aforementioned addressees.





This notable increase in training activity has moreover been useful inasmuch as different matters which concerned the various sectors were brought up, and it was also observed that this effort of raising awareness and of sensitization has led to an increase in the number of Suspicious Transaction Reports submitted to the FIU.

In 2015 we intend to carry on with this work and to devote both staff resources involving the members of the FIU and material resources with the addition of the legislative novelties to the subject matter of the training programmes, in order to maintain a suitable level of information. It may be mentioned that these programmes have been very positively received and valued by the participating professionals.

With the same interest and the need to learn and to adapt to the constant novelties arising, members of the FIU have also taken part in seminars and training programmes held by third parties.

TRAINING RECEIVED		
Educational action	Date	
2014	Course on prevention of money laundering, organized by the High Council of Justice	January 2014
	Update seminar on money laundering, organized by the Andorran Lawyers Association	February 2014
	1st International Conference on Money Laundering, organized by the University of Barcelona	June 2014
	Moneyval training workshop for mutual evaluation assessors (5th round), organized by Moneyval	November 2014

In this case, it is of the greatest interest for us to participate in all the training or educational actions held by third parties in order to go about expanding our knowledge, which we apply to our daily work and which we will in turn provide to the reporting entities.

Specifically, as may be seen from the table, members of the FIU have taken part in 2014 in four training programmes held both at home in Andorra and abroad, namely:

The first, organized by the High Council of Justice, was held on 30 and 31 January at the University of Andorra. Personnel from the Judiciary, the Police Service and various Ministries also attended.

The second, organized by the Lawyers Association, was held on 14 February.

The third, organized by the Faculty of Law of the University of Barcelona, was held on 16 and 17 June, with presentations by prominent Catalan and Spanish professors, professors emeritus and public prosecutors.

The fourth and last programme, held by Moneyval in Strasbourg between 3 and 7 November, dealt with the study and application by evaluators of the new FATF rules.

Aside from this, we were invited to participate, together with other eminent speakers, jurists and professionals in this field, in international conferences mainly addressed to persons professionally connected with the fight against money laundering, and to university graduates working on their master's degree. These events comprised:

1. "1st Conference on Economic Crime and Tax Fraud", organized by the National Police Corps of Lleida and held on 10 and 11 February, with the presentation: "International Financial Centres and Money Laundering".
2. "International Conference on Organized Crime", held at the Law University of Bucharest on 24 April, with the presentation: "Organized Crime and the Bank System".
3. "International Conference on Organized Crime", held at the University of Law and Social Sciences of Galati (Romania) on 21 October, with the presentation: "The Bank System and Tax Havens".

b. Supervision and control

The supervision and control of reporting entities and, in the end, of the overall economic, social and financial system of Andorra, is by definition and by the need to have a sufficient knowledge of it, a key aspect of the FIU.

For this reason, in 2014, after the actions undertaken in previous periods which provided the necessary data on the overall set of financial reporting entities and non-financial reporting entities operating in Andorra -all those forming the non-financial businesses and professions designated by law-. a programme was also put in place at the beginning of the year for the purpose of carrying out quarterly on-site inspections of all the reporting entities in order to verify how the rules are applied in their professional activity.

The inspections have been carried out on an intense and continuous basis over the course of the year 2014, as shown in the following table:

INSPECTIONS PLAN - YEAR 2014

1st Quarter (Jan. - March)		2nd Quarter (April - June)	
Financial Reporting entities (5)	Non-financial reporting entities (15)	Financial reporting entities (0)	Non-financial reporting entities (0)
Banking entities (1) Financial entities(2) Money order entities (1) Insurance companies (1)	Lawyers (5) Real estate entities (5) Accountants/Economists/Auditors (3) Jewellers (2) Notaries (0)		
3rd Quarter (July - Sept.)		4th Quarter (Oct. - Dec.)	
Financial reporting entities (1)	Non-financial reporting entities (6)	Financial reporting entities (3)	Non-financial reporting entities (5)
Banking entities (0) Financial entities (1) Money order entities (0) Insurance companies (0)	Lawyers (2) Real estate entities (2) Accountants/Economists/Auditors (1) Jewellers (1) Notaries (0)	Banking entities (1) Financial entities (1) Money order entities (0) Insurance companies (1)	Lawyers (2) Real estate entities (2) Accountants/Economists/Auditors (1) Jewellers (0) Notaries (0)
TOTAL YEAR 2014			
Financial reporting entities (9)		Non-financial reporting entities (26)	
Banking entities (2) Financial (4) Money order entities (1) Insurance companies (2)		Lawyers (9) Real estate entities (9) Accountants/Economists/Auditors (5) Jewellers (3) Notaries (0)	

This plan of action, as may be seen, also provides the final data of the year, which show that a total of 9 financial reporting entities and 26 non-financial reporting entities have been inspected.

This need to carry out the maximum possible control of financial and non-financial reporting entities is accompanied in the case of the former by another fundamental complementary task, namely, the yearly request, through the requisite Technical Communiqué, of the presentation of the independent external audits, which are studied at the Unit once they are received and the pertinent conclusions are then drawn from them.

It should be pointed out that these reporting entities, by virtue of the provisions of Article 52.1 a of the LCPI, are required to "contract annually an independent external audit for the purpose of verifying compliance with the provisions of this Law and to submit a copy of the report issued to these effects to the FIU".

In the course of the study of the report, a request may be made for further information or for a supplementary audit on any deficiencies detected, which shall be submitted to the FIU within the established time for further study.

Additionally, an informative note is always issued on all audits and transmitted to the interested party. This note includes a summarized report on the overall content of the audit and recommendations on what needs to be revised immediately or what needs to be corrected. Proof shall be provided of the adaptation which is made in the following audit year.

In practice, in the period of 2014 the FIU studied the audit reports of 4 banking groups, 9 non-banking financial entities, 2 money order institutions, and 11 insurance companies which operate in the life insurance branch. Of this total, further information or an audit supplement were requested from 6 banking or non-banking financial entities and 26 informative notes were issued.

In relation to sanctions, three new administrative sanctioning proceedings were opened, all on non-financial reporting entities, specifically including two on practising lawyers and one on a real estate entity. A minor sanction which has already been enforced was applied in the case of the first two, and the dismissal and shelving of the proceedings was ordered in the case of the third.

5.- JUDICIAL DATA

	COURT OF THE FIRST INSTANCE			CRIMINAL LAW COURT				HIGH COURT OF JUSTICE	
Year s	WRITS			Writs and sentences (1st instance)				Writs and sentences	
	Initial cases	Writs of shelving, dismissal or precautionary measures	Indictments	Firm		Under appeal		Firm	
Cases				Persons	Cases	Persons	Cases	Persons	
2013	20	15	2	1	3	2	9	5	12
2014	n/a	15	0	5	3	4	n/a	5	2

YEAR 2014

WRITS OF THE COURT OF THE FIRST INSTANCE

1. DP-110-2/14. Writ dated 16 January 2014 ordering the preventive freeze of various accounts of natural and legal persons, and instructing notaries and financial entities to search for real estate assets belonging to the interested parties.
2. TC-087-3/11. Writ dated 25 February 2014 ordering the lift of preventive seizure.
3. DP-716-2/14. Writ dated 10 March 2014 ordering the control of various accounts, and notifying notaries and financial entities with respect to the assets of the interested parties.
4. DP-1190-3/13. Writ dated 28 March 2014 ordering provisional dismissal.
5. DP-3629/12. Writ dated 31 March 2014 ordering the immediate preventive freeze of various accounts.
6. DP-001-1/08. Writ of 16 April 2014 ordering the provisional dismissal of the pertinent proceedings.
7. DP-3434-4/12. Writ of 23 April 2014 ordering the lift of the precautionary measures of

the preventive freeze and control of money movements of the natural and legal persons concerned.

8. DP-2913-3/12. Writ of 15 May 2014 ordering the provisional dismissal of the pertinent actions.

9. DP-716-2/14. Writ dated 22 May 2014 ordering the immediate preventive freeze of various bank accounts and of the accounts of financial entities, notifying the Chamber of Notaries of the prohibition of alienation of assets.

10. DIMF-20/14. Writ of 11 July 2014 ordering the seizure of the balances of personal accounts or accounts in the name of trustees.

11. DP-1016-3/03. Writ of 14 July 2013 ordering the liquidation of certain specific seized assets.

12. DP-1016-3/03. Writ of 30 July 2014 ordering provisional dismissal.

13. DP-1395-3/14. Writ of 13 October 2014 ordering provisional dismissal.

14. DP-3308-3/09. Writ of 13 October 2014 ordering provisional dismissal.

15. DP-1519-3/09. Writ of 12 December 2014 ordering the provisional dismissal of the pertinent actions and the lift of the freeze and preventive seizure, with return of assets to their title-holders.

DECISIONS OF THE ATTORNEY GENERAL'S OFFICE

1. DIMF-17/13. Decision dated 14 May 2014 ordering the provisional shelving of the investigation proceedings until further evidence appears.

2. DIMF-2/14. Decision dated 8 July 2014 ordering the provisional shelving of the investigation proceedings until further evidence appears.

3. DIMF-35/13. Decision dated 18 September 2014 ordering the provisional shelving of the investigation proceedings until further evidence appears.

4. DIMF-41/13. Decision dated 29 September 2014 ordering the provisional shelving of the investigation proceedings until further evidence appears.

5. DIMF-13/14. Decision dated 27 November 2014 ordering the provisional shelving of the investigation proceedings until further evidence appears.

WRITS AND SENTENCES OF THE HIGH COURT OF JUSTICE

1. DP-3072-5/06. Writ dated 17 March 2014 admitting the pertinent appeal and lifting the precautionary measures.
2. TC-006-4/11. Write dated 27 March 2014 shelving the lodged appeal and granting provisional dismissal, lifting the precautionary measures.
3. TC-009-4/11. Sentence dated 2 April 2014 ruling the conviction of two persons, in contumacy, for criminal responsibility as perpetrators of the serious crime of money laundering through an organized group, to 5 years of imprisonment each (3 years firm and the rest conditional), a fine of 600,000 euros and expulsion from Andorra for a period of 20 years. It also sentences them to the payment of the court costs incurred and orders the forfeiture of the assets and moneys seized.
4. DP-975-5/05. Writ dated 22 April 2014 ordering forfeiture, in favour of the Andorran State, of the assets and moneys seized.
5. TC-009-4/12. Sentence dated 7 May 2014 ruling the conviction of a person, in contumacy, for criminal responsibility as perpetrator of a serious crime of money laundering, to 2 years imprisonment (1 year firm and the rest conditional), a fine of 250,000 euros and expulsion from Andorra for a period of 20 years. It also sentences him to pay the court costs incurred and orders the forfeiture of the moneys seized.
6. TC-209-2/04. Writ dated 16 June 2014 dismissing the pertinent appeal.
7. DP-3434-3/14. Writ dated 29 July 2014 dismissing the pertinent appeal.
8. TC-110-5/12. Sentence dated 30 September 2014 dismissing the Attorney General Office's petition of forfeiture and lifting the seizure imposed on the pertinent account.
9. TC-087-3/11. Writ of 24 October 2014 granting the final dismissal of the pertinent actions.

WRITS AND SENTENCES OF THE HIGH COURT OF JUSTICE

- CRIMINAL DIVISION -

1. Writ 21-2014 dated 16 May 2014 issued in case TC-009-4/11, dismissing the lodged appeals and thus confirming the sentence of 2 April 2014.
2. Writ 29-2014 dated 26 June 2014 issued in case TC-009-4/11 granting the accumulation of the motions to vacate proceedings promoted by the parties, and dismissing same.
3. Sentence 19-2014 dated 12 September 2014 issued in case TC-071-5/11, dismissing the lodged appeal and confirming the writ of 18 December 2013.
4. Writ 57-2014 dated 28 October 2014 issued in case DP-292-5/99 dismissing the lodged motion to vacate proceedings.
5. Writ 65-2014 dated 21 November 2014 issued in case TC-092-2/11, admitting the lodged appeal and partially revoking the writ dated 14 December 2014 by lifting the seizure of the deposited amounts.

6.- TYPOLOGIES

Case no. 1: A bank reporting entity submits a Suspicious Transaction Report to the Unit because, within a half-year period, one of its customers makes various cash deposits in his personal account for an overall amount of 80,000 euros, alleging that they are proceeds from donations from members of his family. His activity as declared to the banking entity is that of student.

Nevertheless, said customer goes on to open another bank account of commercial character. He transfers his personal assets to this latter account and moreover deposits 50,000 euros in cash.

His intention is to be able to immediately make a transfer of almost the whole balance to a country on another continent. Moreover, this customer is accompanied by a third person completely unknown to the bank at the time of the deposit and of the request for transfer.

The file is forwarded to the Attorney General's Office of Andorra.

* Indications of risk:

- "Bridge" account (used exclusively to deposit and transfer moneys within a brief period of time).
- Handling of cash in amounts that could be thought to be quite large considering the customer's declared activity and what is known about him.
- Lack of commercial support and of verifiable data to justify the international transfer.
- Possible action for the account of an unknown third person.

Case no. 2: File opened at the initiative of the Unit, deducing witness of another file handled and shelved, on observing suspicious financial movements connected with a single subject.

Specifically, the interested party has a criminal record in Andorra for crimes relating to drug trafficking, among others.

The operation of the account consists of making repeated cash deposits of not very large amounts, alleging orally that such moneys are the payrolls from various establishments devoted to night-time entertainment. The particularity of the case is that the denominations of the deposited bank notes are of small or medium value and in various currencies.

Moreover, it may be noted that there are some transactions of withdrawal of moneys, alleging orally a forthcoming purchase, after which the same amount is redeposited

purportedly because the transaction was not finally made. The denominations of the bank notes delivered by the bank are large and do not concur with those of the moneys redeposited, which are small or medium.

The file is forwarded to the Attorney General's Office of Andorra.

* [Indications of risk:](#)

- Repeated handling of bank notes of small and medium denominations.
- Transactions in various currencies.
- Oral justification of an occupational activity not declared to the Social Security.
- The denominations of the bank notes in correlative withdrawals and deposits do not concur.
- Lack of documentary support to justify purchases of considerable value.

Case no. 3: The Unit receives a request from a foreign counterpart because the latter has detected a transfer for a value of approximately 1,000,000 USD which has benefited a foreign company with an account open in an Andorran banking entity. The payer is a Ministry of a government from another continent.

The study of the accounts of the respective company and of its representative on an individual basis allows observation of the fact that the aforesaid government has transferred a total of approximately 2,800,000 USD. The customers justify the amounts paid into the accounts as part of the proceeds collected for the performance of advisory jobs for said government.

The analysis of the supporting documents allows it to be verified that the final amount which is wished to be collected shows a great disproportion with respect to the purported job performed, at least to judge from the standards marking the continental European legal market.

The established payment method does not appear to be the standard practice in the sector, at least with respect to the continental European legal market, since 90% is disbursed sooner than 3 months from the signing of the contract and not when the commissioned works begin to be performed and/or when they are delivered.

Some accounts which have been funded by transfers are personal and not held by the company, which was already established.

The usual practice in a contract of this nature is for it to be signed by a solvent existing business of recognized reputation and not by the representative of an instrumental company created in a tax haven.

The file was forwarded to the Attorney General's Office of Andorra.

* **Indications of risk:**

- Use of personal accounts to receive million-euro transfers for a subscribed business transaction.
- Participation of a government from another continent.
- Known high level of corruption in the specific country involved.
- Non-use of the company account which was already open in the respective country of the government concerned.
- Uncommon clauses for contracts of the size involved.
- Difficult verification of a consultancy service for which payment is disbursed almost in its totality before the service starts to be provided.

Case no. 4: Suspicious Transaction Report submitted by a banking entity on detecting a substantial balance in the study of an inactive account.

Years earlier the foreign customer justified an account balance totalling 600,000 euros (built up through deposits made on several occasions) as the proceeds from the earnings generated by the activity of the customer's companies located in a third country. The customer later withdrew some 300,000 euros in cash from said amount. The account remained inactive since that time.

On making the pertinent verifications, the bank detected that the customer is a relative of persons involved in a corruption scheme in his country of origin, based either on the family's status as businesspeople or on the status of members of the family engaged in politics.

The file was forwarded to the Attorney General's Office of Andorra.

* **Indications of risk:**

- Handling of cash alone, in substantial amounts.
- Customer's lack of interest in obtaining profitability from his assets.
- Inactivity of the account for years.
- Family relationship with persons involved in corruption schemes.

Case no. 5: The FIU received a request from a counterpart in the country (A) because some companies with accounts in that country were being investigated as beneficiaries of million-euro transfers from accounts in Andorra.

The pertinent financial analysis allowed it to be concluded that the money funding the Andorran accounts comes from, and the companies holding these accounts are represented by nationals of the country (B). In short, the Andorran accounts were used to channel indirectly million-euro amounts between the country (B) and the country (A).

The request for cooperation made to our counterpart in the country (B) allowed it to be determined that the representatives of the accounts were perhaps acting as intermediaries of politically exposed persons in their country of origin.

The file was forwarded to the Attorney General's Office of Andorra.

* **Indications of risk:**

- A very large number of companies to order, channel and forward the assets.
- Transactions lacking commercial sense.
- Accounts in Andorra used as a "bridge" to avoid direct transactions between two countries.
- Origin and place of residence of the persons involved coincide with the two countries involved in the transactions.



UIFAND

FINANCIAL INTELLIGENCE UNIT
OF ANDORRA



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