



REPORT

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**ANNUAL REPORT BY THE MONEY LAUNDERING REPORTING
OFFICE SWITZERLAND MROS**

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TOPICS

Statistics

Typologies

From the MROS office

International scene

Internet Links

MROS

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April 2015

2014

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Federal Office of Police

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1 Introduction

With 1,753 suspicious activity reports (SARs), the 2014 reporting year hit a new record. The Money Laundering Office Switzerland (MROS) received an average of seven SARs per working day, an increase of about 25% compared to the previous year. This figure even exceeds the one reached in 2011, which witnessed an exceptional peak in SARs in the wake of political events in certain countries. However, the increase in 2014 was not caused by specific events. Because SARs are submitted when a financial intermediary has grounds for suspicion, the increase in SARs is not due to expectations or trends, but merely to the existence of suspicious cases. The value of reported assets stands at over CHF 3 billion. Here too, the record from 2011 has been exceeded.

The reporting year was also characterised by a high number of SARs submitted by virtue of voluntary reporting. This follows the course wished by financial market participants to maintain both the duty to report and the right to report; a wish that was heeded by lawmakers. During the 2013 consultation on the Federal Act on Implementation of the Revised FATF Recommendations there had been a proposal to remove the right to report.

The proportion of incoming SARs forwarded to prosecution authorities fell for the third year in a row. In 2014, only 72% of all incoming SARs were forwarded. This decline is mainly a result of improved analytical capacities on the part of MROS, which are due to the fact that it may now directly contact financial intermediaries that did not submit a SAR and request further information, and to intensified contacts and data exchange with foreign financial intelligence units (FIUs).

Among the various predicate offences, fraud continues to top the list. There was a strong increase in the number of cases of presumed corruption. The number of phishing cases remains high, albeit less than in the previous year. As in its 2013 Annual Report, MROS once again briefly analyses this phenomenon in the present report.

In 2014, MROS intensified its contacts with prosecution authorities in order to update its statistics on the status of forwarded cases in recent years. This enabled more detailed statistics on the status of SARs forwarded to prosecution authorities. In the first part of this report, we present the various judicial decisions received by MROS in 2014.

This updating of statistics with the help of prosecution authorities is of great use in preparing the National Risk Assessment Report (NRA). This is a report that each country is required to submit in order to comply with FATF Recommendations. In Switzerland, the Federal Council has tasked an interdepartmental working group to draft the NRA report, which will be published sometime in 2015. For this report, MROS has issued mandates for analyses and statistics not only to the authorities but also to a number of private actors. Indeed, since it is to be a national report, all the stakeholders involved in combating money laundering and terrorist financing, both in the public and private sector, should contribute.

From a legislative standpoint, the Federal Act on Implementation of the Revised FATF Recommendations was passed by the Swiss parliament in December 2014. Under the new law, the reporting system has changed substantially. Since MROS needs more time to carry out its analyses, lawmakers have reinforced its analytical capacities.

Bern, April 2015

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2 Annual MROS statistics

2.1 Overview of MROS statistics 2014

Summary of reporting year (1 January – 31 December 2014)

| SAR Reporting Volume | 2014 Absolute | 2014 Relative | +/- | 2013 Absolute |
|---------------------------------------|------------------|------------------|---------|------------------|
| Total number of SARs received | 1 753 | 100.0% | 24.2% | 1 411 |
| Forwarded SARs | 1 262 | 72.0% | 13.2% | 1 115 |
| Non-forwarded SARs | 491 | 28.0% | 66.4% | 295 |
| Type of financial intermediary | | | | |
| Bank | 1 495 | 85.3% | 33.1% | 1 123 |
| Payment services sector | 107 | 6.1% | 44.6% | 74 |
| Fiduciary | 49 | 2.8% | -29.0% | 69 |
| Asset manager / Investment advisor | 40 | 2.3% | -45.9% | 74 |
| Attorney | 10 | 0.6% | 11.1% | 9 |
| Insurance | 11 | 0.6% | -42.1% | 19 |
| Credit card company | 9 | 0.5% | -35.7% | 14 |
| Casino | 9 | 0.5% | 12.5% | 8 |
| Foreign exchange trader | 0 | 0.0% | -100.0% | 5 |
| Securities trader | 10 | 0.6% | 900.0% | 1 |
| Other | 7 | 0.4% | 600.0% | 1 |
| Loan, leasing and factoring business | 3 | 0.2% | -25.0% | 4 |
| Commodity and precious metal trader | 3 | 0.2% | -70.0% | 10 |

Amounts involved in CHF

(Total effective assets at time of report)

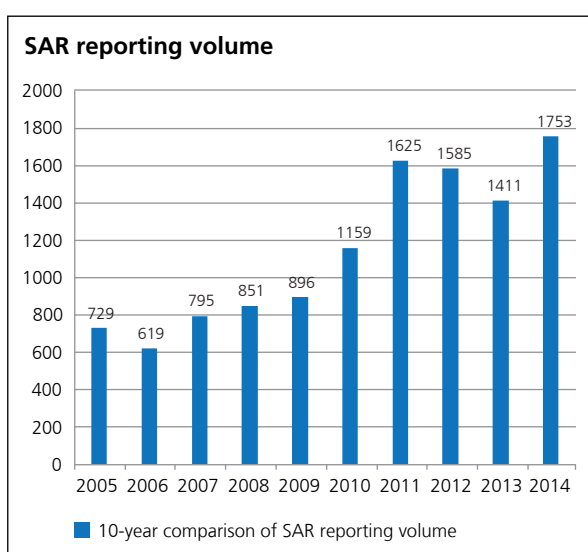
| | | | | |
|---|----------------------|---------------|--------|---------------|
| Total asset value of all SARs received | 3 340 750 486 | 100.0% | 12.2% | 2 978 806 803 |
| Total asset value of forwarded SARs | 2 851 611 075 | 85.4% | 2.0% | 2 795 824 336 |
| Total asset value of non-forwarded SARs | 489 139 411 | 14.6% | 167.3% | 182 982 467 |
| Average asset value of SARs (total) | 1 905 733 | | | 2 111 132 |
| Average asset value of forwarded SARs | 2 259 597 | | | 2 507 466 |
| Average asset value non-forwarded SARs | 996 211 | | | 620 280 |

2.2 General remarks

The 2014 reporting year was characterised by the following developments:

1. Increase in the total number of SARs received over the previous reporting period.
2. High total asset value.
3. Fewer percentage of SARs received forwarded to prosecution authorities.
4. High number of phishing cases.

2.2.1 Total number of SARs received



In 2014, MROS received a total of 1,753 SARs, 24% more than in 2013 (1,411 SARs). This makes 2014 a record year in terms of reporting volume, exceeding the 2011 level of 1,625 SARs – the highest level until now – by more than 100 reports. This record level is surprising, considering that there were no events in 2014 worthy of note (as opposed to the Arab Spring in 2011 or one major case in 2012). One explanation for the rather surprisingly high level of reporting may be the increased reporting awareness of financial intermediaries, especially from the banking sector.

Indeed, the *banking sector* submitted more SARs in 2014 than overall reporting volume in 2013. More than 85% of total reporting volume in 2014 came from the banking sector (2013: approx. 80%). On average, MROS received seven SARs each working day, six of which were submitted by financial intermediaries from the banking sector. While reporting volume from this sector rose from 1,123 SARs in 2013 to 1,495 SARs in 2014 – an increase of 33% – the number of SARs from the *para-banking sector* declined.

Worthy of note is the decrease in SARs from *fiduciaries* and *asset managers / investment advisers*; reporting volume from the latter fell by nearly one half, from 74 SARs in 2013 to 40 SARs in 2014. After experiencing a constant rise, re-

porting volume from *fiduciaries* fell by 29%, from 69 SARs in 2013 to 49 SARs in 2014. Although this sector experienced fluctuations in the past and there is a current tendency for small independent asset managers to merge, the fall in SARs from this sector is nevertheless remarkable, especially in view of the fact that in cases where there is a reasonable suspicion, both the independent asset manager or fiduciary as well as the custodian bank must submit a SAR.

MROS received fewer case clusters (complex cases generating multiple SARs relating to the same case) that MROS merges into a single analysis. The most complex case in 2014 generated 53 SARs and involved assets of nearly CHF 200 million.

Total asset volume increased by 12%, to more than CHF 3.3 billion. The amount of assets involved in SARs forwarded to prosecution authorities was comparable to 2013 however. As in previous years, *fraud* was once again the most frequently reported predicate offence to money laundering, with the number of SARs relating to this offence increasing over the previous reporting year. The number of SARs involving *fraud through the misuse of a computer*, in particular phishing, remained high. Reporting volume concerning *bribery* increased twofold, while other categories of predicate offence also experienced a rise in volume. For example, 49 SARs concerned *embezzlement*, and 53 SARs involved *theft*. Furthermore, MROS received 41 SARs involving *price manipulation or insider trading*, new categories of predicate offences.

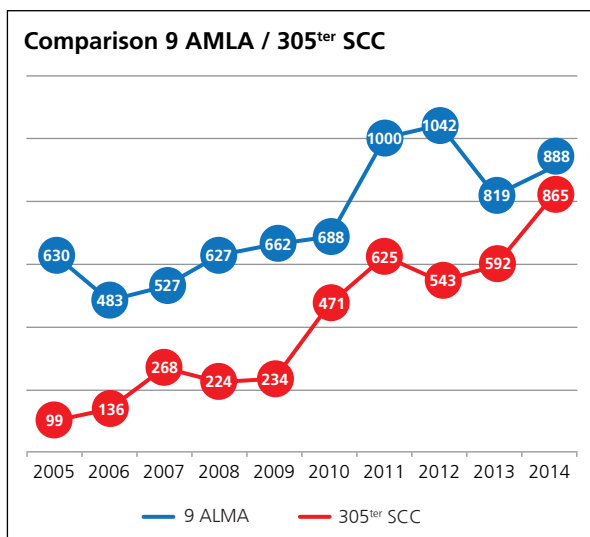
In second place with regard to reporting volume was the *payment services sector*, as in previous years. This sector experienced a rise in reporting volume, from 74 SARs in 2013 to 107 SARs in 2014. However, this only represents 6.1% of total reporting volume (2013: 5.2%). This figure is in stark contrast to 2012, when reporting volume from the *payment services sectors* amounted to 22.9% of overall reporting volume. The decrease can be partly explained by the change in status of a major financial intermediary, and partly by the very high reporting volume from the banking sector.

Of the 107 SARs received from the *payment services sector*, MROS forwarded 55 SARs to the competent prosecution authorities. Compared to the previous year, this figure remained stable at 51.4%. One of the cases has already been dismissed; the other 54 cases are pending.

2.2.2 Mandatory SARs (Art. 9 AMLA) and voluntary SARs (Art. 305^{ter} para. 2 SCC¹)

Of the 1,753 SARs submitted to MROS in 2014, 865 SARs, or 49 per cent, were submitted under Article 305^{ter} paragraph 2 SCC (*right to report or voluntary SARs*) and 888 SARs, or 51 per cent, were submitted under Article 9 AMLA (*duty to report or mandatory SARs*).

¹ Swiss Criminal Code of 21 December 1937 (SCC; CC 311.0).



Since 2010, the number of voluntary SARs has risen, i.e. since voluntary SARs may only be submitted to MROS. The number of voluntary SARs rose so sharply in 2014 that reporting volume from both categories was almost evenly balanced, with 49% of voluntary as compared to 51% of mandatory SARs. In previous years, the percentage of mandatory SARs was significantly higher (2013: 42% vs. 58%). A detailed analysis reveals that this exceptional result is due to the banking sector, which particularly made use of voluntary reporting (782 SARs under Art. 305^{ter} para. 2 SCC as opposed to 713 SARs under Art. 9 AMLA). All the other categories of financial intermediaries submitted SARs primarily under mandatory reporting. This is the second time since 2011 that the banking sector has submitted more SARs under voluntary reporting than under mandatory reporting. In 2011 only 31% of SARs from major banks were submitted under mandatory reporting. In 2011, the increase in SARs under Article 305^{ter} paragraph 2 SCC was due to exceptional circumstances in certain countries. Throughout all the other reporting years, the banking sector submitted more

mandatory SARs (Art. 9 AMLA) than voluntary SARs (Art. 305^{ter} para. 2 SCC).

The statistics of the last few years reveal that individual financial sectors follow different practices with regard to what type of SAR they submit. It is difficult to distinguish between the elements leading to the submission of a voluntary SAR as opposed to a mandatory SAR. According to the Federal Council dispatches of 1993² and 1996,³ the financial intermediary may submit a SAR under Article 305^{ter} paragraph 2 SCC on account of a suspicion based on probability, doubt or a sense of unease about continuing a business relationship. On the other hand, a financial intermediary must submit a SAR under Article 9 AMLA if he has a reasonable suspicion of money laundering. The scope of a simple suspicion under Article 305^{ter} paragraph 2 SCC is therefore wider than the scope of a reasonable suspicion under Article 9 AMLA.

In the legislative project to implement the FATF recommendations, which was submitted for consultation on 27 February 2013, the Federal Council proposed abolishing voluntary reporting. This option was dropped, however, following popular consultation. The bill to implement the revised FATF recommendations, which parliament adopted on 12 December 2014, therefore retains voluntary reporting. Given the interest of the financial sector for voluntary reporting a form for voluntary reporting is now available on the MROS website (previously, financial intermediaries had to use the form for mandatory reporting under Art. 9 AMLA and adapt its contents).

If one considers the reporting practice of the banking sector, it is noticeable that there is a difference in reporting practice between *foreign-controlled banks* and *major Swiss banks*. Whereas *foreign-controlled banks* submitted more mandatory SARs (58.5% of all SARs from this category) than voluntary SARs, *major banks* made more use of voluntary reporting under Article 305^{ter} paragraph 2 SCC (66.2%). This difference in practice was also observed back in 2013.

| Type of bank | Art. 9 AMLA | in % | Art.305 ^{ter} para. 2 SCC | in % | Total |
|---------------------------|-------------|-------------|------------------------------------|-------------|--------------|
| Other institution | 123 | 57.5 | 91 | 42.5 | 214 |
| Foreign controlled bank | 224 | 58.5 | 159 | 41.5 | 383 |
| Asset management bank | 53 | 34.2 | 102 | 65.8 | 155 |
| Branch of foreign bank | 2 | 66.7 | 1 | 33.3 | 3 |
| Major bank | 160 | 33.8 | 314 | 66.2 | 474 |
| Cantonal bank | 50 | 66.7 | 25 | 33.3 | 75 |
| Private bank | 29 | 74.4 | 10 | 25.6 | 39 |
| Raiffeisen bank | 59 | 44.0 | 75 | 56.0 | 134 |
| Regional and savings bank | 9 | 64.3 | 5 | 35.7 | 14 |
| Other banks | 4 | 100.0 | 0 | 0.0 | 4 |
| Total | 713 | 47.7 | 782 | 52.3 | 1 495 |

² Dispatch of 30 June 1993 on the Revision of the Swiss Criminal Code and the Military Criminal Code, Federal Gazette 1993 III 277 (German).

³ Dispatch of 17 June 1996 on the Anti-Money Laundering Act, Federal Gazette 1996 III 1101 (German).

| Financial intermediary | Type of SAR | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--|-----------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Banks | Total | 294 | 359 | 492 | 573 | 603 | 822 | 1080 | 1050 | 1123 | 1495 | 7891 |
| | Art. 9 AMLA | 248 | 262 | 291 | 386 | 386 | 417 | 523 | 596 | 598 | 711 | 4418 |
| | Art. 9 AMLA para. 1b | 10 | 9 | 16 | 6 | 15 | 9 | 13 | 14 | 5 | 2 | 99 |
| | Art. 305 ^{ter} SCC | 36 | 88 | 185 | 181 | 202 | 396 | 544 | 440 | 520 | 782 | 3374 |
| Casinos | Total | 7 | 8 | 3 | 1 | 5 | 8 | 6 | 6 | 8 | 9 | 61 |
| | Art. 9 AMLA | 7 | 8 | 2 | 1 | 5 | 4 | 3 | 1 | 6 | 6 | 43 |
| | Art. 305 ^{ter} SCC | | | 1 | | | 4 | 3 | 5 | 2 | 3 | 18 |
| Foreign exchange trader | Total | 1 | 1 | | | 5 | 6 | 7 | | 5 | | 25 |
| | Art. 9 AMLA | 1 | 1 | | | 5 | 6 | 3 | | 4 | | 20 |
| | Art. 9 AMLA para. 1b | | | | | | | 2 | | | | 2 |
| | Art. 305 ^{ter} SCC | | | | | | | 2 | | 1 | | 3 |
| Securities trader | Total | 2 | | 2 | 5 | 2 | 4 | | 1 | 1 | 10 | 27 |
| | Art. 9 AMLA | 2 | | 2 | 5 | 2 | 1 | | 1 | 1 | 9 | 23 |
| | Art. 305 ^{ter} SCC | | | | | | 3 | | | | 1 | 4 |
| Currency exchange | Total | 3 | 2 | 1 | 1 | 1 | | 3 | | | | 11 |
| | Art. 9 AMLA | 3 | 2 | 1 | 1 | 1 | | 1 | | | | 9 |
| | Art. 305 ^{ter} SCC | | | | | | | 2 | | | | 2 |
| Loan, leasing, factoring + non-recourse financing | Total | 1 | 8 | 4 | 1 | 11 | 1 | 5 | 1 | 4 | 3 | 39 |
| | Art. 9 AMLA | 1 | 3 | 4 | 1 | 10 | 1 | 5 | 1 | 4 | 2 | 32 |
| | Art. 9 AMLA para. 1b | | 1 | | | | | | | | | 1 |
| | Art. 305 ^{ter} SCC | | 4 | | | 1 | | | | | 1 | 6 |
| Credit card company | Total | | | 2 | 2 | 10 | 9 | 10 | 22 | 14 | 9 | 78 |
| | Art. 9 AMLA | | | 2 | 2 | 3 | 5 | 6 | 20 | 11 | 9 | 58 |
| | Art. 9 AMLA para. 1b | | | | | | 1 | | | | | 1 |
| | Art. 305 ^{ter} SCC | | | | | 7 | 3 | 4 | 2 | 3 | | 19 |
| Attorney | Total | 8 | 1 | 7 | 10 | 11 | 13 | 31 | 12 | 9 | 10 | 112 |
| | Art. 9 AMLA | 8 | 1 | 7 | 10 | 11 | 12 | 27 | 11 | 8 | 9 | 104 |
| | Art. 305 ^{ter} SCC | | | | | | 1 | 4 | 1 | 1 | 1 | 8 |
| Commodity and precious metal trader | Total | | 1 | 5 | 1 | | 1 | 1 | 3 | 10 | 3 | 25 |
| | Art. 9 AMLA | | 1 | 5 | 1 | | 1 | 1 | 3 | 8 | 2 | 22 |
| | Art. 305 ^{ter} SCC | | | | | | | | | 2 | 1 | 3 |
| SRO | Total | 1 | 3 | 1 | | 4 | | 1 | | | 2 | 12 |
| | Art. 27 AMLA para. 4 | 1 | 3 | 1 | | 4 | | 1 | | | 2 | 12 |
| Fiduciary | Total | 31 | 45 | 23 | 37 | 36 | 58 | 62 | 65 | 69 | 49 | 475 |
| | Art. 9 AMLA | 31 | 43 | 20 | 35 | 33 | 57 | 55 | 56 | 52 | 36 | 418 |
| | Art. 9 AMLA para. 1b | | 1 | | | 1 | 1 | 2 | 4 | | | 9 |
| | Art. 305 ^{ter} SCC | | 1 | 3 | 2 | 2 | | 5 | 5 | 17 | 13 | 48 |
| Asset manager | Total | 18 | 6 | 8 | 19 | 30 | 40 | 27 | 49 | 74 | 40 | 311 |
| | Art. 9 AMLA | 17 | 6 | 5 | 16 | 29 | 36 | 20 | 42 | 56 | 24 | 251 |
| | Art. 9 AMLA para. 1b | | | | | | 2 | 1 | | 3 | 2 | 8 |
| | Art. 305 ^{ter} SCC | 1 | | 3 | 3 | 1 | 2 | 6 | 7 | 15 | 14 | 52 |
| Insurance | Total | 9 | 18 | 13 | 15 | 9 | 9 | 11 | 9 | 19 | 11 | 123 |
| | Art. 9 AMLA | 7 | 15 | 12 | 12 | 9 | 9 | 8 | 4 | 19 | 6 | 101 |
| | Art. 9 AMLA para. 1b | | | | | | | | 3 | | | 3 |
| | Art. 305 ^{ter} SCC | 2 | 3 | 1 | 3 | | | 3 | 2 | | 5 | 19 |
| Distributor of investment funds | Total | 5 | | 1 | | | | | | | | 6 |
| | Art. 9 AMLA | 4 | | 1 | | | | | | | | 5 |
| | Art. 305 ^{ter} SCC | 1 | | | | | | | | | | 1 |
| Payment services | Total | 348 | 164 | 231 | 185 | 168 | 184 | 379 | 363 | 74 | 107 | 2203 |
| | Art. 9 AMLA | 289 | 124 | 156 | 149 | 147 | 122 | 324 | 280 | 43 | 66 | 1700 |
| | Art. 9 AMLA para. 1b | | | | 1 | | | 3 | 2 | | | 6 |
| | Art. 305 ^{ter} SCC | 59 | 40 | 75 | 35 | 21 | 62 | 52 | 81 | 31 | 41 | 497 |
| Other financial intermediary | Total | | 1 | 2 | | 1 | 4 | 2 | 4 | 1 | 3 | 18 |
| | Art. 9 AMLA | | 1 | 2 | | 1 | 4 | 2 | 4 | 1 | | 15 |
| | Art. 305 ^{ter} SCC | | | | | | | | | | 3 | 3 |
| Authorities | Total | 1 | 2 | | 1 | | | | | | 2 | 6 |
| | Art. 16 para. 1 AMLA | 1 | 2 | | 1 | | | | | | 2 | 6 |

2.2.3 Reporting cases of attempted money laundering or suspected terrorist financing under Article 9 paragraph 1(b) Anti-Money Laundering Act

A financial intermediary must report situations to MROS in which negotiations to establish a business relationship have been broken off due to a reasonable suspicion that the assets involved are connected to an offence defined under Article 9 paragraph 1(a) AMLA. In the year under review, only four SARs were submitted to MROS under this provision, half the number than in 2013. What is remarkable about 2014 is that not a single one of these four SARs was forwarded to the competent prosecution authorities. Nevertheless, the importance of this provision should not be underestimated. The main objective of anti-money laundering legislation is to prevent the financial market of Switzerland from being used for criminal purposes. Under Article 9 paragraph 1(b) AMLA, a financial intermediary is under an obligation to report to MROS even if a business relationship has not been entered upon. Thus, if negotiations break down due to a reasonable suspicion that the assets involved are connected to an offence, the financial intermediary must report the incident to MROS. This ensures not only that illegal assets are excluded from legal financial flows, but also that MROS knows about the situation. Submitting a SAR under Article 9 paragraph 1(b) AMLA therefore allows MROS to gather information on assets of doubtful origin and on suspect persons, and to pass on this information to prosecution authorities or to its counterparts abroad.

Since the entry into force of Article 9 paragraph 1 (b) AMLA in 2009, MROS has received a total of 85 SARs by virtue of this article, 28 of which have been forwarded to the competent prosecution authority, making the overall proportion of forwarded SARs submitted under Article 9 paragraph 1 (b) AMLA since 2009 32.9%. Of the 28 SARs forwarded to prosecution authorities, ten cases were dismissed, seven cases were suspended, three were temporarily suspended and one case resulted in a judgment.⁴ Seven of the 28 cases are pending.

The increase in the number of dismissals can be explained by the fact that these SARs were submitted when business relations were broken off. In other words, it is difficult to prove that a predicate offence to money laundering has been committed if assets could not be transferred because a business relationship was not established. In such cases, there are generally insufficient links to Switzerland for initiating criminal proceedings.

⁴ This case relates to a SAR that MROS received in 2010 concerning a foreign national residing in Switzerland who, using false identities (based on forged documents), established several companies with headquarters in Switzerland and abroad. Later, the man attempted to obtain credit from a Swiss financial intermediary using forged balance sheets of the companies in Switzerland. Following its analysis and various inquiries, MROS sent the case to the prosecution authorities. The man was found guilty of fraud for commercial gain, and of forgery and falsifying identity documents, but not guilty of money laundering (due to insufficient proof).

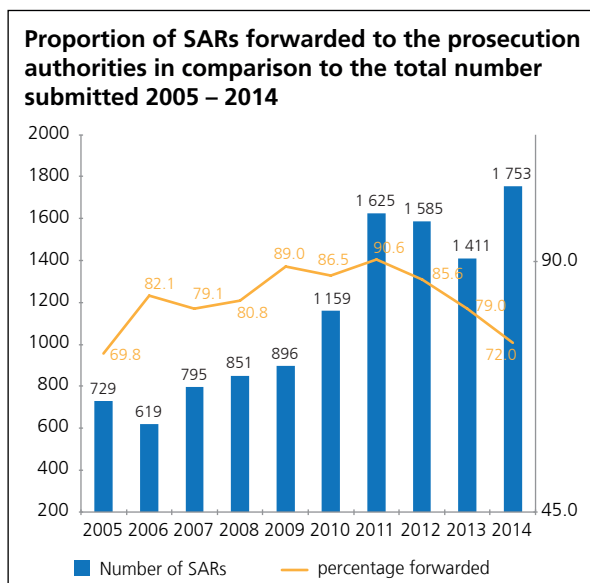
2.2.4 Proportion of SARs forwarded to the prosecution authorities

The proportion of SARs forwarded to the prosecution authorities fell by 7% in 2014, to 72% of total reporting volume, thus continuing the trend of the last three years.

There are various reasons for the falling proportion of forwarded SARs. Firstly, MROS has more personnel resources (mirroring the increase in reporting volume). Secondly, the partial revision of the Anti-Money Laundering Act, which entered into force at the end of 2013, grants MROS more powers for gathering information. Thirdly, MROS is not bound to any deadlines for analysing SARs submitted under Article 305^{ter} paragraph 2 SCC (which, as we have seen above, have increased in volume) and is therefore able to analyse each case in more detail. These factors mean that MROS has the capacity to analyse SARs in greater detail and filter out cases that are unsubstantial or cannot be proven with a reasonable amount of effort. As a result, fewer SARs are forwarded to the prosecution authorities for further action.

MROS retains the information in its database, however, and may still forward the case to prosecution authorities at a later date if new factors arousing suspicion arise. The same applies if MROS decides not to forward the case to prosecution authorities before its foreign partners have responded to its request for mutual assistance and, due to time pressure from legal deadlines, must in the meantime take a decision.

Thus, the falling proportion of forwarded SARs in no way reflects a decline in the quality of the reports from financial intermediaries, which continues to be high.



| Proportion of SARs forwarded/ Financial intermediary category | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Bank | 92.2% | 94.4% | 92.1% | 87.4% | 90.7% | 90.6% | 93.0% | 88.6% | 81.5% | 73.7% | 86.3% |
| Supervisory authority | 100.0% | 100.0% | | 100.0% | | | | | | 100.0% | 100.0% |
| Casino | 85.7% | 75.0% | 66.7% | 100.0% | 80.0% | 50.0% | 50.0% | 16.7% | 12.5% | 44.4% | 52.5% |
| Foreign exchange trader | 100.0% | 100.0% | | | 100.0% | 83.3% | 57.1% | | 40.0% | | 72.0% |
| Securities trader | 100.0% | | 100.0% | 80.0% | 50.0% | 25.0% | | 100.0% | 100.0% | 40.0% | 59.3% |
| Currency exchange | 100.0% | 50.0% | 100.0% | 100.0% | 100.0% | | 33.3% | | | | 72.7% |
| Loan, leasing, factoring and non-recourse financing | 100.0% | 75.0% | 50.0% | 100.0% | 90.9% | 100.0% | 100.0% | 0.0% | 50.0% | 0.0% | 71.8% |
| Credit card company | | | 100.0% | 100.0% | 100.0% | 66.7% | 100.0% | 95.5% | 64.3% | 100.0% | 88.5% |
| Attorney | 75.0% | 0.0% | 85.7% | 80.0% | 100.0% | 69.2% | 93.5% | 75.0% | 55.6% | 60.0% | 79.5% |
| Commodity and precious metal trader | | 100.0% | 100.0% | 0.0% | | 0.0% | 100.0% | 33.3% | 70.0% | 100.0% | 72.0% |
| SRO | 100.0% | 100.0% | 100.0% | | 100.0% | | 100.0% | | | 100.0% | 100.0% |
| Fiduciary | 100.0% | 88.9% | 82.6% | 91.9% | 86.1% | 79.3% | 85.5% | 72.3% | 79.7% | 77.6% | 82.9% |
| Asset manager | 83.3% | 33.3% | 75.0% | 52.6% | 83.3% | 77.5% | 92.6% | 85.7% | 86.5% | 80.0% | 81.0% |
| Insurance | 88.9% | 72.2% | 61.5% | 86.7% | 66.7% | 44.4% | 63.6% | 77.8% | 78.9% | 45.5% | 69.9% |
| Distributor of investment funds | 60.0% | | 0.0% | | | | | | | | 50.0% |
| Payment services | 46.0% | 57.3% | 51.9% | 60.5% | 84.5% | 81.5% | 86.3% | 81.0% | 51.4% | 51.4% | 67.7% |
| Other FI | | 0.0% | 100.0% | | 0.0% | 25.0% | 100.0% | 100.0% | 100.0% | 0.0% | 55.6% |
| Total | 69.8% | 82.1% | 79.1% | 80.8% | 89.0% | 86.5% | 90.5% | 85.5% | 79.0% | 72.0% | 81.8% |

2.2.5 SARs involving substantial levels of assets

The record number of SARs in 2014 impacted on overall asset value, which amounted to CHF 3.3 billion. This figure was higher than in the previous reporting period (2013: CHF 2.98 billion) and even surpassed the record of 2011. This increase can be explained by looking more closely at reporting volume and at SARs involving substantial levels of assets.

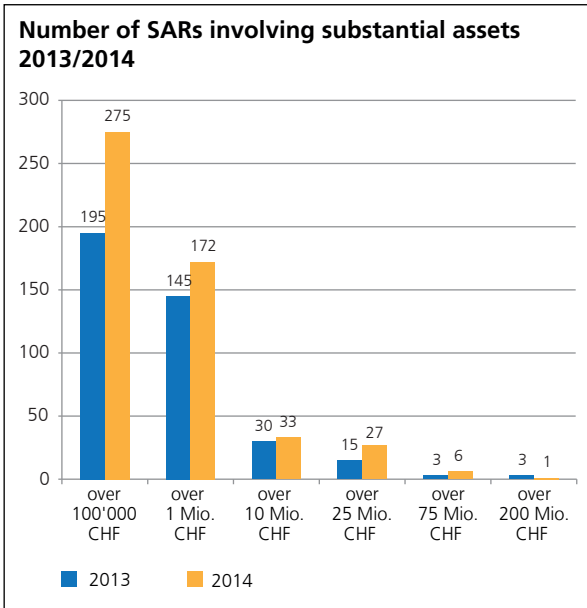
In 2014, one SAR involved an asset value of more than CHF 200 million, while six SARs generated more than CHF 75 million. Together, these seven SARs amounted to CHF 1 billion, nearly one-third of total asset value. By comparison, one recalls the last three reporting years when SARs involving substantial levels of assets totalled either CHF 1.4 billion or more.

The seven SARs involving substantial levels of assets were triggered by various reasons, such as suspected corruption, money laundering, breach of trust or insider trading. They were submitted to MROS following media reports, or were based on third-party information or information from pro-

secution authorities. Of these seven SARs, five were submitted under mandatory reporting and two under voluntary reporting. Furthermore, they were all submitted by the banking sector. MROS forwarded six of these SARs to the prosecution authorities.

Approximately 65% of total asset value in 2014 came from mandatory SARs and around 35% from voluntary SARs. These figures are similar to 2012 (60% mandatory SARs and 40% voluntary SARs). In comparison, the figures for 2013 were the other way around (70% voluntary SARs and 30% mandatory SARs). This shows that financial intermediaries handle both types of reporting equally, which although requiring the same amount of time and investigation do not have the same legal consequences (no freezing of assets under Art. 305^{ter} para. 2 SCC).

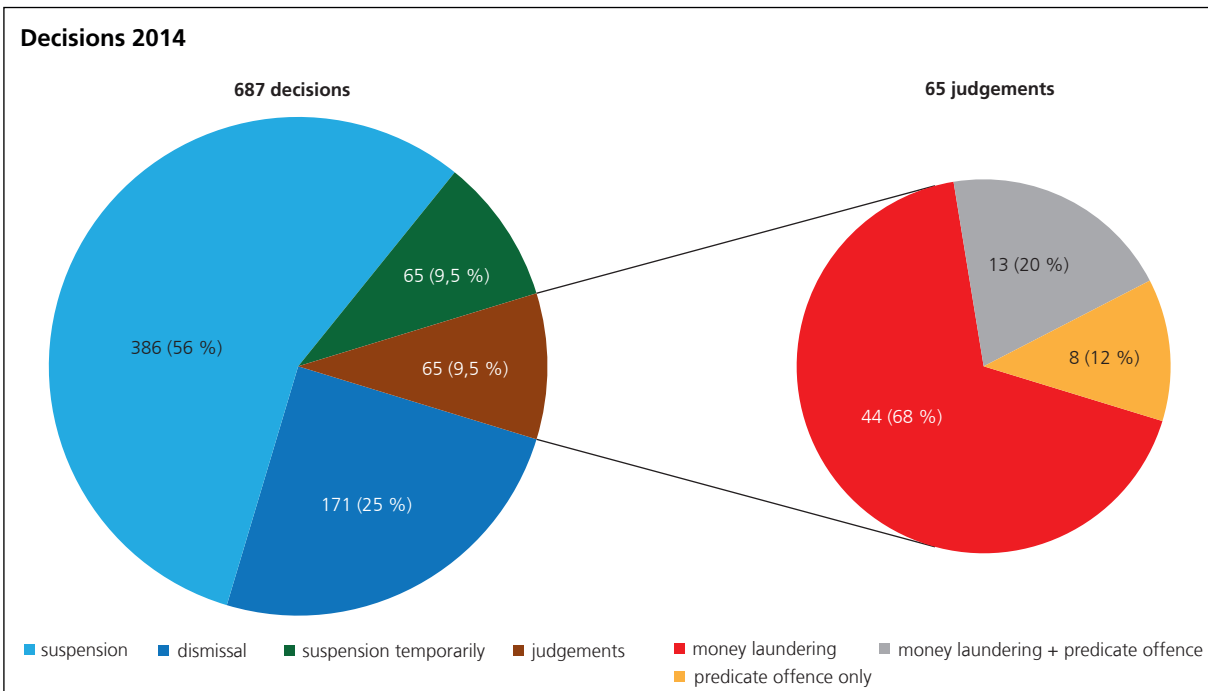
The rounded average of substantial assets involved in a SAR fell to CHF 1.9 million in 2014 (2013 : CHF 2.1 million). This is approximately 9.7% lower than in the previous reporting period.



In 2014, 687 decisions were taken on pending SARs. Just under 10% were convictions (which have become final). In more than 50% of the cases, proceedings were suspended. It should be pointed out that the Swiss legal system and criminal procedure are not geared solely to convicting suspects. Since Switzerland's financial market is oriented to an international clientele, criminal proceedings frequently contain an international component, which means that quite often criminal proceedings are conducted on the same subject in another country and the case is assessed there. Where this happens, the foreign authorities dealing with the case are assisted by the Swiss authorities through mutual assistance, and proceedings in Switzerland are suspended under the *ne bis in idem* principle (i.e. a man shall not be tried twice for the same crime). Similarly, Swiss prosecution authorities can request information on a case abroad by means of mutual assistance. Unfortunately, the chances of obtaining information from abroad are not the same for each country. Moreover, in the past proceedings tended to be suspended more often because the network of global FIUs was limited and their powers regarding mutual assistance were more restricted than today, which made it more difficult to obtain hard evidence on predicate offences committed abroad. A further factor is that although our statistics show that 40% of forwarded SARs are still the subject of pending criminal proceedings, prosecution authorities do not consistently report to MROS as is their duty under Article 29a AMLA (see also Chapter 2.5.12).

2.2.6. Decisions by prosecuting authorities and law courts

The left-hand diagram below shows what decisions were taken by prosecution authorities on the SARs they received (i.e. suspension, dismissal, and temporary suspension) and the number of convictions in 2014. The right-hand diagram below shows what the convictions were for. The detail of the convictions is based on the infractions considered by the courts.



2.2.7 Phishing and money mules

In 2014, MROS received 104 SARs (2013: 121 SARs) concerning stolen computer data.

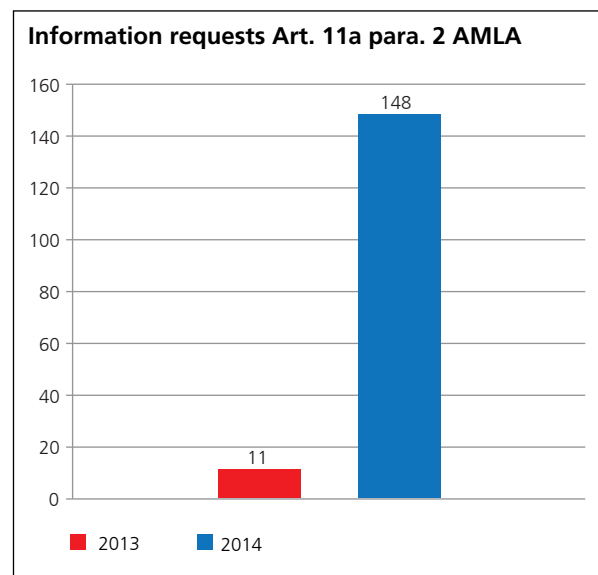
A total of 68 cases concerning money mules and phishing were brought to a conclusion in the current reporting year. In 27 cases, the person concerned was convicted. Thirty-four cases were suspended, six cases were dismissed, and one case was temporarily suspended. An analysis of the verdicts concerning such cases showed that although the *modi operandi* involved differed, a typical pattern was evident with regard to the methods used in many cases of money laundering under Article 305^{bis} SCC. The financial agent, i.e. the money mule, would make his bank account available for the transfer of money. Once the sum was paid into the account, the money mule withdrew it from his account without knowing anything about the origin of the money. The money mule then forwarded the cash either by post or through a money transmitter to a person not personally known to him. If the court finds that the money mule should at least have reckoned that the money was the proceeds of a crime, legal practice affirms an account of *dolus eventualis* (conditional intent), arguing for example that in legal business practices it is unusual to retain such a commission. However, in the case of one money mule who established a relationship on the internet to another person who then misused the money mule's account, the court rejected a case of conditional intent by the money mule.

2.2.8 Article 11a Anti-Money Laundering Act

Since 1 November 2013, MROS has been authorised to formally request information both from financial intermediaries that have submitted a SAR (to obtain additional details) as well as from financial intermediaries that have not submitted such a SAR but are mentioned in an existing one. Article 11a paragraph 1 AMLA only formalises existing MROS practices, establishing a legal basis for MROS to request additional information from financial intermediaries that have submitted a SAR.

When analysing incoming SARs, MROS often finds that transactions converge towards one or more financial intermediaries. In such cases, MROS also contacts financial intermediaries that have not submitted a SAR (Art. 11a para. 2 AMLA). MROS is only authorised to contact a third financial intermediary – and hence make use of this new power – if the request is based on information provided in a SAR submitted by another Swiss financial intermediary. In other words, MROS can request additional information only if it has received a SAR requiring in-depth analysis and additional information from other financial intermediaries. In order to obtain this additional information, MROS uses suitable forms based on Article 11a paragraph 1 or 2 AMLA. These forms indicate the list of documents to be provided, and MROS selects those that are deemed relevant to the case under analysis. The form requesting additional information

does not constitute reasonable grounds for suspicion. As it happens, the original SAR may have been triggered by the existence of a simple suspicion by virtue of Article 305^{ter} paragraph 2 SCC, i.e. the right to report. In addition, the system of SARs established by Swiss lawmakers in 1998 was intended to avoid the automatic submission of SARs. In order to submit a SAR to MROS, the financial intermediary must itself have specific reasons justifying this suspicion on the basis of elements at its disposal. Nevertheless, the financial intermediary cannot ignore the fact that its client is the subject of an information request from Switzerland's financial intelligence unit, MROS, and that this information request arose in relation to a SAR submitted by another financial intermediary. The third-party financial intermediary is therefore required to carry out clarification under Article 6 paragraph 1 AMLA to determine whether it also has specific grounds for suspicion. If this is the case, it will send a SAR to MROS (by virtue of either Art. 9 AMLA or Art. 305^{ter} para. 2 SCC), including the documents that MROS has requested under Article 11a paragraph 2 AMLA. If there are no specific grounds for suspicion, the financial intermediary will merely provide MROS with the information requested by virtue of the aforementioned provision.



In 2014, MROS sent 148 requests for information by virtue of Article 11a paragraph 2 AMLA. Of the total number of requests made, 83 concerned SARs submitted under Article 9 AMLA. The additional information provided by third-party financial intermediaries was often decisive for MROS's decision on whether or not to forward the case to the prosecution authorities. Many SARs were dismissed by MROS in 2014 after it had received additional information from third-party financial intermediaries. This, in turn, resulted in fewer SARs being forwarded to the prosecution authorities.

2.3 Information exchange with foreign Financial Intelligence Units

The 40 FATF recommendations (see Chapter 5.2) govern information exchange between agencies responsible for combating money laundering, associated predicate offences, and terrorist financing. The basic idea of Recommendation 40 is to facilitate international co-operation, enabling the competent authorities to exchange information with their foreign counterparts rapidly and effectively. This includes, in particular, mutual administrative assistance between FIUs, which is specifically regulated in the Interpretive Note to Recommendation 40. The following statistics (chapters 2.3.1 and 2.3.2) detail the exchange of information between MROS and foreign FIUs.

2.3.1 Inquiries from foreign FIUs

What the chart represents

This chart shows which FIUs submitted inquiries to MROS. It also indicates how many natural persons and legal entities were mentioned in these inquiries.

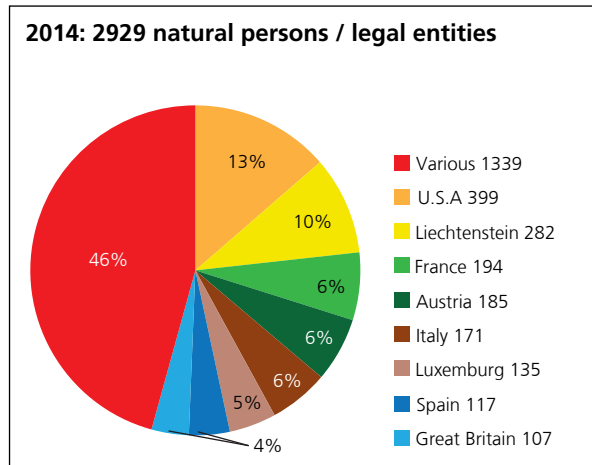
Chart analysis

– *The number of natural persons and legal entities who were the subject of inquiries from foreign FIUs fell by 4%.*

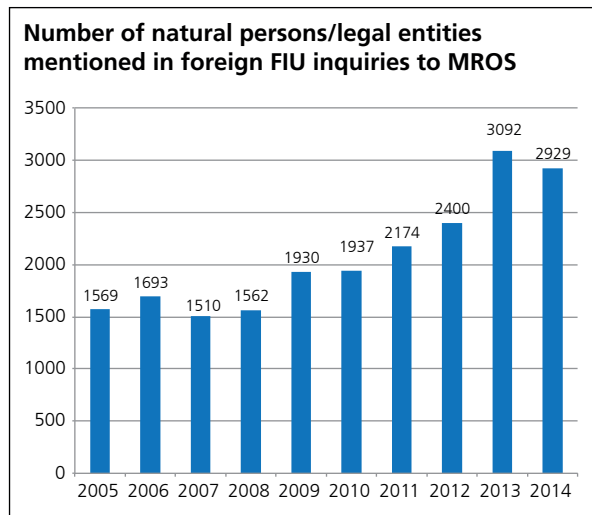
In the 2014 reporting year, MROS replied to 711 inquiries from 88 countries. This is slightly more than in 2013 (660 inquiries). There was a decrease in the number of natural persons and legal entities mentioned: 2,929 in 2014 compared to 3,092 in 2013. The number of mutual administrative requests from foreign FIUs increased again – an increase of 100 percent since 2007. This rise is due not only to increasing membership of the Egmont Group (see chapter 5.1), but also to the growing international entanglement of financial flows.

MROS was not able to reply to 25 inquiries from foreign FIUs for formal reasons, usually because the cases did not have a direct link to Switzerland.

MROS responded to FIU inquiries within an average of eight working days of receipt.



For comparison: 2005–2014



2.3.2 MROS inquiries to foreign FIUs

Whenever a financial intermediary in Switzerland submits a SAR mentioning a natural person or legal entity domiciled outside of Switzerland, MROS may send an inquiry to the appropriate foreign FIU to obtain information about the person or entity. The information MROS receives from foreign FIUs is extremely important because many incoming SARs have an international connection.

What the chart represents

This chart shows the foreign FIUs to which MROS sent inquiries to obtain information about natural persons and legal entities. The chart also indicates the number of natural persons and legal entities mentioned in these inquiries.

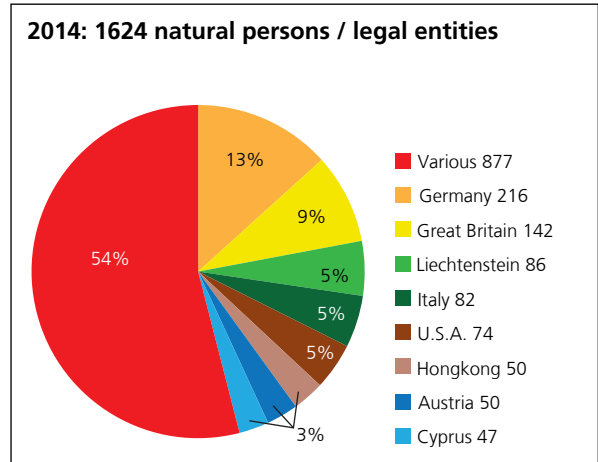


Chart analysis

- Increase of 10% in the number of natural persons/legal entities mentioned in MROS inquiries to foreign FIUs.

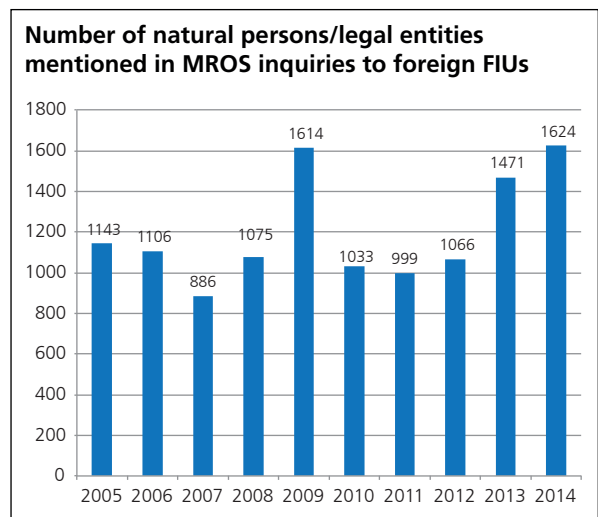
In the 2014 reporting year, MROS sent 545 (2013: 426) inquiries on 1,624 natural persons or legal entities (2013: 1,471) to 86 foreign FIUs. Like overall reporting volume in general, the number of MROS inquiries to foreign FIUs increased by 10 percent, which indicates that SARs are becoming increasingly complex. There was also a rise in the number of FIUs MROS contacted for information, from 79 in 2013 to 86 in 2014.

As in the previous reporting period, the foreign FIUs took an average of 25 working days to reply to each request.

MROS's key partners in this respect were the FIUs in Germany, Great Britain, Liechtenstein and Italy.

MROS sent inquiries to foreign FIUs to obtain information regarding an average of 135 natural persons or legal entities each month, compared to 123 in 2013. MROS sent inquiries to foreign FIUs in relation to 545 of the 1,753 SARs it received in 2014 (31% of all incoming SARs).

For comparison: 2005–2014



2.4 Terrorism financing

The absolute number of SARs involving terrorist financing fell sharply, from 33 in 2013 to 9 in 2014. However, on closer inspection it becomes apparent that the situation has not changed as drastically as the figures suggest. Whereas the 33 SARs in 2013 concerned 8 individual cases, all 9 of the SARs in 2014 related to separate cases.⁵ The accounts involved in these cases contained twice the amount of assets as in 2013, namely more than CHF 1 million.

One of the SARs submitted to MROS in 2014 revealed a connection to the official lists according to the embargo laws. The remaining SARs were submitted based on information the financial intermediary had obtained from media reports or other public sources such as the compliance databases of private providers, which are used by financial intermediaries to match clients.

Three of the nine SARs were forwarded to the prosecution authorities. Two of the three SARs were dismissed because the initial suspicion could not be substantiated. The third case is pending.

Status of forwarded SARs in connection with terrorist financing (2005–2014)

| Status | Total |
|----------------------|------------|
| Dismissal | 38 |
| Pending | 42 |
| Suspension | 9 |
| Temporary suspension | 11 |
| Judgment | 1 |
| Total | 101 |

| Year | Number of SARs | | | | Factors arousing suspicion | | | | Asset value | |
|--------------|----------------|-----------------------------|---------------------|---------------------------------|----------------------------|-------------|-----------------|------------|-----------------------|---------------------------------------|
| | Total | Terrorist funding (TF) SARs | Forwarded SARs (TF) | TF in % of total number of SARs | Bush list* | OFAC list** | Taliban list*** | Other | In connection with TF | TF in % of total asset value reported |
| 2005 | 729 | 20 | 18 | 2,7 % | 5 | 0 | 3 | 12 | 45 650 766.70 | 6,71 % |
| 2006 | 619 | 8 | 5 | 1,3 % | 1 | 1 | 3 | 3 | 16 931 361.63 | 2,08 % |
| 2007 | 795 | 6 | 3 | 0,8 % | 1 | 0 | 3 | 2 | 232 815.04 | 0,03 % |
| 2008 | 851 | 9 | 7 | 1,1 % | 0 | 1 | 0 | 8 | 1 058 008.40 | 0,05 % |
| 2009 | 896 | 7 | 4 | 0,8 % | 0 | 1 | 1 | 5 | 9 458.84 | 0,00 % |
| 2010 | 1 159 | 13 | 10 | 1,1 % | 0 | 1 | 0 | 12 | 23 098 233.85 | 2,73 % |
| 2011 | 1 625 | 10 | 9 | 0,6 % | 0 | 0 | 1 | 9 | 151 592.84 | 0,00 % |
| 2012 | 1 585 | 15 | 14 | 0,9 % | 0 | 0 | 0 | 15 | 7 468 722.50 | 0,24 % |
| 2013 | 1 411 | 33 | 28 | 2,3 % | 1 | 0 | 0 | 32 | 449 771.68 | 0,02 % |
| 2014 | 1 753 | 9 | 3 | 0,5 % | 0 | 1 | 0 | 8 | 1 038 170.97 | 0,03 % |
| Total | 11 423 | 130 | 101 | 1.1 % | 8 | 5 | 11 | 106 | 96 088 901.45 | 0.48 % |

* http://www.finma.ch/archiv/gwg/dokumentationen/gesetze_und_regulierung/sanktionen/index.php

** <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>

*** <http://www.seco.admin.ch/themen/00513/00620/00622/index.html?lang=de>

⁵ See Annual MROS Report 2013, p. 20

2.5 Detailed statistics

2.5.1 Home canton of reporting financial intermediary

What the chart represents

This chart shows the cantons where the reporting financial intermediaries who filed SARs are based. Compare this chart with the *Prosecution authorities* chart (chart 2.5.11), which indicates the cantons where the prosecution authorities receiving SARs are based.

Chart analysis

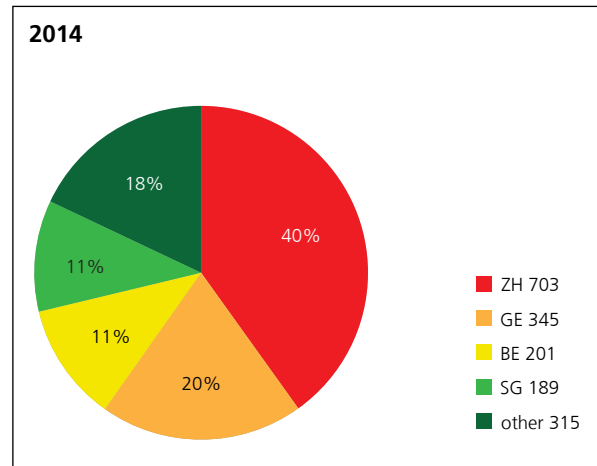
– *Approximately 82% of all SARs came from four cantons with a highly-developed financial services sector.*

As to be expected, the majority of SARs in 2014 came either from those cantons with a highly-developed financial services sector, such as Zurich or Geneva, or with centralised regional or national compliance centres, such as Bern or St. Gallen. Approximately 82% (1,483 SARs) of the total 1,753 SARs came from financial intermediaries in these four cantons, whereby most of them came from the canton of Zurich, where the number of SARs rose from 530 in 2013 to 703 in 2014. There were more SARs, too, from both the canton of Geneva (2013: 274 SARs, 2014: 345 SARs) and the canton of St. Gallen (2013: 104 SARs, 2014: 189 SARs). Reporting volume from the canton of Bern remained more or less the same as in the previous reporting period (2013: 199 SARs, 2014: 201 SARs). There was also a marked increase in SARs from the canton of Basel-Stadt (2013: 48 SARs, 2014: 77 SARs), but a decrease from the canton of Fribourg (2013: 12 SARs, 2014: 4 SARs).

MROS did not receive a single SAR from financial intermediaries in the cantons of Schwyz, Appenzell Inner Rhoden or Ausser Rhoden, Jura, Obwalden or Glarus. This may be due, in part, to the centralisation of compliance centres (see chapter 2.5.2).

Legend

| | | | |
|-----------|-------------------------|-----------|--------------|
| AG | Aargau | NW | Nidwalden |
| AI | Appenzell Inner Rhoden | OW | Obwalden |
| AR | Appenzell Ausser Rhoden | SG | St. Gallen |
| BE | Bern | SH | Schaffhausen |
| BL | Basel-Landschaft | SO | Solothurn |
| BS | Basel-Stadt | SZ | Schwyz |
| FR | Fribourg | TG | Thurgau |
| GE | Geneva | TI | Ticino |
| GL | Glarus | UR | Uri |
| GR | Graubünden | VD | Vaud |
| JU | Jura | VS | Valais |
| LU | Lucerne | ZG | Zug |
| NE | Neuchatel | ZH | Zurich |



For comparison: 2005 to 2014

| Kanton | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|---------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| ZH | 378 | 316 | 286 | 295 | 310 | 426 | 793 | 720 | 530 | 703 | 4757 |
| GE | 116 | 67 | 180 | 168 | 181 | 182 | 350 | 239 | 274 | 345 | 2102 |
| BE | 72 | 76 | 115 | 96 | 123 | 158 | 156 | 203 | 199 | 201 | 1399 |
| TI | 59 | 82 | 77 | 96 | 97 | 237 | 146 | 200 | 177 | 182 | 1353 |
| SG | 10 | 15 | 27 | 109 | 99 | 61 | 78 | 87 | 104 | 189 | 779 |
| BS | 52 | 14 | 36 | 49 | 36 | 28 | 29 | 49 | 48 | 77 | 418 |
| ZG | 12 | 18 | 31 | 7 | 8 | 6 | 20 | 28 | 15 | 13 | 158 |
| VD | 3 | 13 | 18 | 11 | 9 | 14 | 13 | 14 | 12 | 12 | 119 |
| NE | 6 | 2 | 7 | 6 | 7 | 12 | 4 | 4 | 6 | 5 | 59 |
| GR | 1 | 2 | 4 | 3 | | 7 | 5 | 11 | 10 | 5 | 48 |
| FR | 8 | 2 | 1 | | | 2 | 8 | 9 | 12 | 4 | 46 |
| LU | 3 | 5 | 5 | 1 | 5 | 7 | 5 | 7 | 6 | 2 | 46 |
| AG | 1 | 3 | 1 | 3 | 6 | 3 | 7 | 1 | 6 | 5 | 36 |
| SZ | 3 | 1 | 2 | 1 | 3 | 7 | | 5 | 2 | | 24 |
| BL | 2 | | 1 | | 1 | 2 | 3 | 1 | 2 | 1 | 13 |
| SO | 1 | | | 1 | 1 | | 1 | 1 | 2 | 3 | 10 |
| TG | | 2 | 1 | 1 | 2 | | | | | 3 | 9 |
| SH | 1 | | 1 | | 2 | 1 | 1 | 1 | 1 | 1 | 9 |
| NW | 1 | | | 1 | 2 | | 3 | | | 1 | 8 |
| VS | | 1 | | | | | | 1 | 4 | 1 | 7 |
| AI | | | 1 | | 1 | 3 | | 2 | | | 7 |
| JU | | | | 2 | 1 | 1 | 2 | 1 | | | 7 |
| OW | | | 1 | | 1 | 2 | | 1 | | | 5 |
| AR | | | | | | | 1 | | 1 | | 2 |
| GL | | | | 1 | 1 | | | | | | 2 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.2 Location of suspicious business connection

What the chart represents

The chart shows the cantons where the reporting financial intermediary managed accounts or business connections mentioned in an incoming SAR. This chart is intended to complement the previous chart 2.5.1 *Home canton of reporting financial intermediary*.

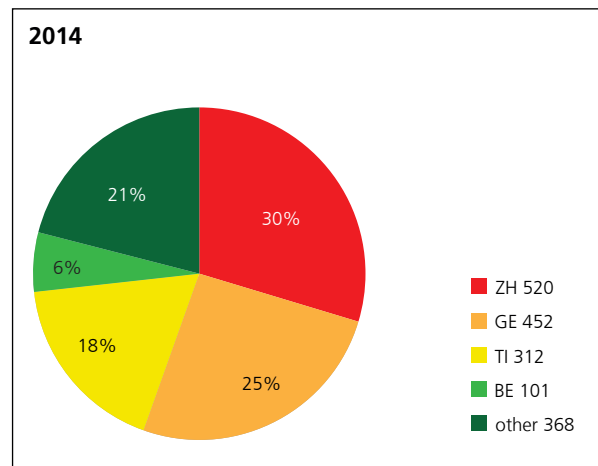
Chart analysis

– *As in previous years, the suspicious business connection was located in over 70% of the SARs in the cantons of Zurich, Geneva or Ticino.*

The headquarters of a reporting financial intermediary can differ from the location of the account or business connection: major banks and payment services providers in particular have established regional competence centres which draft the SAR to MROS. This can lead to a distorted picture of the geographical distribution of money laundering cases in Switzerland. Moreover, a direct comparison with the statistics on the prosecution authorities involved (see chapter 2.5.11) is not possible. This is partly because MROS does not forward all incoming SARs to the prosecution authorities, and partly because under Article 24 of the Criminal Procedure Code⁶ jurisdiction for criminal justice is no longer connected to the location of the account or business connection alone.

Legend

| | | | |
|-----------|-------------------------|-----------|--------------|
| AG | Aargau | NW | Nidwalden |
| AI | Appenzell Inner Rhoden | OW | Obwalden |
| AR | Appenzell Ausser Rhoden | SG | St. Gallen |
| BE | Bern | SH | Schaffhausen |
| BL | Basel-Landschaft | SO | Solothurn |
| BS | Basel-Stadt | SZ | Schwyz |
| FR | Fribourg | TG | Thurgau |
| GE | Geneva | TI | Ticino |
| GL | Glarus | UR | Uri |
| GR | Graubünden | VD | Vaud |
| JU | Jura | VS | Valais |
| LU | Lucerne | ZG | Zug |
| NE | Neuchatel | ZH | Zurich |



⁶ Criminal Procedure Code of 5 October 2007 (CrimPC; CC 312.0)

For comparison: 2005 to 2014

| Kanton | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|---------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| ZH | 200 | 178 | 207 | 215 | 243 | 318 | 483 | 559 | 430 | 520 | 3 353 |
| GE | 134 | 121 | 186 | 197 | 182 | 200 | 411 | 349 | 361 | 452 | 2 593 |
| TI | 91 | 97 | 109 | 128 | 167 | 295 | 231 | 294 | 256 | 312 | 1 980 |
| BE | 56 | 25 | 41 | 30 | 59 | 52 | 64 | 58 | 27 | 101 | 513 |
| BS | 59 | 23 | 43 | 27 | 26 | 54 | 61 | 64 | 51 | 38 | 446 |
| SG | 26 | 31 | 28 | 23 | 27 | 23 | 85 | 50 | 32 | 62 | 387 |
| VD | 17 | 17 | 26 | 32 | 17 | 27 | 78 | 36 | 61 | 57 | 368 |
| LU | 23 | 31 | 19 | 47 | 18 | 39 | 22 | 26 | 24 | 30 | 279 |
| ZG | 22 | 40 | 40 | 19 | 10 | 22 | 28 | 22 | 27 | 30 | 260 |
| AG | 12 | 11 | 8 | 16 | 19 | 13 | 47 | 15 | 25 | 29 | 195 |
| FR | 15 | 5 | 16 | 19 | 41 | 24 | 24 | 22 | 12 | 9 | 187 |
| BL | 5 | 1 | 7 | 23 | 21 | 24 | 14 | 8 | 13 | 8 | 124 |
| NE | 22 | 12 | 12 | 10 | 8 | 13 | 6 | 10 | 13 | 16 | 122 |
| SO | 10 | | 6 | 20 | 12 | 9 | 13 | 7 | 20 | 15 | 112 |
| VS | 11 | 10 | 10 | 6 | 3 | 10 | 11 | 11 | 16 | 19 | 107 |
| GR | 2 | 3 | 5 | 5 | 5 | 9 | 16 | 19 | 15 | 19 | 98 |
| TG | 7 | 7 | 7 | 7 | 18 | 3 | 5 | 10 | 9 | 23 | 96 |
| SZ | 5 | 2 | 6 | 4 | 4 | 9 | 3 | 10 | 5 | 2 | 50 |
| GL | 4 | 2 | 9 | 6 | 6 | 6 | 6 | | 1 | 1 | 41 |
| SH | 2 | | 3 | 1 | 2 | 1 | 6 | 6 | 4 | 4 | 29 |
| JU | 4 | 3 | 1 | 5 | 2 | 3 | 2 | 3 | 3 | 1 | 27 |
| NW | 1 | | | 3 | 2 | | 6 | | 4 | 3 | 19 |
| OW | | | 1 | 6 | 2 | 2 | 1 | 1 | 1 | | 14 |
| AI | | | 4 | | 1 | 3 | 1 | 2 | | | 11 |
| AR | 1 | | | | | | 1 | 3 | 1 | 1 | 7 |
| UR | | | 1 | 2 | 1 | | | | | 1 | 5 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.3 Type of financial intermediary

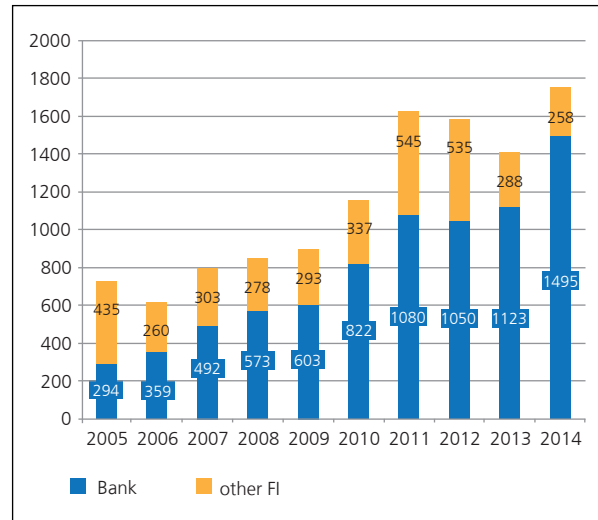
What the chart represents

This chart shows the various types of financial intermediary that submitted SARs to MROS.

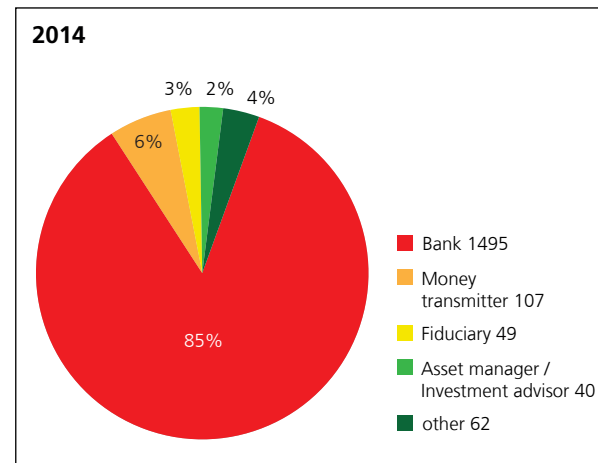
Chart analysis

- SARs from the “banking sector” increased noticeably over the previous reporting period, both in absolute and relative terms. In 2014 this sector made up 85% (2013: 80%) of total reporting volume.
- SARs from “securities traders” increased tenfold.
- SARs from “payment services providers” increased by 45% (see Chapter 2.2.1).

The banking sector submitted nearly 1,500 SARs, the highest level in the last 10 years. With 85% of total reporting volume, the banking sector also submitted more SARs than in the previous reporting period (2013: 80%).



| Year | Total number of SARs | SARs from the banking sector | % of SARs from the banking sector |
|------|----------------------|------------------------------|-----------------------------------|
| 2005 | 729 | 294 | 40 % |
| 2006 | 619 | 359 | 58 % |
| 2007 | 795 | 492 | 62 % |
| 2008 | 851 | 573 | 67 % |
| 2009 | 896 | 603 | 67 % |
| 2010 | 1159 | 822 | 71 % |
| 2011 | 1625 | 1080 | 66 % |
| 2012 | 1585 | 1050 | 66 % |
| 2013 | 1411 | 1123 | 80 % |
| 2014 | 1753 | 1495 | 85 % |



For comparison: 2005–2014

| Financial intermediary category | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Bank | 294 | 359 | 492 | 573 | 603 | 822 | 1080 | 1050 | 1123 | 1495 | 7891 |
| Payment services | 348 | 164 | 231 | 185 | 168 | 184 | 379 | 363 | 74 | 107 | 2 203 |
| Fiduciary | 31 | 45 | 23 | 37 | 36 | 58 | 62 | 65 | 69 | 49 | 475 |
| Asset manager | 18 | 6 | 8 | 19 | 30 | 40 | 27 | 49 | 74 | 40 | 311 |
| Insurance | 9 | 18 | 13 | 15 | 9 | 9 | 11 | 9 | 19 | 11 | 123 |
| Attorney | 8 | 1 | 7 | 10 | 11 | 13 | 31 | 12 | 9 | 10 | 112 |
| Credit card | | | 2 | 2 | 10 | 9 | 10 | 22 | 14 | 9 | 78 |
| Casino | 7 | 8 | 3 | 1 | 5 | 8 | 6 | 6 | 8 | 9 | 61 |
| Loan, leasing and factoring business | 1 | 8 | 4 | 1 | 11 | 1 | 5 | 1 | 4 | 3 | 39 |
| Securities trader | 2 | | 2 | 5 | 2 | 4 | | 1 | 1 | 10 | 27 |
| Commodity and precious metal trader | | 1 | 5 | 1 | | 1 | 1 | 3 | 10 | 3 | 25 |
| Foreign exchange trader | 1 | 1 | | | 5 | 6 | 7 | | 5 | | 25 |
| Other FI | | 1 | 2 | | 1 | 4 | 2 | 4 | 1 | 3 | 18 |
| SRO | 1 | 3 | 1 | | 4 | | 1 | | | 2 | 12 |
| Currency exchange | 3 | 2 | 1 | 1 | 1 | | 3 | | | | 11 |
| Supervisory authority | 1 | 2 | | 1 | | | | | | 2 | 6 |
| Distributor of investment funds | 5 | | 1 | | | | | | | | 6 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.4 SARs from the banking sector

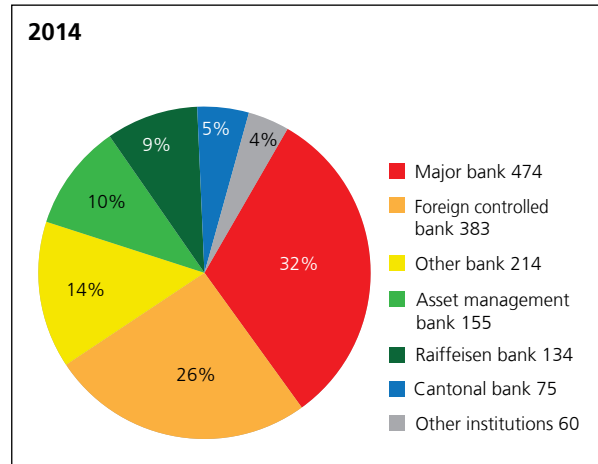
What the chart represents

This chart shows the types of banks that submitted SARs to MROS.

Chart analysis

– SARs from “major banks” and “foreign controlled banks” continue to dominate the statistics.

There was a sharp increase in SARs in 2014 from major banks, foreign-controlled banks and Raiffeisen banks. The downward trend of 2012 and 2013 in the category asset management banks ceased and volume from this sector was back to its highest level in 10 years, with 155 SARs (as in 2011). The only categories which saw a decline was *other bank*, *private bank*, and *branch of foreign-controlled bank*. The only category that did not submit a single SAR was *bank with special business circle*.



For comparison: 2005 to 2014

| Type of bank | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|-----------------------------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Major bank | 44 | 143 | 213 | 196 | 167 | 214 | 310 | 308 | 324 | 474 | 2 393 |
| Foreign-controlled bank | 173 | 102 | 120 | 134 | 188 | 290 | 388 | 348 | 240 | 383 | 2 366 |
| Asset management bank | 38 | 53 | 69 | 55 | 72 | 55 | 155 | 127 | 113 | 155 | 892 |
| Other bank | 5 | 8 | 15 | 16 | 14 | 99 | 27 | 42 | 230 | 214 | 670 |
| Raiffeisen bank | 3 | 6 | 19 | 107 | 93 | 49 | 60 | 64 | 79 | 134 | 614 |
| Cantonal bank | 23 | 31 | 41 | 47 | 46 | 79 | 75 | 80 | 72 | 75 | 569 |
| Private bank | 3 | 14 | 8 | 5 | 8 | 7 | 26 | 60 | 52 | 39 | 222 |
| Regional and savings bank | 4 | 1 | 3 | 5 | 10 | 25 | 15 | 19 | 6 | 14 | 102 |
| Branch of foreign bank | 1 | 1 | 4 | 8 | 5 | 4 | 21 | 2 | 5 | 3 | 54 |
| Other institution | | | | | | | 2 | | 1 | 4 | 7 |
| Bank with special business circle | | | | | | | 1 | | 1 | | 2 |
| Total | 294 | 359 | 492 | 573 | 603 | 822 | 1 080 | 1 050 | 1 123 | 1 495 | 7 891 |

2.5.5 Factors arousing suspicion

What the chart represents

This chart shows what sources triggered financial intermediaries' suspicions and prompted them to submit SARs to MROS.

Chart analysis

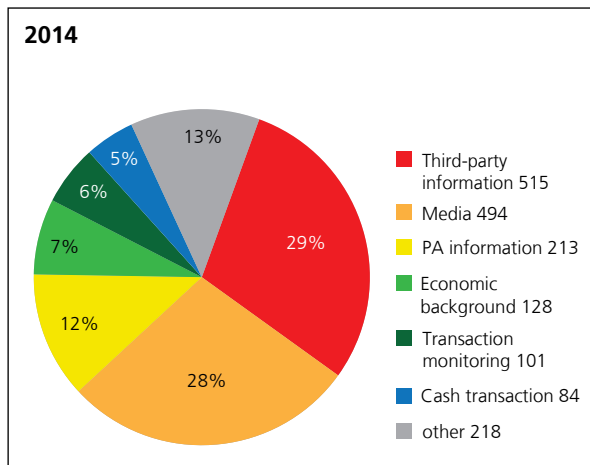
- 69 % of SARs were triggered by external indications and information.
- The new category “transaction monitoring” was the factor arousing suspicion in 6% of SARs.
- For the first time, the category “MROS information” was in effect for the whole twelve months and culminated in a total of 24 SARs.

Heading the statistics for the first time is the category *information from third parties*, with 29% of total reporting volume (2013: 26%). In second place was the category *media reports*, with 28% (2013: 33%), ahead of *information from prosecution authorities*, which was based on disclosure or confiscation orders, or other information from the authorities. Reporting volume from this latter category fell from 14% to 12%. The significance of these three categories becomes apparent if we consider that, together, they triggered 69% of total reporting volume in 2014 (2013: 72%). This shows that financial intermediaries use modern resources and consult external sources in order to gather information for their inquiries, which is then evaluated and condensed into a considerable number of SARs sent to MROS. The high quality of the SARs is a result of these factors.

The new category *transaction monitoring* moved into focus in 2014. Also, the category *MROS information* (Art. 11a para. 2 AMLA), which was in effect for the first time in 2014 for the whole twelve months, culminated in 24 SARs in 2014 (out of a total of 26 SARs since the provision came into force). Information from MROS under this provision can trigger a SAR by the financial intermediary, depending on the individual case.⁷

Legend

| | |
|--|---|
| Unclear economic background | The economic background of a transaction is either unclear or cannot be satisfactorily explained by the customer. |
| Information from prosecution authorities | Prosecution authorities initiate proceedings against an individual connected with the financial intermediary's client. |
| Media | The financial intermediary finds out from media reports that one of the people involved in the financial transaction is connected with illegal activities. |
| Third-party information | Financial intermediaries receive information from outside sources or from within a business about clients who could pose problems. |
| Transaction monitoring | The financial intermediary reports a suspicion based on the monitoring of the client's transaction. |
| Cash transaction | Suspicion based on cash transaction. |
| Other | Included in this category are topics which were listed separately in previous MROS statistics such as cheque transaction, forgery, high-risk countries, currency exchange, securities, smurfing, life insurance, non-cash cashier transactions, fiduciary transactions, loan transactions, precious metals and various. |



⁷ See Chapter 2.2.8 and MROS Annual Report 2013, p. 57

For comparison: 2005 to 2014

| Source | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|---|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Media report | 83 | 195 | 209 | 192 | 219 | 378 | 483 | 455 | 457 | 494 | 3 165 |
| Third-party information | 128 | 108 | 131 | 218 | 267 | 257 | 391 | 414 | 367 | 515 | 2 796 |
| PA information | 90 | 41 | 64 | 128 | 94 | 186 | 218 | 203 | 196 | 213 | 1 433 |
| MROS information (Art. 11a para. 2 AMLA) | | | | | | | | | 2 | 24 | 26 |
| Cash transaction | 299 | 116 | 166 | 103 | 70 | 67 | 172 | 178 | 106 | 84 | 1 361 |
| Economic background | 49 | 55 | 71 | 108 | 80 | 147 | 145 | 153 | 124 | 128 | 1 060 |
| Transitory account | 6 | 13 | 90 | 13 | 29 | 16 | 16 | 33 | 23 | 22 | 261 |
| Internal information | 10 | 8 | 7 | 23 | 36 | 24 | 26 | 25 | 50 | 34 | 243 |
| Forgery (documents/money) | 15 | 19 | 10 | 18 | 44 | 22 | 34 | 28 | 18 | 29 | 237 |
| Currency exchange | 6 | 12 | 11 | 9 | 9 | 23 | 14 | 16 | 10 | 13 | 123 |
| Various | 7 | 5 | 5 | 8 | 3 | | 14 | 31 | 10 | 28 | 120 |
| High-risk country | 3 | 1 | 1 | 2 | 2 | 3 | 81 | 1 | 3 | 10 | 107 |
| Transaction monitoring | | | | | | | | | 5 | 101 | 106 |
| Opening of account | 9 | 13 | 21 | 13 | 9 | 13 | 5 | 13 | 5 | 5 | 106 |
| Cheque transaction | 8 | 4 | 4 | 1 | 7 | 4 | 20 | 18 | 11 | 9 | 86 |
| Securities | 12 | 10 | 3 | 13 | 12 | 4 | 2 | 4 | 11 | 14 | 85 |
| Audit / supervisor board | | 7 | 1 | | 10 | 2 | | | 2 | 19 | 41 |
| Loan transaction | | 7 | | 1 | 4 | 1 | 1 | 6 | 5 | 4 | 29 |
| Smurfing | 3 | | | | | 1 | 1 | 7 | | 3 | 15 |
| Precious metals | | 1 | 1 | | 1 | 1 | 1 | | 3 | 2 | 10 |
| Life insurance | 1 | 2 | | | | 1 | | | | 1 | 5 |
| Trust activity | | 2 | | 1 | | | | | 2 | | 5 |
| Non-cash cashier transaction | | | | | | | 1 | | 1 | 1 | 3 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.6 Suspected predicate offences

What the chart represents

This chart shows the predicate offences that were *suspected* in the SARs that MROS forwarded to prosecution authorities.

It should be noted that MROS’s legal assessment of the suspected predicate offence is based solely on the financial intermediary’s assumption as well as on MROS’s own assessment of the facts. When a SAR is forwarded to a prosecuting authority, it is bound neither to the findings of the financial intermediary nor to MROS’s legal assessment.

The *not classifiable* category includes cases where a variety of possible predicate offences are suspected. The *no plausibility* category includes those cases that do not fall into any visible predicate offence category although the analysis of the transaction or of the economic background cannot exclude the criminal origin of the money.

Chart analysis

- Proportion of SARs with “fraud” as predicate offence remained the highest.
- As in 2013, “corruption” was in second place, with 20% of reporting volume. With 357 SARs in 2014, reporting volume of this category increased twofold in absolute terms over the previous year.
- The proportion of SARs without clear predicate offence increased nearly twofold over the previous reporting year and is in third place, with 182 SARs or more than 10% of reporting volume.
- Reporting volume from the category “misuse of a computer” fell slightly to 104 SARs or nearly 6% of reporting volume, following the record number of SARs from this category in 2013.
- The proportion of SARs from the categories “document forgery” and “dishonest business management” reached an all-time high, with 45 SARs and 49 SARs respectively. Together, these categories made up 5.3% of total reporting volume.
- The new predicate offences to money laundering since May 2013, namely “price manipulation” and “insider trading”, were in effect for the first time for a whole year and culminated in a total of 41 SARs, or 2.3% of overall reporting volume.

Since 2006, *fraud* has been the most frequently suspected predicate offence; this category accounted for more than one-quarter of all SARs submitted in 2013 and 2014, and remained near its 2011 and 2012 levels. This large proportion can be explained partly by the fact that this category includes many kinds of fraud, from big-time investment fraud involving large sums of money (such as organised cybercrime), down to numerous instances of petty fraud such as petty internet crime.

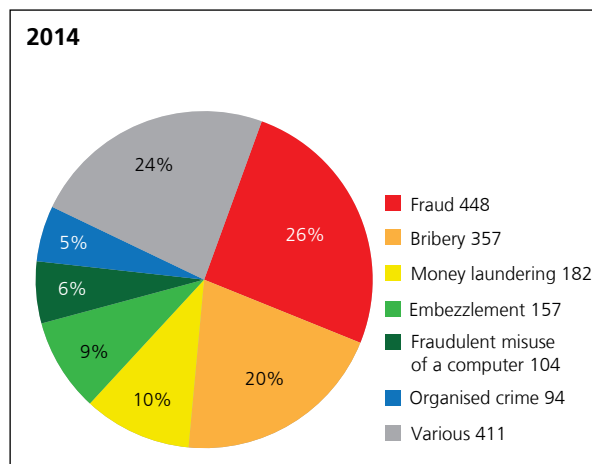
For the fifth time in 2014 the category *fraudulent misuse of a computer*, which mainly comprises phishing cases (unlawfully obtaining access data to an internet user’s bank accounts for the purpose of stealing the person’s assets), appears – retroactively for the years 2007, 2008 and 2009 – in the statistics. Up to 2009, this predicate offence was classified under *fraud*. *Fraudulent misuse of a computer* accounted for 104 SARs in 2014 (2013: 121 SARs). In the last few years it was mainly foreign banks that were affected by this type of fraud. Since 2013, however, a number of Swiss banks have become phishing targets once again. In 2014, approximately two-thirds of the SARs from this category concerned foreign controlled banks, whilst one-third concerned Swiss banks.

The category *bribery* (20% of SARs) came in second place again. With 357 SARs in 2014, the number of SARs in this category increased nearly twofold over 2013. The increase can be explained by one particularly complex case that triggered 50 SARs.

With 182 SARs in 2014, the category *money laundering* advanced to third place, after having fallen to sixth place in 2013 following a marked decline in SARs. This category involves occurrences that neither MROS nor the financial intermediary concerned can directly associate with a particular predicate offence but suggest acts of money laundering due to the modus operandi involved.

The number of SARs involving *organised crime* fell from 104 in 2013 to 94 in 2014, a fall of 5%. The category *drugs* also declined, from 52 SARs in 2013 to 39 SARs in 2014.

The two criminal offences *insider trading* and *price manipulation*, which came into force in May 2013, were effective for the first time in 2014 for a whole twelve months. In 2014, MROS received 12 SARs concerning insider trading, and 29 SARs relating to price manipulation. With a total of 41 SARs, these categories together made up 2.3% of overall reporting volume.



For comparison: 2005 to 2014

| Predicate offence | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Fraud | 126 | 213 | 247 | 295 | 307 | 450 | 497 | 478 | 374 | 448 | 3 435 |
| Not classifiable | 346 | 173 | 205 | 138 | 90 | 115 | 131 | 161 | 156 | 100 | 1 615 |
| Bribery | 52 | 47 | 101 | 81 | 65 | 60 | 158 | 167 | 172 | 357 | 1 260 |
| Money laundering | 37 | 45 | 54 | 57 | 81 | 129 | 252 | 209 | 93 | 182 | 1 139 |
| Embezzlement | 40 | 27 | 32 | 67 | 88 | 51 | 124 | 156 | 159 | 157 | 901 |
| Organised crime | 41 | 31 | 20 | 48 | 83 | 42 | 101 | 98 | 104 | 94 | 662 |
| Drugs | 20 | 14 | 34 | 35 | 32 | 114 | 161 | 97 | 52 | 39 | 598 |
| Fraudulent misuse of a computer | | | 18 | 33 | 22 | 49 | 51 | 39 | 121 | 104 | 437 |
| Forgery | 10 | 17 | 10 | 22 | 37 | 28 | 56 | 38 | 15 | 45 | 278 |
| Dishonest business management | 10 | 11 | 21 | 12 | 20 | 44 | 25 | 34 | 28 | 49 | 254 |
| Other property offences | 12 | 13 | 22 | 22 | 36 | 10 | 7 | 34 | 41 | 25 | 222 |
| Terrorism | 20 | 8 | 6 | 9 | 7 | 13 | 10 | 15 | 33 | 9 | 130 |
| Theft | 9 | 8 | 4 | 3 | 4 | 12 | 19 | 7 | 7 | 53 | 126 |
| Other crimes | 2 | 9 | 3 | 3 | 5 | 5 | 3 | 7 | 7 | 11 | 55 |
| Arms dealing | | 1 | 12 | 8 | 3 | 4 | 9 | 12 | | 2 | 51 |
| Human trafficking / sexual offences | 1 | | 3 | 4 | 3 | 3 | 1 | 19 | 4 | 9 | 47 |
| Blackmail | 1 | 1 | | 4 | 2 | 20 | 6 | 1 | 8 | 3 | 46 |
| Organised smuggling | | | | | 5 | 7 | 3 | 5 | 4 | 12 | 36 |
| Price manipulation | | | | | | | | | 1 | 29 | 30 |
| Abuse of authority | | | | | | | 4 | 2 | 19 | 2 | 27 |
| Insider trading | | | | | | | | | 6 | 12 | 18 |
| Acts against life and limb | 1 | | 1 | 9 | | 1 | 1 | | 1 | 1 | 15 |
| Counterfeit consumer goods | | | | | | | 4 | 2 | 1 | 4 | 11 |
| Product piracy | | | | | 2 | | | 2 | 3 | 2 | 9 |
| Counterfeit money | 1 | | | | 4 | | | 1 | | 2 | 8 |
| Robbery | | | 1 | 1 | | 2 | 1 | | 1 | 1 | 7 |
| Migrant smuggling | | | | | | | 1 | 1 | 1 | 1 | 4 |
| Lack of due diligence in handling assets | | 1 | 1 | | | | | | | | 2 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

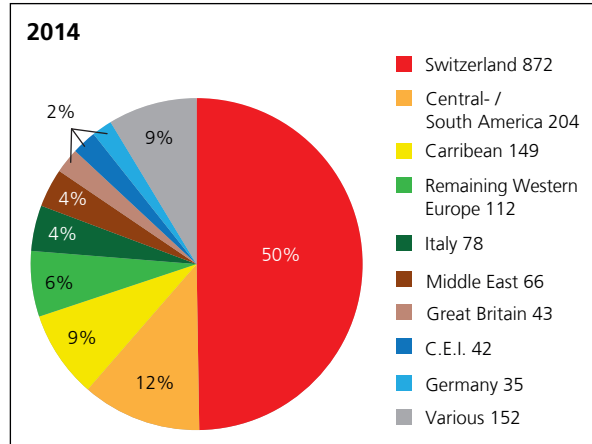
2.5.7 Domicile of clients

What the chart represents

This chart shows the physical or corporate domicile of the financial intermediary's client at the time the SAR was submitted.

Chart analysis

– Proportion of clients domiciled in Switzerland rose again and was higher than those domiciled abroad. In 2014, 872 SARs (50%) involved clients domiciled in Switzerland (2013: 646 SARs or 46%).



Legend

| | |
|--------------------------|---|
| Remaining Western Europe | Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Malta, Monaco, Netherlands, Portugal and San Marino |
| Various | Eastern Europe, North America, Asia, France, Scandinavia, Australia/Oceania and Unknown |

For comparison: 2005 to 2014

| Domicile of client | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|----------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Switzerland | 365 | 275 | 348 | 385 | 320 | 517 | 660 | 661 | 646 | 872 | 5 049 |
| Central/Sth. America | 41 | 21 | 58 | 71 | 68 | 87 | 175 | 161 | 149 | 204 | 1 035 |
| Caribbean | 60 | 40 | 65 | 79 | 97 | 80 | 184 | 150 | 109 | 149 | 1 013 |
| Remaining W. Europe | 45 | 53 | 50 | 62 | 46 | 88 | 107 | 119 | 106 | 112 | 788 |
| Italy | 45 | 55 | 48 | 46 | 103 | 85 | 95 | 113 | 106 | 78 | 774 |
| Germany | 35 | 36 | 51 | 51 | 34 | 54 | 40 | 37 | 37 | 35 | 410 |
| Great Britain | 16 | 33 | 58 | 16 | 31 | 72 | 59 | 49 | 27 | 43 | 404 |
| Middle East | 17 | 9 | 20 | 19 | 22 | 27 | 84 | 50 | 51 | 66 | 365 |
| North America | 25 | 25 | 20 | 23 | 23 | 48 | 38 | 36 | 32 | 27 | 297 |
| Africa | 13 | 8 | 12 | 11 | 16 | 22 | 66 | 47 | 45 | 31 | 271 |
| France | 17 | 12 | 18 | 22 | 58 | 26 | 32 | 34 | 18 | 29 | 266 |
| Asia | 15 | 26 | 19 | 22 | 29 | 16 | 17 | 19 | 18 | 27 | 208 |
| C.I.S. | 2 | 7 | 3 | 13 | 15 | 9 | 21 | 27 | 35 | 42 | 174 |
| Eastern Europe | 13 | 14 | 9 | 10 | 10 | 11 | 17 | 39 | 11 | 18 | 152 |
| Australia/Oceania | 6 | 1 | 7 | 13 | 17 | 5 | 17 | 21 | 14 | 15 | 116 |
| Scandinavia | 6 | 3 | 8 | 5 | 6 | 10 | 7 | 10 | 6 | 5 | 66 |
| unknown | 8 | 1 | 1 | 3 | 1 | 2 | 6 | 12 | 1 | | 35 |
| Total | 729 | 619 | 795 | 851 | 896 | 11 59 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.8 Nationality of clients

What the chart represents

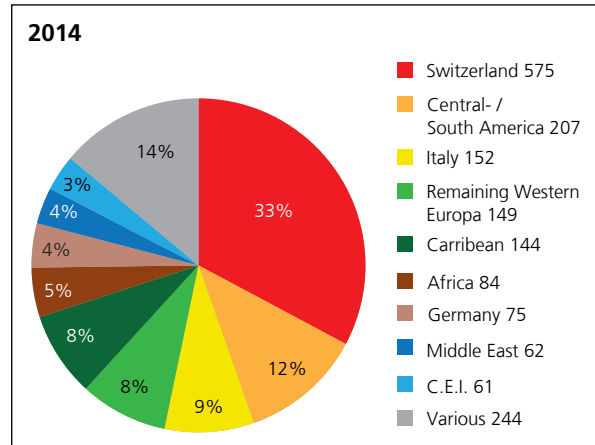
This chart shows the nationality of financial intermediaries' clients. While it is possible for a natural person's nationality to differ from his/her domicile, no such distinction exists between the nationality and domicile of a legal entity.

Legend

| | |
|------------------------|--|
| Rest of Western Europe | Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Malta, Netherlands, Portugal and San Marino |
| Various | Great Britain, France, C.I.S., North America, Eastern Europe, Scandinavia, Australia/Oceania and Unknown |

Chart analysis

- Parallel to the increase in SARs with Switzerland as the domicile of the financial intermediary's client was the relative increase again in SARs involving Swiss nationals (2014: 575 SARs or 33%, 2013: 403 SARs or 29 percent).
- SARs involving Italian clients were not in second position as in previous years. In this position were clients from Central and South America, with a higher share of 12% (2013: 8%). Italian clients came in third place with 9% of total reporting volume.
- SARs involving clients from the rest of Western Europe and the Caribbean were again in fourth and fifth place. Reporting volume involving clients from the Caribbean was, with 144 SARs, nearly as much as that involving clients from the rest of Western Europe (149 SARs). In relative terms, each category made up 8% of reporting volume.



For comparison: 2005 to 2014

| Nationality of client | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Switzerland | 249 | 186 | 261 | 271 | 196 | 257 | 320 | 405 | 403 | 575 | 3 123 |
| Italy | 64 | 71 | 57 | 72 | 147 | 122 | 123 | 176 | 168 | 152 | 1 152 |
| Central / Sth. America | 42 | 22 | 66 | 68 | 71 | 92 | 172 | 156 | 145 | 207 | 1 041 |
| Caribbean | 58 | 39 | 67 | 77 | 93 | 83 | 177 | 150 | 112 | 144 | 1 000 |
| Remaining W. Europe | 56 | 65 | 47 | 67 | 63 | 97 | 103 | 128 | 127 | 149 | 902 |
| Africa | 40 | 30 | 40 | 37 | 35 | 63 | 212 | 115 | 88 | 84 | 744 |
| Germany | 48 | 48 | 61 | 78 | 58 | 67 | 59 | 69 | 62 | 75 | 625 |
| Middle East | 33 | 16 | 22 | 21 | 31 | 38 | 102 | 64 | 47 | 62 | 436 |
| Great Britain | 15 | 34 | 56 | 11 | 33 | 73 | 82 | 52 | 31 | 46 | 433 |
| Asia | 22 | 26 | 29 | 23 | 23 | 103 | 45 | 30 | 51 | 41 | 393 |
| Eastern Europe | 35 | 25 | 24 | 25 | 27 | 36 | 62 | 70 | 34 | 47 | 385 |
| France | 18 | 19 | 19 | 28 | 42 | 45 | 55 | 45 | 28 | 47 | 346 |
| North America | 28 | 24 | 23 | 24 | 29 | 48 | 37 | 39 | 46 | 37 | 335 |
| C.I.S. | 8 | 8 | 8 | 24 | 18 | 15 | 49 | 41 | 43 | 61 | 275 |
| Australia/Oceania | 5 | 1 | 6 | 12 | 17 | 6 | 16 | 21 | 12 | 17 | 113 |
| Scandinavia | 3 | 4 | 9 | 10 | 11 | 12 | 10 | 13 | 13 | 8 | 93 |
| unknown | 5 | 1 | | 3 | 2 | 2 | 1 | 11 | 1 | 1 | 27 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.9 Domicile of beneficial owners

What the chart represents

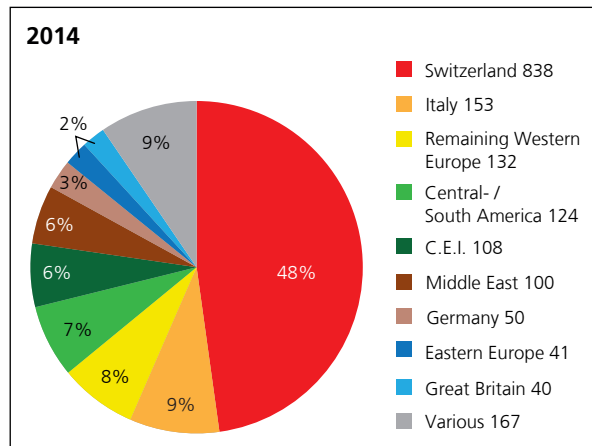
This chart shows the domicile of the natural persons or legal entities that were identified as beneficial owners of assets at the time the SARs were submitted to MROS.

Chart analysis

- Proportion of Swiss-based beneficial owners rose to 838 SARs or 48% (2013: 608 SARs or 42%).
- Western Europe (Italy, France, Germany, Great Britain, Scandinavia and rest of Western Europe): 26% in 2014 as opposed to 28% in 2013.
- Eastern Europe present again in pie chart but with only 2%.

Legend

| | |
|------------------------|--|
| Rest of Western Europe | Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Portugal and San Marino |
| Various | Eastern Europe, France, North America, Asia, Scandinavia, Caribbean, Unknown and Australia/Oceania |



For comparison: 2005–2014

| Domicile of beneficial owner | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|------------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Switzerland | 292 | 241 | 321 | 358 | 320 | 494 | 634 | 664 | 608 | 838 | 4 770 |
| Italy | 54 | 84 | 67 | 83 | 127 | 161 | 187 | 191 | 175 | 153 | 1 282 |
| Remaining W. Europe | 51 | 46 | 65 | 56 | 41 | 132 | 152 | 129 | 129 | 132 | 933 |
| Central / Sth. America | 32 | 14 | 35 | 64 | 39 | 32 | 51 | 85 | 116 | 124 | 592 |
| Germany | 44 | 47 | 62 | 67 | 45 | 69 | 49 | 43 | 54 | 50 | 530 |
| Middle East | 30 | 10 | 36 | 33 | 21 | 41 | 132 | 43 | 61 | 100 | 507 |
| C.I.S. | 8 | 15 | 7 | 31 | 52 | 21 | 47 | 82 | 99 | 108 | 470 |
| Great Britain | 42 | 37 | 65 | 19 | 31 | 41 | 86 | 41 | 26 | 40 | 428 |
| North America | 29 | 32 | 27 | 28 | 34 | 48 | 45 | 32 | 39 | 31 | 345 |
| Africa | 35 | 17 | 21 | 22 | 19 | 24 | 100 | 46 | 25 | 34 | 343 |
| France | 29 | 18 | 23 | 26 | 63 | 35 | 45 | 39 | 21 | 37 | 336 |
| Eastern Europe | 33 | 22 | 13 | 18 | 24 | 21 | 32 | 104 | 13 | 41 | 321 |
| Asia | 24 | 29 | 27 | 24 | 49 | 23 | 23 | 46 | 26 | 36 | 307 |
| Scandinavia | 11 | 4 | 21 | 5 | 7 | 12 | 12 | 19 | 11 | 22 | 124 |
| Caribbean | 4 | 1 | 2 | 6 | 21 | 3 | 18 | 13 | 6 | 7 | 81 |
| Unknown | 7 | 1 | 1 | 3 | 2 | 2 | 6 | 8 | 2 | | 32 |
| Australia/Oceania | 4 | 1 | 2 | 8 | 1 | | 6 | | | | 22 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 15 85 | 1 411 | 1 753 | 11 423 |

2.5.10 Nationality of beneficial owners

What the chart represents

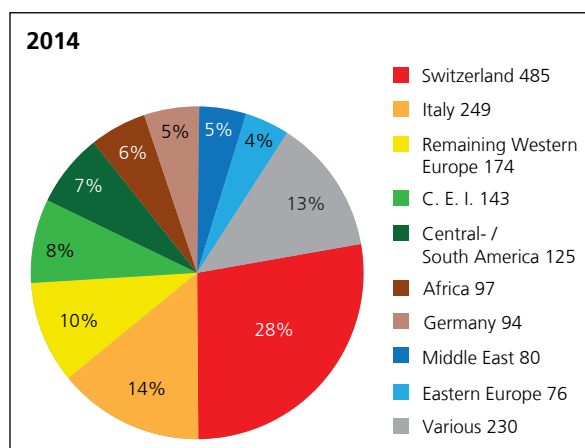
This chart shows the nationality of those individuals who were identified as the beneficial owners of assets at the time the SAR was submitted to MROS. No distinction is drawn between the nationality and domicile of legal entities. Often the identity and nationality of the actual beneficial owners of these legal entities can only be determined by prosecution authorities.

Chart analysis

- Proportion of SARs with Swiss nationals as beneficial owners rose noticeably again, reaching a ten-year record high (2014: 485 SARs or 28%, 2013 349 SARs or 25%).
- SARs with Italian nationals as beneficial owners were once again in second place, albeit with a lower overall share (2014: 14%, 2013: 17%).
- Back on the pie chart and thus with a considerable share of SARs were beneficial owners from the Middle East (5%) and from Eastern Europe (4%).

Legend

| | |
|------------------------|---|
| Rest of Western Europe | Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Malta and Portugal |
| Various | Great Britain, France, Middle East, Eastern Europe, Scandinavia, Caribbean, Unknown and Australia/Oceania |



For comparison: 2005–2014

| Nationality of beneficial owner | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|---------------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Switzerland | 188 | 143 | 217 | 228 | 178 | 195 | 273 | 326 | 349 | 485 | 2 582 |
| Italy | 71 | 99 | 75 | 114 | 179 | 271 | 221 | 280 | 241 | 249 | 1 800 |
| Remaining W. Europe | 55 | 60 | 57 | 57 | 53 | 88 | 87 | 139 | 144 | 174 | 914 |
| Germany | 59 | 64 | 80 | 94 | 75 | 92 | 90 | 88 | 90 | 94 | 826 |
| Africa | 60 | 39 | 46 | 49 | 35 | 66 | 245 | 113 | 72 | 97 | 822 |
| C.I.S. | 17 | 16 | 17 | 43 | 60 | 30 | 91 | 113 | 110 | 143 | 640 |
| Eastern Europe | 48 | 35 | 28 | 35 | 42 | 56 | 81 | 145 | 39 | 76 | 585 |
| Central / S. America | 31 | 11 | 37 | 60 | 43 | 39 | 44 | 72 | 104 | 125 | 566 |
| Middle East | 50 | 16 | 27 | 28 | 29 | 46 | 145 | 68 | 51 | 80 | 540 |
| Asia | 27 | 28 | 40 | 33 | 44 | 110 | 51 | 54 | 59 | 56 | 502 |
| Great Britain | 23 | 38 | 83 | 16 | 33 | 39 | 141 | 52 | 30 | 43 | 498 |
| France | 42 | 27 | 30 | 36 | 43 | 57 | 69 | 50 | 34 | 59 | 447 |
| North America | 42 | 35 | 31 | 31 | 55 | 47 | 50 | 36 | 60 | 56 | 443 |
| Scandinavia | 6 | 5 | 21 | 12 | 12 | 14 | 19 | 25 | 20 | 11 | 145 |
| Caribbean | 3 | | 4 | 5 | 9 | 6 | 14 | 11 | 6 | 2 | 60 |
| Australia/Oceania | 3 | 2 | 2 | 7 | 3 | 1 | 3 | 5 | | 2 | 28 |
| unknown | 4 | 1 | | 3 | 3 | 2 | 1 | 8 | 2 | 1 | 25 |
| Total | 729 | 619 | 795 | 851 | 896 | 1 159 | 1 625 | 1 585 | 1 411 | 1 753 | 11 423 |

2.5.11 Prosecution authorities

What the chart represents

This chart shows where MROS forwarded the SARs it received from financial intermediaries. The choice of prosecuting authority depends on the nature of the offence. Article 24 et seq. (federal jurisdiction) and Article 27 et seq. (cantonal jurisdiction) of the Criminal Procedure Code (CrimPC) serve as the frame of reference.

Chart analysis

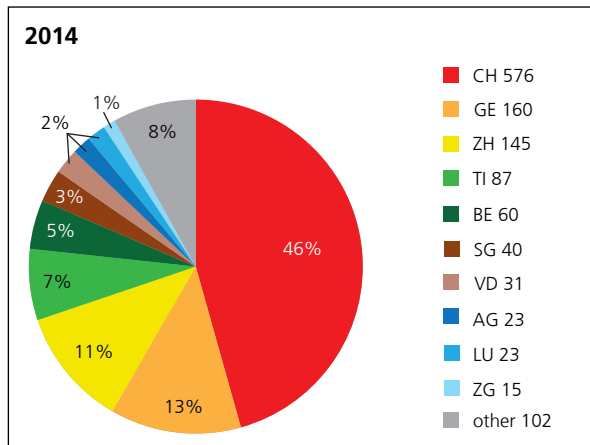
- The proportion of forwarded SARs fell in 2014 by more than 7%, to 72%.
- The number of SARs forwarded to the Office of the Attorney General reached an all-time high.

MROS received a total of 1,753 SARs in 2014 (2013: 1,411). Following careful analysis, it forwarded 1,262 SARs to prosecution authorities (2013: 1,115). This represents a decrease in the proportion of forwarded SARs to 72% (2013: 79.1%).

In 2014, MROS forwarded 576 SARs or 46% (2013: 374 SARs or 34%) to the Office of the Attorney General of Switzerland (OAG). This figure represents a considerable increase, both in relative and absolute terms. One significant reason for this increase is the rise in complex cases involving suspected bribery abroad.

Legend

| | | | |
|-----------|-------------------------|-----------|--------------|
| AG | Aargau | NW | Nidwalden |
| AI | Appenzell Inner Rhoden | OW | Obwalden |
| AR | Appenzell Ausser Rhoden | SG | St. Gallen |
| BE | Bern | SH | Schaffhausen |
| BL | Basel-Landschaft | SO | Solothurn |
| BS | Basel-Stadt | SZ | Schwyz |
| FR | Fribourg | TG | Thurgau |
| GE | Geneva | TI | Ticino |
| GL | Glarus | UR | Uri |
| GR | Graubünden | VD | Vaud |
| JU | Jura | VS | Valais |
| LU | Lucerne | ZG | Zug |
| NE | Neuchatel | ZH | Zurich |



For comparison: 2005–2014

| Authority | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|--------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| CH | 154 | 150 | 289 | 221 | 182 | 361 | 470 | 486 | 374 | 576 | 3 263 |
| ZH | 81 | 92 | 90 | 97 | 146 | 137 | 291 | 194 | 208 | 145 | 1 481 |
| GE | 71 | 53 | 66 | 76 | 161 | 141 | 185 | 205 | 168 | 160 | 1 286 |
| TI | 44 | 69 | 33 | 85 | 118 | 134 | 125 | 185 | 140 | 87 | 1 020 |
| BE | 20 | 12 | 25 | 14 | 27 | 36 | 47 | 52 | 19 | 60 | 312 |
| BS | 34 | 13 | 16 | 19 | 20 | 35 | 50 | 40 | 24 | 15 | 266 |
| VD | 15 | 17 | 12 | 25 | 13 | 27 | 69 | 28 | 27 | 31 | 264 |
| SG | 11 | 15 | 13 | 17 | 17 | 19 | 67 | 31 | 19 | 40 | 249 |
| ZG | 22 | 21 | 16 | 38 | 8 | 16 | 19 | 8 | 14 | 15 | 177 |
| AG | 5 | 14 | 10 | 9 | 9 | 14 | 49 | 27 | 15 | 23 | 175 |
| LU | 11 | 17 | 14 | 25 | 11 | 13 | 9 | 15 | 17 | 23 | 155 |
| BL | 4 | 4 | 10 | 18 | 13 | 13 | 8 | 13 | 9 | 6 | 98 |
| TG | 3 | 4 | 3 | 3 | 22 | 7 | 9 | 15 | 8 | 13 | 87 |
| NE | 16 | 4 | 5 | 8 | 8 | 7 | 10 | 8 | 8 | 13 | 87 |
| SO | 4 | 4 | 3 | 13 | 16 | 5 | 14 | 1 | 15 | 9 | 84 |
| VS | 1 | 5 | 5 | 1 | 3 | 9 | 7 | 5 | 12 | 14 | 62 |
| GR | 4 | 3 | 2 | 2 | 4 | 9 | 6 | 7 | 9 | 13 | 59 |
| FR | 4 | 3 | 4 | 2 | 5 | 5 | 10 | 16 | 6 | 3 | 58 |
| SZ | 2 | 7 | 4 | 2 | 5 | 8 | 9 | 8 | 7 | 1 | 53 |
| SH | 1 | | 1 | 1 | 1 | 2 | 8 | 5 | 7 | 4 | 30 |
| JU | 1 | 1 | | 2 | 2 | 1 | 1 | 1 | 2 | 8 | 19 |
| NW | | | | 3 | 2 | 1 | 5 | 1 | 4 | 1 | 17 |
| OW | | | 1 | 6 | 3 | | 1 | 2 | | | 13 |
| AI | | | 3 | | | 2 | 1 | 2 | | | 8 |
| AR | | | | | | 1 | 2 | 2 | 2 | 1 | 8 |
| GL | 1 | | 3 | | 1 | | | | 1 | | 6 |
| UR | | | 1 | 1 | | | | | | 1 | 3 |
| Total | 509 | 508 | 629 | 688 | 797 | 1 003 | 1 472 | 1 357 | 1 115 | 1 262 | 9 340 |

2.5.12 Status of forwarded SARs

What the chart represents

This chart shows the current status of the SARs that have been forwarded to federal and cantonal prosecution authorities in the last ten years. The chart distinguishes between the federal prosecution authority, i.e. the Office of the Attorney General of Switzerland (OAG), and the cantonal prosecution authorities.

Chart analysis

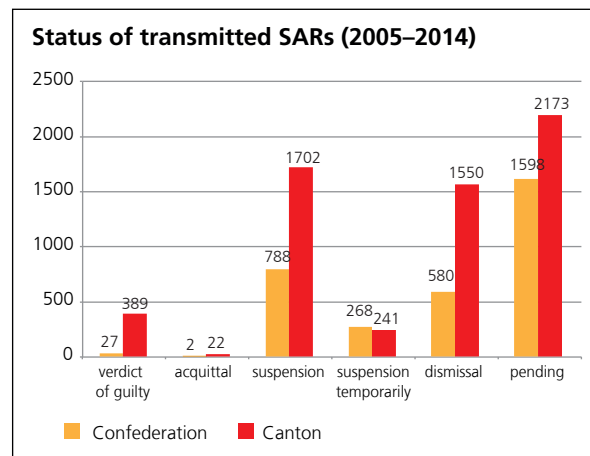
– *More than 40% of all SARs forwarded to federal and cantonal prosecution authorities since 2005 are pending.*

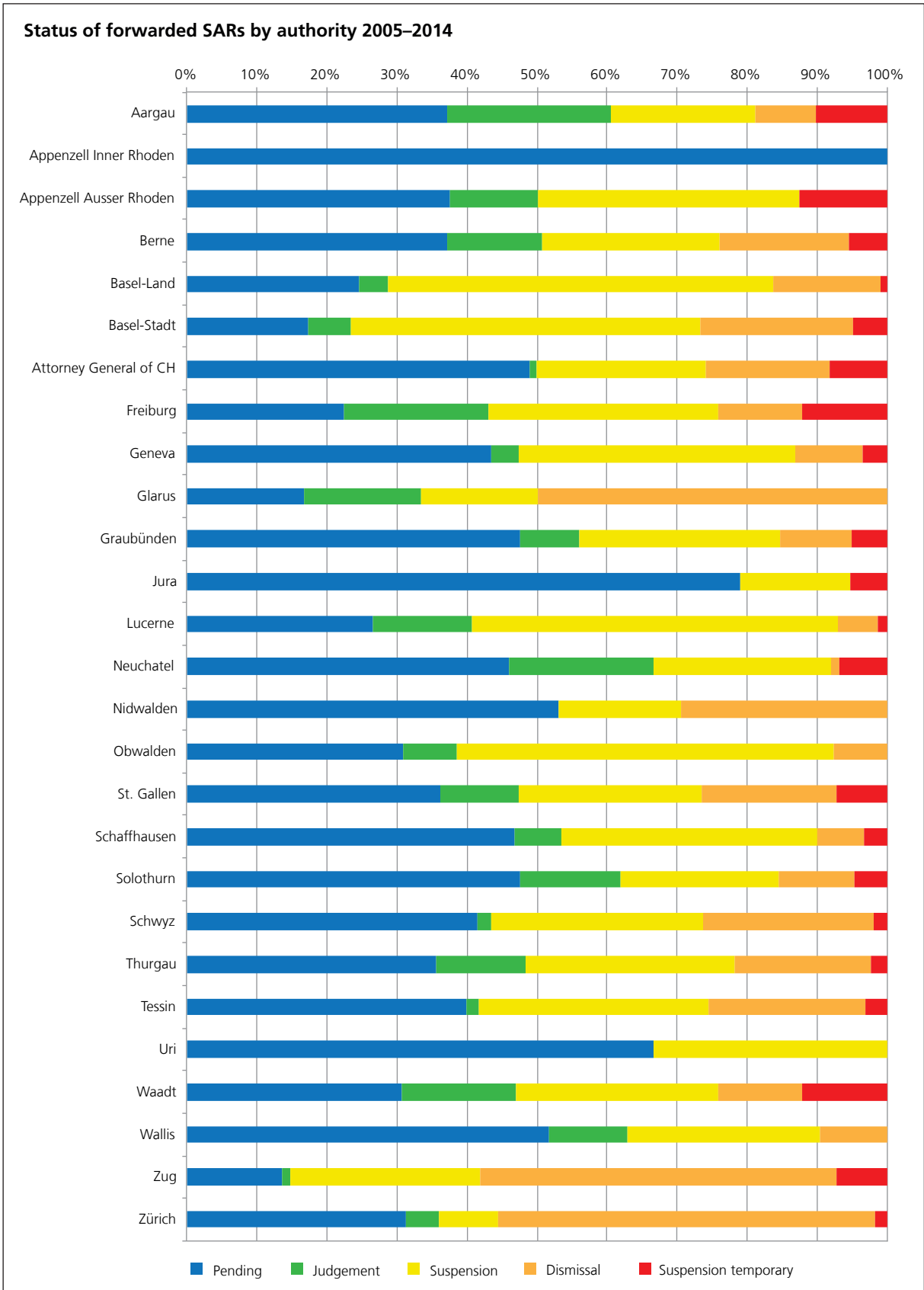
From 1 January 2005 to 31 December 2014, MROS forwarded a total of 9,340 SARs to prosecution authorities. By the end of 2014, decisions had been reached in 5,569 cases (approx. 60%). These decisions are described below:

- In 7.9% (440 cases) of all forwarded SARs, the courts delivered the following verdicts: 14 acquittals from the charge of money laundering, 10 acquittals from all charges (no charge of money laundering), 237 convictions including for money laundering, and 179 convictions for offences other than money laundering. Convictions made up 7.5% of total reporting volume in 2014.
- In 44.7% (2,490 cases) of all forwarded SARs, criminal proceedings were initiated but later suspended after criminal investigations revealed insufficient evidence of wrongdoing.
- In 38.2% (2,130 cases) of all forwarded SARs, no criminal proceedings were opened in Switzerland following preliminary investigations.
- In 9.2% (509 cases) criminal proceedings were suspended either because criminal prosecution was handed over to foreign prosecution authorities or because criminal proceedings in the same case were already underway abroad.

At the end of 2014, 3,771 or 40% percent of forwarded SARs were pending (2013: 43.8%). It is difficult to draw conclusions as to the reasons due to a multifold of factors:

- Money laundering and terrorist financing cases often have international connections, and the resulting international investigations tend to be tediously protracted and difficult;
- Experience has shown that mutual legal assistance tends to be a very laborious and time-consuming affair;
- Some of the pending SARs have already led to a verdict but MROS has not yet been notified of this fact because there was no conviction relating specifically to Article 260ter paragraph 1 (criminal organisation), 305^{bis} (money laundering) or 305^{ter} (lack of due diligence) SCC and therefore the cantonal authorities are not required to inform MROS (see Art. 29a para. 2 AMLA).
- The prosecution authorities do not consistently fulfil their duty to report to MROS under Article 29a paragraph 2 AMLA.





Status of forwarded SARs by canton – 2005 to 2014

| Canton | Pending | | Dismissal | | Suspension | | Temporary suspension | | Verdict | | Total | |
|--------------|-------------|---------------|--------------|---------------|--------------|---------------|----------------------|--------------|------------|--------------|--------------|-----------------|
| | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % |
| AG | 65 | 37.14% | 15 | 8.57% | 36 | 20.57% | 18 | 10.29% | 41 | 23.43% | 175 | 100,00 % |
| AI | 8 | 100.00% | 0 | 0.00% | | 0.00% | | 0.00% | | 0.00% | 8 | 100,00 % |
| AR | 3 | 37.50% | 0 | 0.00% | 3 | 37.50% | 1 | 12.50% | 1 | 12.50% | 8 | 100,00 % |
| BE | 116 | 37.18% | 58 | 18.59% | 79 | 25.32% | 17 | 5.45% | 42 | 13.46% | 312 | 100,00 % |
| BL | 24 | 24.49% | 15 | 15.31% | 54 | 55.10% | 1 | 1.02% | 4 | 4.08% | 98 | 100,00 % |
| BS | 46 | 17.29% | 58 | 21.80% | 133 | 50.00% | 13 | 4.89% | 16 | 6.02% | 266 | 100,00 % |
| CH | 1 598 | 48.97% | 580 | 17.78% | 788 | 24.15% | 268 | 8.21% | 29 | 0.89% | 3263 | 100,00 % |
| FR | 13 | 22.41% | 7 | 12.07% | 19 | 32.76% | 7 | 12.07% | 12 | 20.69% | 58 | 100,00 % |
| GE | 557 | 43.31% | 125 | 9.72% | 508 | 39.50% | 45 | 3.50% | 51 | 3.97% | 1286 | 100,00 % |
| GL | 1 | 16.67% | 3 | 50.00% | 1 | 16.67% | | 0.00% | 1 | 16.67% | 6 | 100,00 % |
| GR | 28 | 47.46% | 6 | 10.17% | 17 | 28.81% | 3 | 5.08% | 5 | 8.47% | 59 | 100,00 % |
| JU | 15 | 78.95% | 0 | 0.00% | 3 | 15.79% | 1 | 5.26% | | 0.00% | 19 | 100,00 % |
| LU | 41 | 26.45% | 9 | 5.81% | 81 | 52.26% | 2 | 1.29% | 22 | 14.19% | 155 | 100,00 % |
| NE | 40 | 45.98% | 1 | 1.15% | 22 | 25.29% | 6 | 6.90% | 18 | 20.69% | 87 | 100,00 % |
| NW | 9 | 52.94% | 5 | 29.41% | 3 | 17.65% | | 0.00% | | 0.00% | 17 | 100,00 % |
| OW | 4 | 30.77% | 1 | 7.69% | 7 | 53.85% | | 0.00% | 1 | 7.69% | 13 | 100,00 % |
| SG | 90 | 36.14% | 48 | 19.28% | 65 | 26.10% | 18 | 7.23% | 28 | 11.24% | 249 | 100,00 % |
| SH | 14 | 46.67% | 2 | 6.67% | 11 | 36.67% | 1 | 3.33% | 2 | 6.67% | 30 | 100,00 % |
| SO | 40 | 47.62% | 9 | 10.71% | 19 | 22.62% | 4 | 4.76% | 12 | 14.29% | 84 | 100,00 % |
| SZ | 22 | 41.51% | 13 | 24.53% | 16 | 30.19% | 1 | 1.89% | 1 | 1.89% | 53 | 100,00 % |
| TG | 31 | 35.63% | 17 | 19.54% | 26 | 29.89% | 2 | 2.30% | 11 | 12.64% | 87 | 100,00 % |
| TI | 406 | 39.80% | 230 | 22.55% | 334 | 32.75% | 31 | 3.04% | 19 | 1.86% | 1 020 | 100,00 % |
| UR | 2 | 66.67% | 0 | 0.00% | 1 | 33.33% | | 0.00% | | 0.00% | 3 | 100,00 % |
| VD | 81 | 30.68% | 32 | 12.12% | 76 | 28.79% | 32 | 12.12% | 43 | 16.29% | 264 | 100,00 % |
| VS | 32 | 51.61% | 6 | 9.68% | 17 | 27.42% | | 0.00% | 7 | 11.29% | 62 | 100,00 % |
| ZG | 24 | 13.56% | 90 | 50.85% | 48 | 27.12% | 13 | 7.34% | 2 | 1.13% | 177 | 100,00 % |
| ZH | 461 | 31.13% | 800 | 54.02% | 123 | 8.31% | 25 | 1.69% | 72 | 4.86% | 1 481 | 100,00 % |
| Total | 3771 | 40.37% | 2 130 | 22.81% | 2 490 | 26.66% | 509 | 5.45% | 440 | 4.71% | 9 340 | 100,00 % |

3 Typologies from the 2014 reporting year

3.1 Oil trade on the stock market – Use of insider information

Reason for report/closer scrutiny:

Notification by third party, Transaction analysis

Presumed predicate offence:

Use of insider information (Art. 40 SESTA)

Financial intermediary: Bank

Legal basis for SAR: Art. 305^{ter} para. 2 SCC

Forwarded to prosecution authorities: Yes

A bank sent a SAR to MROS concerning a business relationship established in the name of an offshore company whose economic beneficiary was a foreign businessman. Moreover, he held shares in a foreign listed company that was active in the exploration, extraction and production of oil. He had held the position of CEO in that company until October 2014. The shares in question had been transferred to the investment account of the domicile company for which he was the economic beneficiary. A few days before the end of the month of August 2014, the reporting financial intermediary received an order signed the previous day by a person authorised to act on the businessman's behalf. The order was to sell all of the shares in the above-mentioned company held in the offshore company's investment account. This order was partially executed (the bank sold over one million registered shares of the company worth over CHF 2.5 million). However, barely one month previously, the listed company had announced the temporary suspension of its CEO as part of an investigation into unauthorised payments made to the CEO in question by third parties, particularly an African company. On that occasion, the company also announced publication of its mid-year results. The company's shares fell in response but later recovered by mid-August 2014. This coincided with the client's decision to sell his shareholding in the listed company towards the end of the month of August 2014. The sell order had been placed on the day when the listed company announced its intention to publish its results on the following day. The company's shares once again fell. In mid-October, the company announced that it had fired its CEO, effective immediately, due to serious breaches in his contractual obligations.

Since 1 May 2013, the use of insider information is considered a criminal offence. However, the threshold for this is the aggravating circumstance of deriving a monetary gain of over CHF 1 million. In this case, the required threshold seemed to have been reached. The CEO in question was suspected of having tried to sell his shareholding on the basis of insider information. As it happens, the person authorised to act on the CEO's behalf had signed the sell order the day before the company announced its intention to publish its mid-year results, at a time when the share price was at its highest and before these shares lost value.

MROS noted that the shares in question were listed on a foreign stock exchange and had been sold abroad. However, under the abstract double jeopardy principle developed and confirmed by the jurisprudence of the Swiss Federal Supreme Court, the infraction described above may be considered as a predicate offence to money laundering (Decision of the Swiss Federal Supreme Court: 136 IV 179).⁸ The SAR was forwarded to the prosecution authorities, which then initiated investigative proceedings into possible money laundering.

3.2 Easy money – Pump-and-dump scheme

Reason for report/closer scrutiny:

Transaction analysis

Presumed predicate offence:

Price manipulation (Art. 40a SESTA)

Financial intermediary: Bank

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A bank submitted a SAR to MROS concerning possible price manipulation in relation to a „pump-and-dump“ scheme. The term „pump“ may be better understood as an effort to drive a price higher and the term „dump“ means the exact opposite. The basic idea behind this criminal scheme is to contact a potential victim by phone, hyperlinks, social media and/or private e-mail to encourage the person to buy shares in companies on the basis of intentionally misleading information. The resulting surge in demand artificially

⁸ For more details, see corresponding announcement made in Annual Report 2013, p. 58.

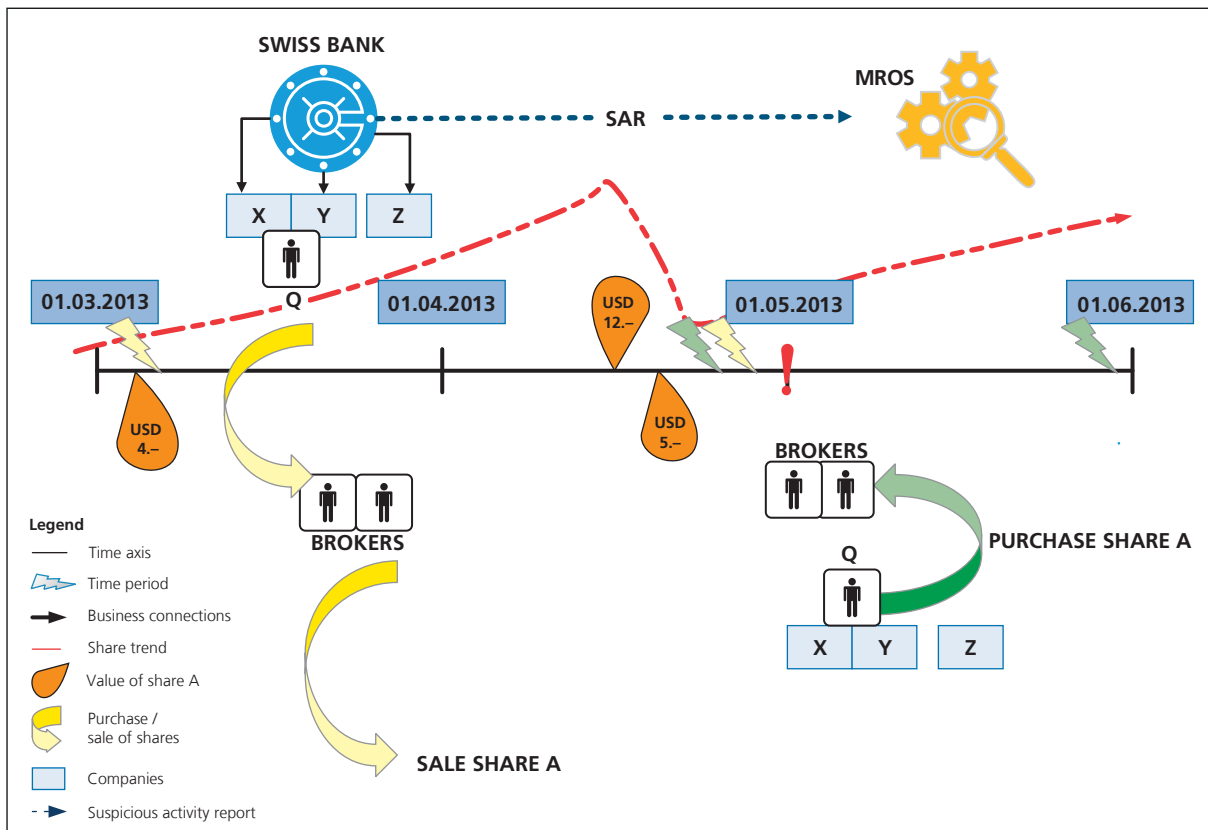
drives the share price higher. The fraudsters then massively sell off their own shareholding at a profit, leaving their hapless victims holding the bag.

During compliance checks, the financial intermediary noted unusual activities in some of its client relationships in relation to shares held in Company A. The company in question was a „pink sheet“ company, meaning its shares were traded over the counter (OTC) in a secondary market instead of on a major stock exchange. This is typical of small limited liability companies in the United States. The financial intermediary submitted a mandatory SAR by virtue of Article 9 AMLA.

Upon further scrutiny, MROS noted that in the period between early March and mid May 2013, there had been considerable turnover in relation to the shares of the company in question. Some of these transactions exceeded the average daily volume. This was accompanied by a huge jump in the share price of Company A, from around USD 4 per share on 5 March 2013 to a peak of USD 12 on 15 April 2013. On 16 April 2013, however, in two days of heavy trading, the share price plummeted back down to USD 5 per share, once again under the influence of the sheer volume of trading. Moreover, it was observed that three main clients of the financial intermediary, namely Company X, Y and Z had sold nearly two million shares in Company A during the period between 5 March and 27 April 2013. Most of the sell orders (greatly in excess of one million shares) were given

by Company X: during the period between 24 April and the end of May 2013, the same customers had purchased a very large number of additional shares (several hundred thousand shares) in Company A. The three companies in question and the other client relationships mentioned in the SAR (except for Company Z) were all owned by Client Q, who was the economic beneficiary. All of the buy and sell orders concerning Company A were given by Q (in his capacity as authorised representative of each company). In addition, with each transaction, Q indicated which of the two brokers was to carry out which transaction. MROS was unable to identify the counterparty of each transaction, nor whether the broker in question had any connection with the counterparty.

On 1 May 2013, MROS concluded that price manipulation had occurred. Under Swiss legislation, if the monetary gain exceeds CHF 1 million, then price manipulation constitutes a predicate offence to money laundering (Art. 40a para. 2 SESTA in connection with Art. 10 para. 2 SCC as well as Art. 305^{bis} SCC). In the case at hand, the aim was to determine whether the price manipulation observed up until the end of May 2013 generated a monetary gain of over CHF 1 million. MROS was unable to determine this conclusively and had to assume it. In addition to the usual analytical methods, MROS decided to contact several foreign FIUs through various channels to intensively discuss and analyse the involved assets. The replies that it received confirmed



the initial facts. Useful information was obtained from FIUs in certain countries and passed on to FIUs in other countries. The SAR was forwarded to the competent prosecution authority.

3.3 PEP in the shadow of a front man – Acceptance of bribes

Reason for report/closer scrutiny:

Transaction analysis

Reporting financial intermediary: *Fiduciary*

Presumed predicate offence:

Acceptance of bribes (Art. 322^{quater} SCC)

Legal basis for SAR: *Art. 305^{ter} para. 2 SCC*

Forwarded to prosecution authorities: *Yes*

A financial intermediary had established contractual dealings with a foreign citizen, who was the CEO of a state-owned company involved in economic promotion and regional planning on behalf of a commune abroad. The specific purpose of the contract signed by the client and the financial intermediary was the formation and fiduciary management of two domicile companies, the aim of the company structure was to manage a real estate holding situated abroad. Moreover, it turned out that one of these companies had received sizeable funds from an African businessman. The financial intermediary was unable to find any reasons justifying these wire transfers. However, when establishing the business relationship, the client had stated that he was „a private entrepreneur active in real estate development“ and asserted that he was the economic beneficiary of the two domicile companies.

Following publication of several press articles, the financial intermediary had doubts as to the true economic beneficiary of the two domicile companies in question and the true owner of the real estate property held by one of the two companies. Indeed, the articles mentioned that the presumed owner of the real estate property in question was not the client, CEO of the said company, but rather the mayor of the commune, who was also a member of parliament. The information contained in the press articles further corroborated suspicions surrounding the business relationship. Indeed, when the account had been opened, the client had announced that he had received funds from a commission linked to a real estate transaction. The money, never credited, supposedly came from a rich Middle-Eastern businessman considered to be a politically exposed person (PEP). In fact, according to open-source information, the person in question was a major investor in an important real estate project in the same commune where the PEP

in question held office as mayor. Given the unusual transactions carried out and the close ties between the client and the member of parliament, the financial intermediary began to suspect its client of acting as a front man for the politician in question and therefore decided to make use of its right to report under Article 305^{ter} paragraph 2 SCC. After examining the details and information provided, MROS forwarded the SAR to the competent prosecution authority with an indication that the assets transiting through the accounts of the financial intermediary were probably linked to corruption activities.

3.4 Co-worker gone bad – Personal corruption at company's expense

Reason for report/closer scrutiny:

Press release, official order

Reporting financial intermediary:

Bank, asset manager, bank

Presumed predicate offence:

Criminal mismanagement (Art. 158 SCC)

Legal basis for SAR:

Art. 9 AMLA, Art. 305^{ter} para. 2 SCC,

Art. 305^{ter} para. 2 SCC

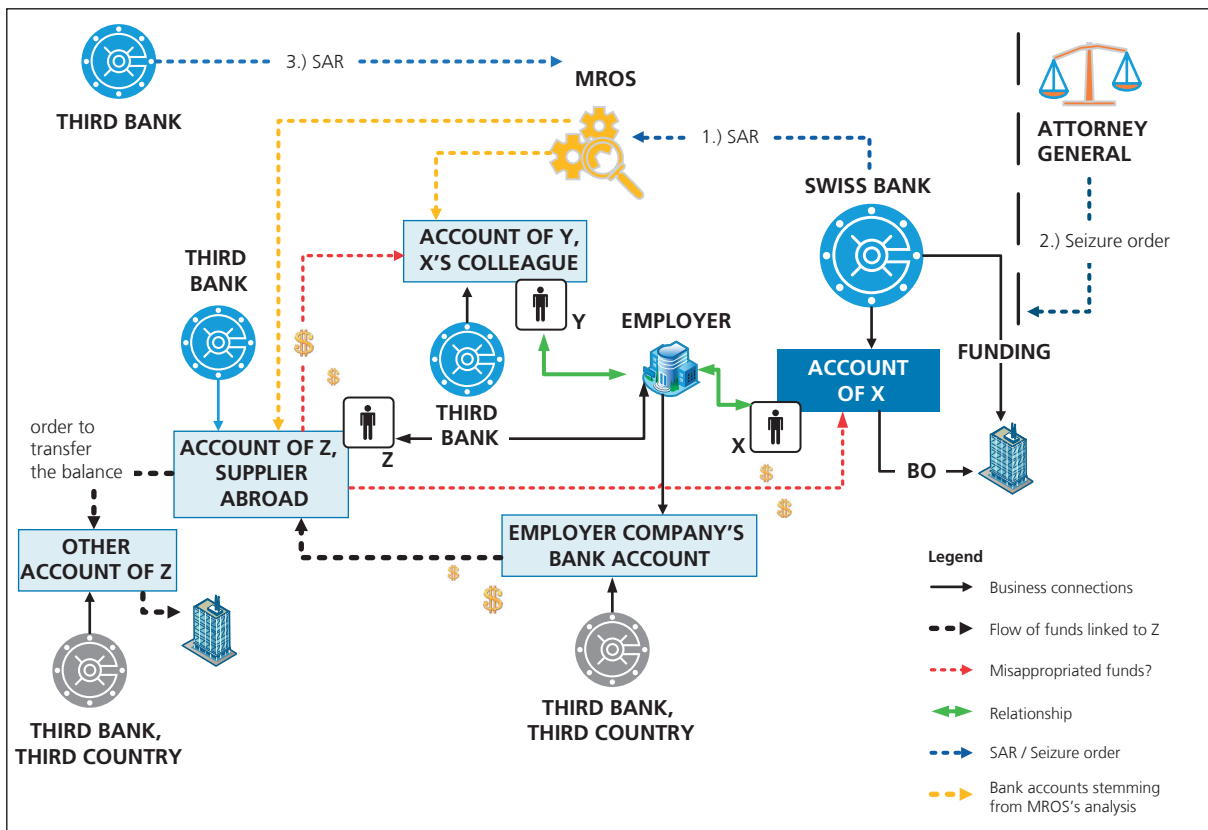
Forwarded to prosecution authorities: *Yes*

An account that had existed for several years was transferred to a new client advisor within the same bank. On that occasion, the new client advisor came across a press release that made him suspect that the account and associated assets may have resulted from kickbacks received from suppliers abroad. In exchange for the kickbacks, the recipient was to award delivery contracts to the suppliers. It turned out that a legal complaint had already been filed for precisely this reason against the company where the account holder was employed. In addition, the financial intermediary received a freeze and confiscate order from the competent prosecution authority in relation to bank-financed property owned by the account holder. The financial intermediary also noticed that the balance on the reported account constantly increased. It therefore submitted a SAR by virtue of Article 9 AMLA. MROS looked into the matter and found that there were two other individuals and accounts involved in the transfer of the alleged kickbacks. One of the individuals was a co-worker of the reported account holder and the other a foreign supplier of spare parts. While examining the case, MROS received SARs from two other financial intermediaries: on the day when the mentioned newspaper article was published, the individual who worked as a supplier instructed a self-employed asset

manager over the phone to transfer all of his funds to an account abroad. The asset manager contacted the financial intermediary and received a fax indicating that the transfer order was limited to a specific threshold. The account holder explained to the asset manager that the transfer was intended to finance the unplanned purchase of real estate. The asset manager filed a SAR pursuant to Article 305^{ter} paragraph 2 SCC. Shortly thereafter, MROS received a SAR in relation to three other accounts that the involved individuals held with a third financial intermediary. The bank had filed the SAR in response to a disclose and confiscate order from the competent prosecution authority pursuant to Article 305^{ter} paragraph 2 SCC.

The possible case of bribery and criminal mismanagement was presented thus: the payments had been made from the

account of the company abroad to the mentioned suppliers who then made the payments to both of the involved natural persons. Since private bribery is a misdemeanour under Swiss law and not a felony constituting a predicate offence to money laundering (Art. 4a Federal Act of 19 December 1986 on Unfair Competition UCA; CC 241), MROS could only base its suspicion on criminal mismanagement within the meaning of Article 158 SCC as a possible predicate offence to money laundering. The employer of the three individuals involved and the third company abroad incurred losses amounting to several million Swiss francs. Since the circumstances described by both banks clearly related to criminal actions by the account holder and constituted a predicate offence to money laundering, the SARs were forwarded to the competent prosecution authority (Art. 158 SCC).



3.5 Misuse of a life insurance policy – Criminal organisation

Reason for report/closer scrutiny:

Internal audits, press reports

Reporting financial intermediary:

Life insurance company

Presumed predicate offence:

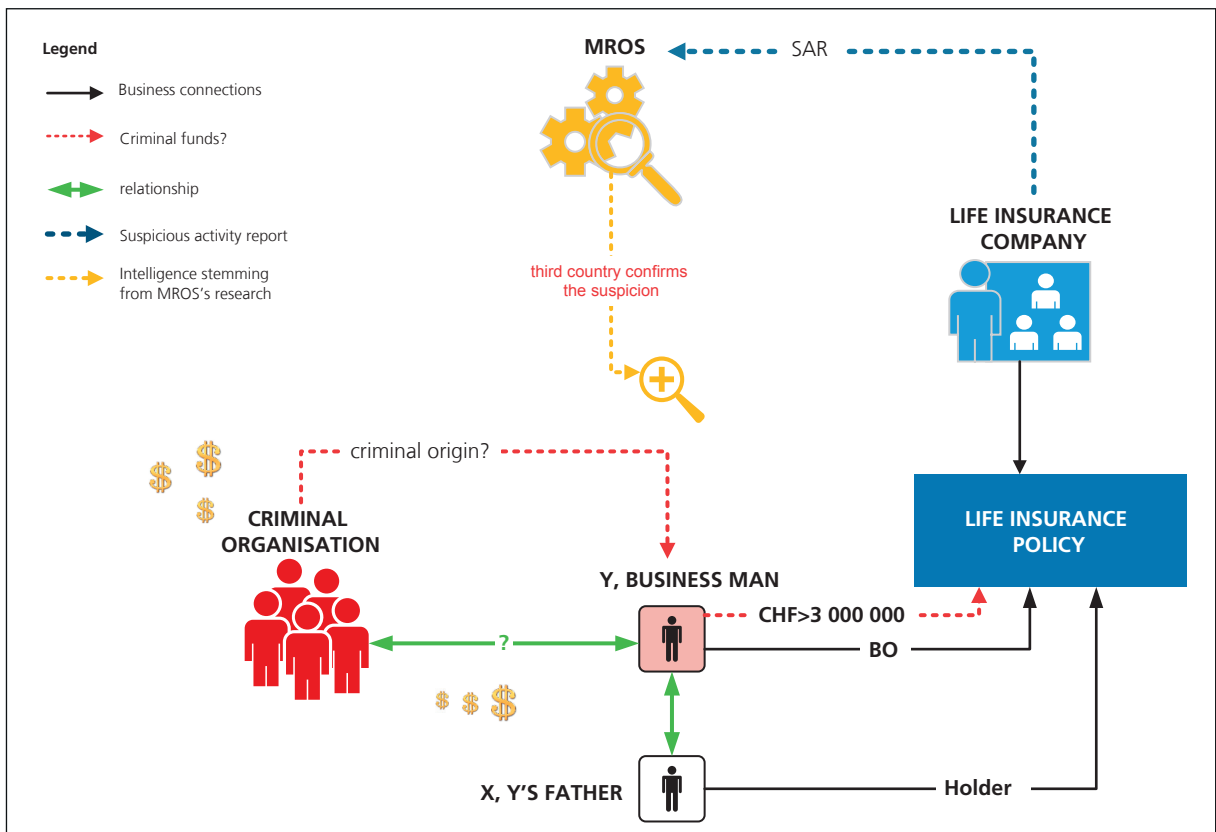
Criminal organisation (Art. 260^{ter} SCC)

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A life insurance company sent a SAR to MROS concerning a life insurance policy taken out in the name of the father of a foreign businessman whose name was mentioned in various media sources as possibly a member of a criminal organisation abroad. The life insurance policy had been signed in favour of the father of the aforementioned individual. The life insurance policy was to start retroactively and reach completion on the date of death of the insured. The life insurance policy provided for a single lump-sum payment of over CHF three million, which was paid by the

businessman suspected of being a member of a criminal organisation and accused of VAT fraud. The said businessman was also the economic beneficiary of assets deposited into the account opened with the reporting financial intermediary. In keeping with the duty to clarify under Article 6 AMLA, the financial intermediary began to examine the economic background of the policyholder because of the indication made that this was a „donation from son to father“. Later, when running the person’s name through an automated verification system used by the financial intermediary to filter clients, an alert came up in relation to the economic beneficiary of the account in question. After receiving the SAR from the reporting financial intermediary, MROS contacted an FIU in the suspect’s country of origin. The response from the FIU confirmed the suspicions that the economic beneficiary was a member of a criminal organisation. There were also indications that the businessman, the subject of an investigation launched in his country of origin, was on the run. Therefore, one could not exclude the possibility that the sums used to pay the single premium for the above-mentioned life insurance policy might be the proceeds of illicit activities of a criminal organisation. The SAR was therefore forwarded to the competent prosecution authority. After examining the SAR, the prosecution authority decided to launch a criminal investigation. Indeed, according to jurisprudence of the Swiss



Federal Supreme Court, placing funds in a single-premium life insurance policy taken out on behalf of a third party constitutes an act of obstruction (Decisions of the Swiss Federal Supreme Court 119 IV 242).

In early 2015, the investigating public prosecutor decided to dismiss the case on the grounds that it was not possible to determine from Switzerland the extent to which the funds belonging to the foreign businessman were linked to presumed criminal activities in his country of origin. The public prosecutor therefore spontaneously sent the information to the prosecution authorities in the suspect's country of origin under Article 67a IMAC.

3.6 A life of luxury at the expense of policyholders – Embezzled funds from a foreign pension fund

Reason for report/closer scrutiny:

Transaction analysis, press reports

Reporting financial intermediary:

Bank

Presumed predicate offence:

Misappropriation (Art. 138 SCC)

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A bank submitted a SAR after receiving assets from abroad. During clarifications to determine the economic background of the incoming deposit, the bank found press reports alleging that around ten years previously the husband of the person transferring the sums had been sentenced abroad to several years in prison for misappropriation of funds. In the period preceding the court ruling, the couple had been living a life of luxury on embezzled pension funds and had even purchased a yacht worth several million Swiss francs. Despite years of investigations, sizeable portions of the embezzled funds could not be found, even though the husband was ordered to repay the misappropriated funds. MROS immediately notified the foreign FIU, requesting that it contact the foreign authorities that were still looking for the lost pension funds. The competent Swiss public prosecutor's office was also given the contact details of the foreign FIU as well as the foreign prosecution authority. Pursuant to Article 67a IMAC, the public prosecutor's office then forwarded this information to the foreign prosecution authority. In the meantime, the legal period for the freezing of funds under Article 10 paragraph 2 AMLA (five working days) expired. The bank customer decided to transfer the funds to the country where the misappropriation had taken place. Based on Article 30 paragraph 2 AMLA, MROS decid-

ed to notify the foreign authorities in that country that the funds were now within their jurisdiction. The competent foreign authorities then confirmed to MROS that the required steps had been taken to secure these assets.

3.7 Disco fever – Fraud involving fake contractor invoices

Reason for report/closer scrutiny:

Transaction analysis

Reporting financial intermediary:

Bank

Presumed predicate offence:

Misappropriation (Art. 138 SCC)

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A bank reported a business connection to MROS in which over CHF 500,000 were wired into the client's account over a two-month period from a company domiciled in a Central American country. The transactions in question were unusual with respect to the client's typical transaction patterns and profile. The assets were then continually withdrawn in small cash amounts of around CHF 1,000. The bank asked the account holder for more information about these transactions and the origin of the assets. The client explained that the cash withdrawals were used to pay craftsmen working on a discotheque that he was planning to open. The funds were claimed to be investments made by a business partner. The bank asked the client to provide it with contracts and supporting documents that could show how the assets were generated. The client provided the bank with a somewhat vague loan contract drafted in English that indicated the name of a private individual domiciled abroad as the investor. The bank insisted and asked for more details concerning the investor. The client provided the bank with a trade register extract for a Swiss company domiciled in Switzerland. There were no written documents explaining how the assets had been generated nor why the funds were being used to open a discotheque. Moreover, the bank client was unable to provide the bank with a plausible and documented explanation of the origin of the assets. The bank therefore decided to make use of its right to report.

MROS looked into the matter and discovered that the account holder had been sentenced on several occasions. In addition, the account holder had failed to make payments ordered by the court and had gone bankrupt with various companies. However, MROS was unable to find any link

between the property crimes committed in the past and the involved assets. MROS transaction analysis showed that furniture for the discotheque had indeed been purchased and orders had been placed with a catering company. In addition, newspaper reports confirmed that the discotheque had indeed been opened. Nevertheless, it was still unclear why payments were being made in cash or where the assets had originated from. A query submitted to the FIU in the country of origin of the supposed investor resulted in only a confirmation of identity. However, the foreign FIU later notified MROS that a police investigation of the person who transferred the money was currently underway. The person in question had promised to achieve annual yields of 40% for his clients. For this reason, the foreign authorities considered the possibility that the person was involved in a large-scale fraud scheme of some sort. MROS therefore felt that the presumption of money laundering was strong enough to forward the SAR to the competent public prosecutor's office.

3.8 Not-so-precious stones – Attempted loan fraud

Reason for report/closer scrutiny:

Unclear economic background

Presumed predicate offence:

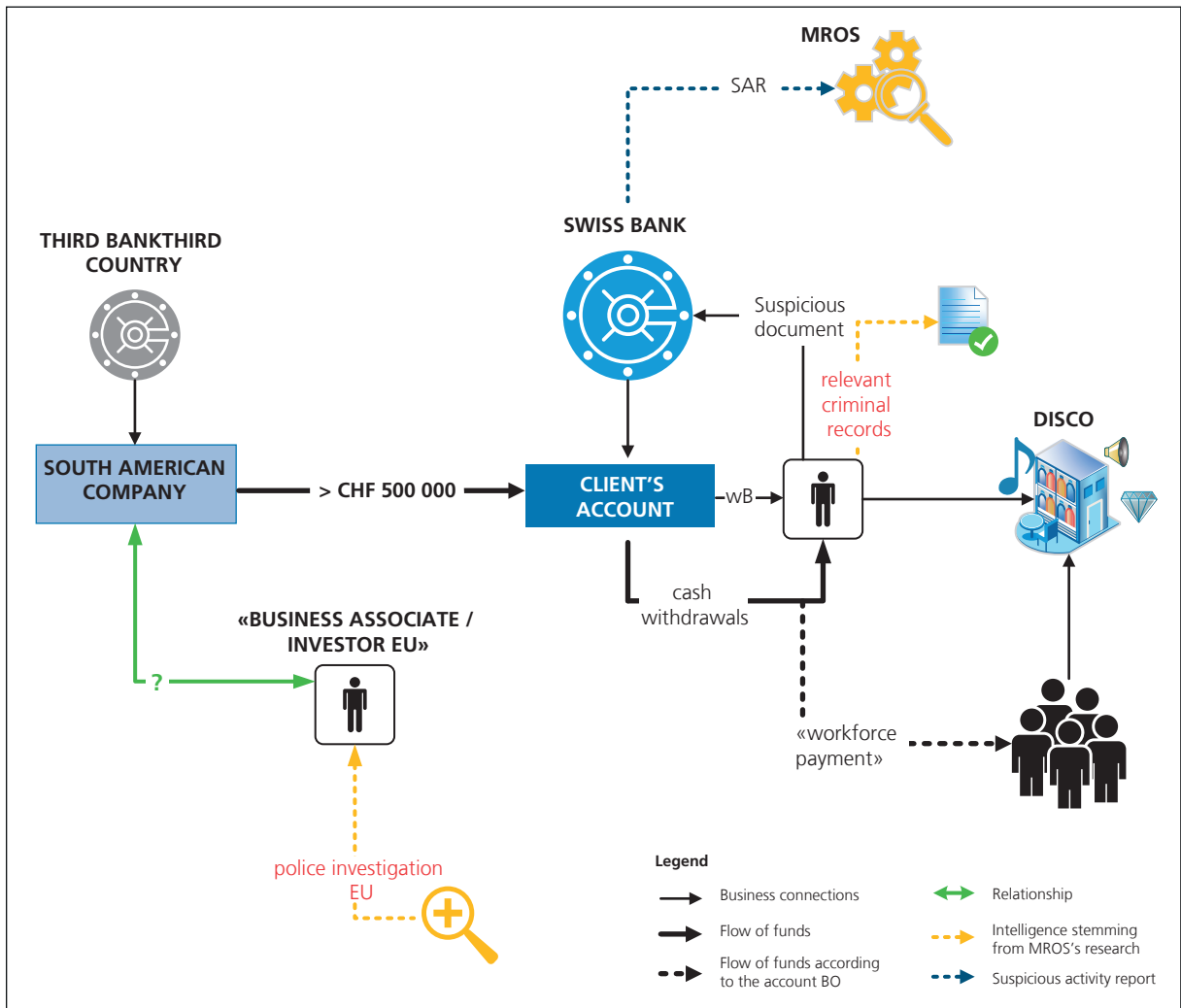
Fraud (Art. 146 SCC)

Financial intermediary: Three banks

Legal basis for SAR: Art. 305^{ter} para. 2 SCC, Art. 305^{ter} para. 2 SCC, Art. 9 AMLA

Forwarded to prosecution authorities: Yes

In April 2014, MROS received a SAR from a bank that suspected that the origin of assets transferred to the account of Client Y was not entirely plausible. The transaction re-



received the information request, the financial intermediary provided MROS with details on the business connections relating to the aforementioned case. This information enabled MROS to broaden its analysis and request more information from various partner authorities abroad. MROS discovered that Z and his business partner abroad were already suspected of being involved in an advance fee fraud scheme, but could find no evidence whatsoever that large amounts of precious stones had been imported to Switzerland. The two previously mentioned SARs were also forwarded to the competent prosecution authority. At the time of publication of this report, the ongoing investigation had revealed that while the stones indeed existed, they were worthless.

3.9 Illegal casino – Operating a casino without a licence

Reason for report/closer scrutiny:

Transaction analysis, press reports

Reporting financial intermediary: *Bank*

Presumed predicate offence:

Operating a casino without a licence (Art. 55 GamblA)

Legal basis for SAR: *Art. 305^{ter} para. 2 SCC*

Forwarded to prosecution authorities: *Yes*

Frequent and sizeable cash deposits into a newly opened account caught the attention of a bank. Analysis of the account transactions revealed that the account holder had deposited several hundred thousand Swiss francs within the space of a few months at the bank counter. On one of these visits, the client was asked to clarify the origin of the cash. The client explained that he was depositing the proceeds of a restaurant business and that he was the economic beneficiary of these assets. The bank did not find this explanation to be plausible, particularly since it was generally known that the restaurant in question was not very popular. Moreover, there had been several press reports of police inspections in the account holder's neighbourhood. Among other things, these press reports claimed that illegal gambling activities were taking place at the account holder's restaurant. There were also claims that the guest rooms of the restaurant were rented out to sex workers. The bank therefore had reasons to suspect that the cash deposits might be the proceeds of criminal activities and reported to MROS.

MROS contacted the cantonal police and received confirmation that the restaurant was indeed being used for illegal gambling activities and that corresponding police investigations were currently underway. Under Article 55 of the

Gambling Act (GamblA; SR 935.52) anyone who operates a casino, provides space for gambling activities or purchases gambling materials without the necessary licences or permits, faces a minimum of one year and a maximum of five years in prison in serious cases. This is considered a felony within the meaning of Article 10 paragraph 2 SCC. In this case, the act in question could qualify as a predicate offence to money laundering. MROS transaction analysis also revealed that the account holder may also be guilty of welfare fraud. The case was forwarded to the competent prosecution authority.

3.10 A misguided pharmaceuticals trainee – Illicit trade in narcotics

Reason for report/closer scrutiny: *Press reports*

Reporting financial intermediary: *Bank*

Presumed predicate offence:

Illicit trade in narcotics (Art. 19 para. 2 let. b and c NarcA)

Legal basis for SAR: *Art. 9 AMLA*

Forwarded to prosecution authorities: *Yes*

Internal clarifications at a bank, triggered by press reports, resulted in the arrests of several suspects across the border in connection with import, possession and trade of methylenedioxypropylvalerone (MDPV). This designer drug has been on the market since 2008 and can be purchased legally in certain countries. In Switzerland, entry into force of the revised Narcotics Ordinance on 1 December 2010 placed MDPV under the scope of the Narcotics Act (NarcA; SR 812.121), thereby making it illegal. The import, purchase and possession of MDPV are therefore punishable under the Narcotics Act.

According to press reports, the proceeds from the sale of MDPV were initially deposited in the account of an offshore company held by a bank in the Mediterranean region. In connection to this, a bank employee within the compliance division reported that over a period of a few months several hundred thousand euros had been transferred from the account of this offshore company to the account of one of the bank's clients. The account holder in question lived across the border and two years prior had worked as a trainee for a pharmaceuticals company. The assets had come from the account of a bank in the Mediterranean region and from a suspicious company, which prompted the bank to conclude that the sums might be of illicit origin. Further clarification corroborated suspicions that the account holder had acted as a member of a group formed in order to trade unlawfully in narcotic substances under Article 19 paragraph 2 letter b NarcA and that this group had achieved a high turnover or

substantial profit through commercial trading under Article 19 paragraph 2 letter c NarcA. Further examination and analysis by MROS (particularly transaction analysis, contacts with foreign FIUs and analysis of public sources) confirmed the bank's initial suspicions. The SAR was forwarded to a competent prosecution authority.

3.11 Blinded by love – Romance scam and money mule

Reason for report/closer scrutiny:
Transaction analysis

Reporting financial intermediary: Bank

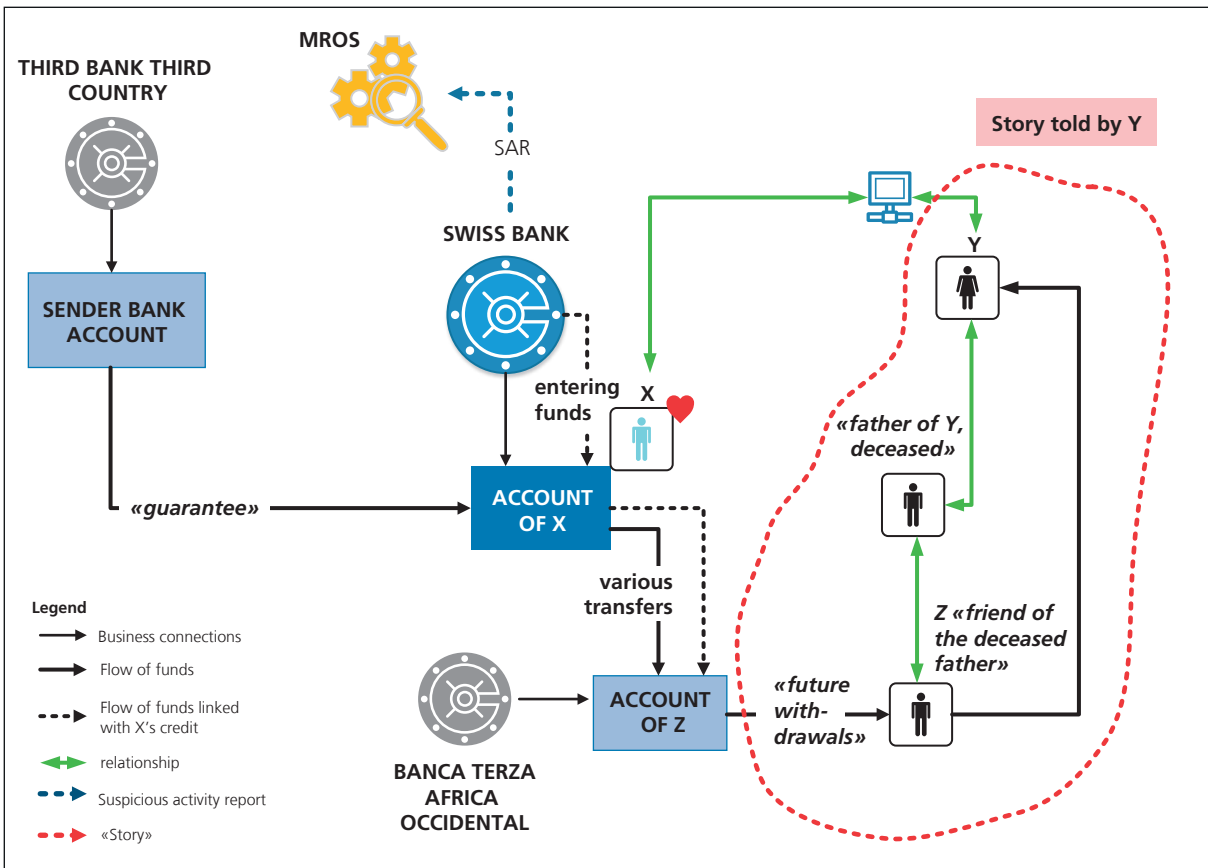
Presumed offence:
Money laundering (Art. 305^{bis} SCC)

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities:
Yes, discontinued

prompted the bank to analyse the transaction patterns of Client X in more detail. The bank noticed two incoming payments originating from an account held with a financial intermediary based in North America. These transactions stood out with respect to the client's typical transaction patterns. The bank therefore assumed that X might be acting as a financial agent, allowing his account to be used by unknown third parties to launder assets that were possibly derived from the fraudulent misuse of a data processing system within the meaning of Article 147 SCC. In order to find out more about the origin of the funds and economic background of the transactions, the bank asked Client X about the suspicious cash flows. It turned out that X had become acquainted over the Internet with a woman Y who lived abroad. Y told X that her father, whom she had taken care of in his latter years, had just recently passed away. Y found herself in dire straits because her relatives had decided to have the body buried in another country. Since Y did not agree with this decision, she was forced to travel to that country and hire a lawyer to defend her interests – particularly her inheritance rights. Y needed money to pay her lawyer and cover her lodging and living expenses and X was only too willing to oblige. Y instructed X to use his account to receive funds from her „insurance agents“ in North America and to then wire transfer these amounts to an account held with a financial institute in West Africa.

A current account held with a bank did not draw any particular attention for years until one day several wire transfers were made to a country in West Africa. These payments



The holder of this account – apparently a good friend of the deceased father – would then transfer the „insurance amount“ to her. Apparently, X never asked himself whether all of these transactions made any economic sense. A short time afterwards, Y informed X that she had run out of cash and so X decided to take out a loan over and above the savings that he had already wired to her. This loan was in the tens of thousands of Swiss francs and the sums in question were either wired directly to Y or to the friend of her deceased father. It seemed that the fraudsters had managed to divest X of not only his own savings but had used him to launder money obtained from unknown victims.

MROS forwarded the SAR to a cantonal prosecution authority. A criminal investigation was launched against X for suspected involvement in money laundering. However, due to a lack of wilful intent on the part of the suspect, the case was dropped. Under Article 12 SCC, unless the law expressly provides otherwise, a person is only liable to prosecution for a felony or misdemeanour if he commits it wilfully. In this case, there was no proof that the accused was aware of, or even suspected, the criminal origin of the funds. It was much more likely that X was a victim of a „romance scam“. The forwarding of money without any attempt to clarify of its origin, while certainly careless and negligent in the eyes of the law, did not (necessarily) constitute a wilfully committed unlawful act. Moreover, the accused was also never offered any money in exchange for making the questionable transactions. The prosecution authority could therefore not launch any investigation of Y, who is unknown and may not even exist.

3.12 Two rolled into one – Advance fee fraud and phishing

Reason for report/closer scrutiny:

Information from third party

Reporting financial intermediary: Bank

Presumed predicate offence: Fraud (Art. 146 SCC)

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

An unknown individual contacted X by e-mail offering to lend him money from a reputable bank. Believing that the person in question was an „accountant“ working for the bank in question, X took stock of his precarious financial situation and expressed an interest in borrowing money. In order to set the process in motion and cover the costs of processing the application and opening the account, the „accountant“ asked X to pay an amount exceeding CHF

1,000 to a Swiss bank account held in the name of Y. X, who thought he was dealing with a bank, made the wire transfer to this account. After a few days, X received confirmation, still over the Internet, that the initial payment had indeed been received. The „accountant“ then contacted X again via e-mail to ask that he make another wire transfer to Y for an amount higher than the previous one. This new payment was supposedly to cover VAT. X made the payment. The next e-mail message asked X to pay a „penalty“ because the payment to cover VAT charges had arrived late. However, after paying this „penalty“, X received a new „penalty“ in relation to having missed the second payment deadline. At the same time, the „accountant“ asked X to cancel the last transaction and send the money to a person located on the African continent. With this latter request, X finally began to have doubts and contacted his bank.

The clarifications carried out by the financial intermediary and X revealed that over the same period of time, Y, who was a client of the same bank, had received an e-mail message from a company claiming to be involved in the import-export business. This company said that it was looking for a way to facilitate transactions with its clients. Through this e-mail message, the company had asked Y if it could use his bank account for these transactions. In the e-mail message, the company explained that a Swiss client would make a wire transfer into Y's account. Y would then forward the amount to an individual located on the African continent. In exchange for this, Y would receive a commission of 10% of the amounts transferred through his account. Y, who accepted this proposition, did indeed receive money from a Swiss client, namely X. As agreed with the company, Y deducted his 10% commission, withdrew the net amount received and remitted the sum in the form of a money order on behalf of an unknown individual located on the African continent.

The present case is a combination of two different techniques used by fraudsters: „advance fee fraud“ for which X was the victim and „phishing“ for which Y acted as a financial agent or „money mule“. It is now obvious that the methods used by scammers are evolving and becoming increasingly complex. The case was forwarded to the competent prosecution authority.

3.13 Client-attorney privilege – SBA's Due Diligence Agreement and Form R

Reason for report/closer scrutiny:

Transaction analysis

Reporting financial intermediary: *Bank*

Presumed predicate offence: *Not classifiable*

Legal basis for SAR: *Art. 9 AMLA*

Forwarded to prosecution authorities: *No*

A bank noticed various suspicious transactions in relation to several business connections. In the spring of 2014, Attorney Y opened three accounts, one of which was for a law office and two escrow accounts in various currencies. Under the Due Diligence Agreement established by the Swiss Bankers Association (SBA), the names of clients do not need to be disclosed. However, this only applies when attorneys or notaries carry out their traditional activities but not when they act as financial intermediaries. In the latter case, they must disclose the names of their clients (economic beneficiary of the account). Recently, the SBA issued a new memorandum explaining the new procedure for handling Form R. This form is used by financial intermediaries for attorneys and notaries, and was revised after entry into force of the FATCA agreement. The financial intermediary in question therefore reviewed all of its relations involving the use of this form with attorneys and notaries. The aim is to ensure that non-disclosure only relates to bank clients for whom the attorney acts in a legal capacity or for whom the notary acts in a notarial capacity. When contacted, Attorney Y stated that he was not required to disclose the name of his client to the bank. The financial intermediary noted that in the period shortly after opening the accounts, several incoming payments were received by Company X. The total value of these transactions stood at several million euros and related to repayment of two loans and a dividend payment. According to the account holder, all of the transactions had to do with liquidation of Company X. Shortly after the accounts were opened, Attorney Y withdrew half of the incoming funds in cash. The explanation given was "private use by shareholders of assets belonging to a company to be liquidated." One month later, a payment of several hundred thousand euros was made to a third party with the mention "Repayment" without any further clarification. One month later, a similar payment was made with the mention: "Company Y in liquidation." All of the companies in question were domicile companies. Later on, the purchase price for three paintings was not directly paid by the buyers but rather through these companies.

This specific transaction was one of the suspicious transactions mentioned earlier and had triggered a SAR. However, the suspicion of possible money laundering could not be confirmed since there did not seem to be any associated predicate offence. Therefore, MROS did not forward the SAR.

3.14 PEP and his fiduciary – Implausible transactions

Reason for report/closer scrutiny:

Transaction analysis

Financial intermediary: *Bank*

Presumed predicate offence: *Not classifiable*

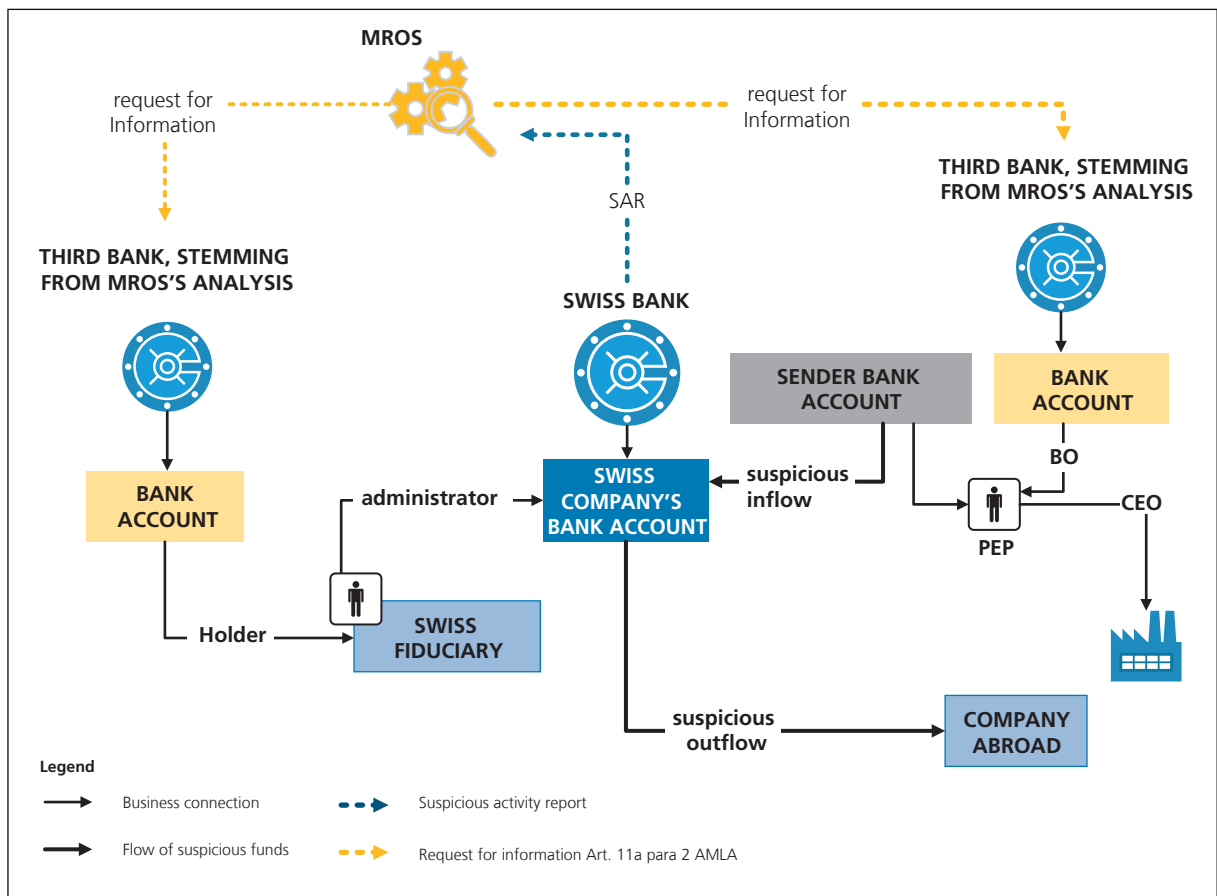
Legal basis for SAR: *Art. 305^{ter} para. 2 SCC*

Forwarded to prosecution authorities: *No*

During routine monitoring of wire transfer transactions, a bank discovered a series of unusual partially executed transactions linked to one of its accounts in the name of a Swiss company. For one of these transactions, the payer was a politically exposed person (PEP), a member of parliament of an Asian country and CEO of an important private company with international activities. Within this context, the bank was unable to establish a causal link between the activity of the Swiss company and the purpose of these wire transfers. In an effort to clarify the transactions, the bank attempted to reach the client, a Swiss fiduciary, who had the power of signature and was a director of the said company. Initial attempts to contact the client were unsuccessful. A few days later, the client provided the bank with unsigned invoices and met with the bank. On that occasion, the bank noted that the client adopted somewhat unprofessional and uncooperative attitude. In fact, during the meeting with the bank, the client admitted that the account in question was a pass-through account. This affirmation raised serious doubts as to the true economic beneficiary of the assets transiting through this account. Moreover, the additional contractual documents provided by the client did not enable the bank to understand the economic background of the payments made: the contracts provided by the client were incomplete and mentioned very large amounts (in the order of several million Swiss francs) for services that lacked any degree of plausibility and coherence. Moreover, the additional contractual documents shed light on additional bank accounts held with other financial intermediaries. The holders of these accounts were the same people involved in the case at hand. The accumulation of all of these aspects prompted the bank to make use of its right to report under Article 305^{ter} paragraph 2 SCC.

Thanks to the information provided by the bank, which revealed the existence of other bank accounts held with third party financial intermediaries, MROS was able to contact each bank to obtain information by virtue of Article 11a paragraph 2 AMLA. The information received enabled MROS to confirm that the transactions made via the bank account held with the reporting bank were indeed suspicious. However, MROS was unable to clarify the economic background and the economic purpose of the business

dealings between the bank's client (i.e. the fiduciary) and the PEP from Asia. No negative information concerning either of the two individuals mentioned in the SAR nor a possible predicate offences could be found. The grounds for suspicion of money laundering raised by the bank on the basis of the information received and analysed were not strong enough under Article 23 paragraph 4 AMLA. As a result, MROS decided not to forward the SAR to a prosecution authority.



4 From the MROS Office

4.1 Federal Act on Implementation of Revised FATF Recommendations

In the last two annual reports, MROS gave a status update on the draft bill on implementation of revised FATF recommendations. On 12 December 2014, the Swiss Parliament adopted this bill. MROS is directly affected by the amendments made since the system used for submission of SARs has changed substantially. The spectrum of tax-related predicate offences has been enlarged and now includes direct taxation. Finally, Swiss lawmakers have included the obligation that merchants submit SARs.

4.1.1 New system for the submission of SARs

New aspects have been added to the system established for the submission of SARs. We would like to point out, first of all, that the initial proposal, included in the draft bill that MROS presented in its annual reports in 2012 and 2013, was partially rejected by the Swiss Parliament during the summer session of 2014 in favour of a new variant. The new changes to the system include the following: separation of the act of submitting a SAR from the act of freezing assets for SARs submitted under Article 9 AMLA (currently, the amount of time in which assets are frozen leaves MROS with very little time to process the SAR); special handling of SARs on the basis of lists of terrorists; the new mechanism for the freezing of assets involved in a given business relationship; and the requirement that clients never be notified of the existence of a SAR.

a Separation of the act of submitting a SAR from the act of freezing assets

The new system separates the act of submitting a SAR from the act of freezing assets. With the current system, financial intermediaries who submit a SAR by virtue of Article 9 AMLA must immediately freeze the assets for that business relationship. The freezing of assets remains in place until the prosecution authorities have reached a decision but no longer than five working days following the date when the SAR is submitted (Art. 10 para. 2 AMLA). Once this period of time has elapsed without any news from the authorities, the financial intermediaries are free to decide whether they wish to continue the business relationship (Art. 28 AMLO-FINMA).

The five-day period in which assets remain frozen is used not only for an MROS analysis but also for initial analysis and decision by a prosecution authority. This normally amounts to about three days of analysis by MROS and about two days for the prosecution authorities. This amount of time is too short to carry out in-depth analysis, including information from different sources – namely from foreign homologues. By separating the SAR from the freezing of assets, the new

system directly helps to reinforce MROS' analytical capabilities. Indeed, from the moment when this legal amendment comes into force, financial intermediaries will no longer have to automatically freeze assets when submitting a SAR to MROS. This relieves the pressure of having to analyse information within a very short timeframe. Assets will therefore only be frozen from the moment when MROS decides to forward the SAR to a prosecution authority (new Art. 10 para. 1 AMLA) – the exception being cases involving clients mentioned on the list of terrorists. In addition, not only does the law no longer require assets to be frozen, it requires financial intermediaries to execute client orders while MROS carries out its analysis. This obligation provided under the new Article 9a is aimed at preventing a client from being indirectly informed that a SAR has been sent to MROS. Indeed, apart from leaving MROS with very little time to analyse the SAR, the five-day freezing of assets period in which the client is unable to carry out transactions could tip him/her off to the fact that a SAR has been sent to MROS. Any prolongation of this automatic freezing of assets would increase the likelihood of the client becoming aware of the situation. For this reason, this option was discarded by the working group tasked with changing the system.

Certain financial market actors have already contacted MROS to request clarification of the obligation under Article 9a n-AMLA in view of Article 305^{bis} of the Swiss Criminal Code (SCC). The question asked is whether the financial intermediary makes him or herself complicit in money laundering under Article 305^{bis} SCC by executing transactions that already seem suspicious (because they are part of the business relationship reported to MROS).

According to MROS, financial intermediaries that fulfil their obligation under Article 9a n-AMLA to carry out the client's orders do not violate Article 305^{bis} SCC. Indeed, AMLA is a special law dealing with specific situations. In this sense, there is no conflict with the provisions of the Swiss Criminal Code. As already stated earlier, the aim of lawmakers was to prevent clients from becoming aware of the fact that a SAR has been sent to MROS. It was certainly not the intention of lawmakers to create an obligation that could force financial intermediaries to incriminate themselves. In this specific situation, the financial intermediary must satisfy the role given to it by lawmakers within the system that has been put in place. This opinion is shared by the Office of the Attorney General of Switzerland – which is a member of the working group that set up this new system.

Article 9a n-AMLA will be applied only for the period in which MROS is conducting its analysis. Under Article 23 paragraph 5 n-AMLA, the period of analysis of SARs performed on the basis of Article 9 paragraph 1 letter a has now been extended to a maximum of twenty days. The cur-

rent situation – i.e. no legal limit on processing of SARs by MROS – shall remain in place for SARs submitted by virtue of Article 305^{ter} paragraph 2 SCC. During analysis by MROS, the financial intermediary will be asked to pay particular attention to the traceability (paper trail) of transactions that are carried out in relation to the obligation set forth in Article 9a n-AMLA. Indeed, the financial intermediary must be willing to forward this information to MROS at any time upon request. The international network of financial intelligence units created by the Egmont Group will be able to keep track of these funds even if they are transferred abroad.

b The specific case of the new Article 9 paragraph 1 letter c AMLA

Article 9 paragraph 1 letter c n-AMLA is a specific situation with respect to SARs that do not involve the freezing of assets. Based on this provision, the financial intermediary notifies MROS by virtue of the new Article 22a paragraph 2 AMLA of business dealings concerning persons or organisations mentioned on a list of terrorists. In such cases, assets are immediately frozen for a period of five working days starting from the date in which the SAR is received by MROS. The lists in question are based on UN Security Council Resolution 1373 (2001) (Art. 22a para. 1 AMLA). It is the Federal Department of Finance that provides these lists to supervisory authorities after consultation with the Federal Department of Foreign Affairs, the Federal Department of Justice and Police, the Federal Department of Defence, Civil Protection and Sport and the Federal Department of Economic Affairs, Education and Research (Art. 22a para. 4 AMLA).⁹ FINMA sends these lists to financial intermediaries, which are directly subject to FINMA supervision as well as to Swiss self-regulatory organisations – which then send these lists to member financial intermediaries. The Federal Gaming Board also sends these lists to the financial intermediaries subject to its supervision (Art. 22a para. 3 AMLA).

c New mechanism for the freezing of assets

The revised Federal Act now separates the act of submitting a SAR from the act of freezing assets. As already mentioned earlier, financial intermediaries will now submit SARs without freezing assets and will apply Article 9a n-AMLA until they receive further notification from MROS.

However, the Federal Act does not suppress the freezing of assets. Also, Article 10 n-AMLA draws a distinction between two situations:

- the first relates to SARs for which there is a suspicion of money laundering and/or terrorist financing under Article 9 paragraph 1 letter a AMLA or Article 305^{ter} paragraph 2 SCC. In such cases, under Article 10 paragraph 1 n-AMLA, the financial intermediary will not freeze the assets until

it receives notification from MROS that the SAR has been forwarded to the prosecution authorities. The freezing provided for by the Federal Act is automatic and therefore not ordered by MROS. Moreover, the freezing of assets is postponed with respect to the current situation.¹⁰ The prosecution authorities will therefore have five working days in which the assets will remain frozen. This will give them more time than is currently the case to carry out an initial analysis of the SAR and, if necessary, to take action. Financial intermediaries must therefore pay close attention to the notification that they receive from MROS. Indeed, if the SAR has been forwarded to a prosecution authority, it is vital that the MROS notification reach the persons who have the power to order an immediate freezing of assets.

- the second situation concerns SARs based on a list of terrorists under Article 9 paragraph 1 letter c n-AMLA which, as indicated earlier, is a specific case. Indeed, according to Article 10 paragraph 1bis n-AMLA, when MROS receives these SARs, it is the current system that remains in place. Financial intermediaries immediately freeze the assets involved for a period of five working days (Art. 10 para. 2 n-AMLA).

d Requirement that clients never be notified of the existence of a SAR under the new Article 10a paragraph 1 AMLA

The Federal Act suppresses the time limit in relation to when a client may be informed of a SAR. Indeed, in its current form Article 10a paragraph 1 AMLA requires financial intermediaries not to inform the client referred to in a SAR during the period in which assets remain frozen under Article 10 AMLA. This means that the requirement not to inform the client remains valid only for the five-day period in which assets are automatically frozen. Moreover, by referring only to the freezing of assets, Article 10a paragraph 1 AMLA does not cover SARs that do not involve the freezing of assets, i.e. those based on the right to report. That said, MROS has always explained to financial intermediaries that a teleological interpretation of the law would require them not to inform their clients under Article 10a paragraph 1 AMLA including for SARs submitted under Article 305^{ter} paragraph 2 SCC. This situation is nevertheless unsatisfactory since MROS' handling of SARs submitted under the right to report generally take longer than the five-day period in which assets remain frozen (Art. 10a para. 1 AMLA). By introducing a requirement that clients never be informed of a SAR, the situation becomes much clearer and also facilitates implementation of this requirement in cases where a financial intermediary is contacted by MROS by virtue of Article 11a AMLA. Reference to Article 11a paragraph 4 AMLA no longer raises any difficulties of interpretation with

⁹ Federal Council Dispatch on Implementation of the Recommendations of the Financial Action Task Force (FATF), revised in 2012, FF 2014, pp. 669-671 (German).

¹⁰ Ibid, p. 668.

regards to the duration of the freezing of assets in relation to the main SAR.¹¹

In addition, suppression of the limit that clients not be informed until after the five-day period has elapsed corresponds to FATF recommendation 21(b), which does not stipulate a period of time for this interdiction.

A new paragraph 6 has been added to Article 10a AMLA. It refers to an exceptional situation in which the requirement not to inform the client is lifted. The purpose of this provision is to give the financial intermediary the possibility to defend itself in the event that a lawsuit is filed against it under civil, criminal or administrative law. The existence of such a lawsuit is therefore an important factor in application of this provision. The requirement not to inform the client, however, cannot be lifted within the framework of preliminary discussions between the financial intermediary and its client (e.g. aimed at avoiding a court case under civil, criminal or administrative law).

4.1.2 New tax-related predicate offences

For several years now, the Swiss legal system has included the notion of tax-related predicate offences to money laundering. All of the cases considered relate to indirect taxation. One example is organised contraband of goods under Article 14 paragraph 4 of the Federal Act on Administrative Criminal Law (ACLA, SR 313.0). Another example is value-added tax fraud, which jurisprudence has placed under the scope of Article 146 SCC.

The Federal Act on Implementation of the Revised FATF Recommendations now enlarges the scope of application of Article 14 paragraph 4 ACLA to all taxes and duties. The Federal Act introduces the notion of harm to pecuniary interests and other rights of public authorities both in the area of income tax and customs duties.

The introduction of tax-related predicate offences in the area of direct taxation is new not only in terms of the scope of application, but also in the manner in which predicate offences to money laundering are perceived under Swiss law. Currently, Article 305^{bis} SCC stipulates that only assets derived from a felony may constitute a predicate offence to money laundering. The revised Article 305^{bis} paragraph 1 SCC now adds the concept of qualified tax offences which is a misdemeanour. It is therefore important to bear in mind that from the moment when this provision comes into effect, felonies will no longer be the only predicate offences to money laundering in Switzerland.

¹¹ In its 2013 annual report, MROS had recommended that financial intermediaries adopt a teleological interpretation of the law. The intention of lawmakers was that the client not be informed and therefore the requirement not to inform the client must also apply to Art. 11a AMLA. Since financial intermediaries who are contacted by MROS have no way of knowing when and for how long assets are frozen in relation to a given SAR, MROS recommended that financial intermediaries never inform their clients of the existence of a SAR pursuant to Art. 11a paragraph 4 to Art. 10a paragraph 1 AMLA (MROS Annual Report 2013, p. 57).

In order for a tax offence to be considered as qualified, the conditions set forth in Article 186 of the Federal Act on Direct Federal Taxation or the conditions set forth in Article 59 paragraph 1 of the Federal Act on the Harmonisation of Direct Taxation at Cantonal and Communal Levels must be met. These two provisions are aimed at suppressing the use of forged, falsified or inexact documents intended to mislead the tax authorities. This would be an infraction intentionally committed under Article 12 paragraph 2 SCC, where the individual commits the act knowingly and wilfully, or considers that the act may constitute an infraction and accepts the consequences if such is the case.¹² In order to prevent minor cases resulting in a massive influx of SARs to MROS, lawmakers have established a threshold amount of CHF 300,000 in evaded taxes per fiscal period.

According to the Federal Council, this threshold in the Federal Act "also represents the point at which financial intermediaries must fulfil their heightened due diligence obligations in relation to this tax-related predicate offence, and in the case of suspicion de money laundering, send a SAR to MROS." Aware of the difficulties that financial intermediaries may encounter in determining whether this threshold has been reached, the Federal Council has also stated that "the financial intermediary does not have to prove that the tax-related predicate offence has occurred nor does it have to calculate the exact amount of the taxes that were evaded. It must merely have reasonable grounds for suspicion to justify a SAR."¹³

4.1.3 The duty to report to MROS by merchants

Article 2 paragraph 1 letter b n-AMLA enlarges the scope of this Federal Act to include "natural persons or legal entities that, in a professional capacity, market goods and receive cash payments (merchants)." First of all, it should be pointed out that here we are not referring to securities brokers, who already are subject to AMLA provisions by virtue of Article 2 paragraph 2 letter d AMLA. Rather, the merchants referred to are natural persons or legal entities whose activity does not match the definition of financial intermediary established in the current Article 2 AMLA. These are professionals who sell both movable and immovable property. For these merchants, Article 8a n-AMLA establishes due diligence obligations that are applicable as soon as the merchants receive more than CHF 100,000 in cash (even in several instalments) for a given transaction. There is no need for any due diligence on their part if the portion of the payment exceeding CHF 100,000 goes through a financial intermediary.

Under Article 9 paragraph 1^{bis} AMLA, merchants have a duty to report to MROS if they know or presume, on the

¹² Federal Council Dispatch on Implementation of the Recommendations of the Financial Action Task Force (FATF), revised in 2012, FG 2014, p. 669 (German).

¹³ Ibid.

basis of reasonable grounds for suspicion, that the cash used for payment has to do with infractions mentioned in Article 260ter number 1 or Article 305^{bis} SCC; that the cash comes from a felony or a qualified tax offence under Article 305^{bis} number 1^{bis} SCC; or that the cash in question is at the disposal of a criminal organisation. This list is the same one provided in Article 9 paragraph 1 letter a n-AMLA, except with regards to the financing of terrorism, which is not taken into account for merchants.

MROS wishes to clarify that merchants have a duty to report if they are faced with reasonable grounds for suspicion. However, reasonable grounds for suspicion requires a certain level of knowledge about the client. This knowledge may be acquired after having carried out due diligence required under Article 8a n-AMLA. However, this latter provision only applies if the payment exceeds CHF 100'000. It logically ensues that the only SARs to be received from merchants are those relating to amounts exceeding CHF 100'000 and for which there are reasonable grounds for suspicion after due diligence has been carried out. In terms of execution, interpretation of this provision leaves several as yet unanswered questions. Under Article 8a para. 5 n-AMLA, the Federal Council must prepare a corresponding Ordinance to address these questions.

4.2 National Risk Assessment (NRA)

Within the framework of the FATF country evaluation to be conducted in 2016 and implementation of the revised FATF Recommendations, the Federal Council decided at the end of 2013 to commission a National Risk Assessment (NRA) on Swiss efforts to combat money laundering and terrorist financing. In so doing, the Federal Council is implementing revised FATF Recommendations 1 and 2, which encourage countries to carry out an NRA to fight against money laundering and terrorist financing more efficiently. Switzerland is among the first countries to introduce such a control instrument. The aim is to gain a more precise understanding of money laundering and terrorist financing in Switzerland, to establish priorities, to take targeted countermeasures, and to verify efficiency at regular intervals. For this purpose, a new permanent body needs to be created to continuously monitor money laundering and terrorist financing risks at the national level and provide the government with regular updates on risk trends and the efficiency of countermeasures. The Federal Council has therefore established an interdepartmental working group. Acting under the aegis of the Federal Department of Finance (FDF), and more specifically the State Secretariat for International Financial Matters (SIF), this new interdepartmental working group is responsible for the process and for drafting the very first report on the results of the NRA. The interdepartmental working group has created a Risk Analysis Sub-committee tasked with preparing the NRA. This sub-committee is headed by MROS and includes representatives of the com-

petent federal authorities concerned as well as cantonal prosecution authorities. The sub-committee is responsible for gathering statistics on SARs and the outcome of criminal investigations and proceedings. As such, it maintains close contact with all of the authorities involved as well as with the financial intermediaries that are subject to AMLA. By working with other analytical bodies within fedpol, the „Risk Analysis“ sub-committee is able to provide the interdepartmental working group with the strategic analytical capacities needed to conduct an NRA and to effectively mobilise these capacities in conjunction with the other authorities involved.

4.3 Court judgments

4.3.1 Criminal mismanagement

On 21 February 2014, the Federal Supreme Court (FSC) rendered judgment 6B_967/2013 in which it underscored that anyone entrusted with the management of property, within the meaning of Article 158 SCC, acts with a sufficient degree of independence and has the power to dispose of all or part of the pecuniary interests of others, including the means of production and the employees of a company. The FSC furthermore explained that in order to conclude that criminal mismanagement has occurred, there needs to be evidence that the manager in question has violated his/her obligations in relation to the given mandate. The manager must refrain from taking any actions that would cause prejudice to his/her client. An asset manager, for instance, may not make useless investments for the sole purpose of having his/her client pay more in commissions for the transactions made (a practice referred to as churning). Such a practice, which seriously harms the client's interests, was considered as falling under the scope of Article 158 SCC. Moreover, in the court ruling in question, the FSC confirmed that the person acting as an intermediary between the client investor and the investment broker himself/herself acts as a manager if he/she is authorised by the client investor to give buy and sell orders to the investment broker, even if the funds to be managed do not pass through the intermediary. In the case at hand, it was established that the clients had authorised the plaintiffs (self-employed asset managers) to carry out transactions on derivative products, which are by nature highly speculative, and that they had signed the documents explaining how commissions were calculated. The FSC pointed out that there was no evidence that the plaintiffs had carried out a very large number of unjustified transactions. They were therefore not being accused of having churned their client's assets. However, given market volatility, they had adapted their strategy on a regular basis, producing a large number of transactions that resulted in commissions that were disproportionate to the capital invested. The FSC felt that by following short-term investment strategies with little regard to the significant

increase in commissions, the plaintiffs had failed in their obligation to safeguard their clients' interests. Therefore, this behaviour constituted criminal mismanagement. The FSC also pointed out that even if the clients approved the account statements in relation to each transaction, they had no way of seeing the full picture of all of the financial transactions carried out. Moreover, the actions taken by the plaintiffs had resulted in a reduction in the client's invested capital, thereby meeting the conditions set forth in Article 158 SCC. Finally, the FSC stated that the losses incurred were not caused by stock market fluctuations nor by incoherent or unjustified transactions but rather by the fact that the plaintiffs had not adapted their system of commissions to take the market volatility into account.

4.3.2 Money laundering – subjective element

On 18 July 2013, the Federal Supreme Court FSC rendered judgment 6B_627/2012 in relation to a plaintiff (X) who had received CHF 15,000 from a third party (Y) and a woman (A) whom he did not know. X then had this amount exchanged at three different banks on the same day and gave the money back to A in return for a payment of CHF 100. The FSC felt that X was guilty of money laundering. Whether X was aware or not that the CHF 15,000 had come from drug trafficking was irrelevant to the court since all that was needed was for the transaction to be considered suspicious. The FSC felt that the complicated modus op-

erandi and the instructions received from Y should have prompted the plaintiff to ask himself questions about the origin of the money. A further clue should have been the fact that he had received the money from a woman who was unknown to him. The lower court had not claimed that X was absolutely certain that the money came from cocaine trafficking run by an organised group, nor that he had acted wilfully. Nevertheless, according to his own testimony, X was a long-time friend of Y. He knew that Y was active in the prostitution scene and that foreign women worked without a permit in his massage parlours. In such a context, it was not plausible that Y would hide from X the reasons why he wanted the money to be exchanged if the real reasons were merely to evade taxation. Based on the various elements in the case, X should have sought more ample verifications. However, X refrained from obtaining these clarifications and the FSC felt that, when push came to shove, X really didn't care about the origin of the funds. His actions were therefore equivalent to intentionally turning a blind eye to the circumstances. The fact that he received a payment of CHF 100 should have raised his suspicions even further. Indeed, when it comes to money laundering, wilful intent is enough. In this case, it was sufficient that X had been aware of the suspicious circumstances surrounding acts that legally constituted a felony and that he had accepted that these acts had occurred.

5 International scene

5.1 Egmont Group

MROS has been a member of the Egmont Group – a network of FIUs operating in 147 jurisdictions – since its inception in 1998. The Egmont Group perceives itself as a non-political international forum of operationally independent FIUs. In the area of anti-money laundering (AML), predicate offences to money laundering and combating the financing of terrorism (CFT), the Egmont Group pursues the following objectives:

- establishing the preconditions needed for the systematic and mutual exchange of information;
- offering training courses aimed at improving the efficiency of FIUs and exchanging personnel to encourage the transfer of know-how;
- using suitable technology such as a stand-alone internet connection to ensure more secure international data transfers between FIUs;
- helping more FIUs to become operationally independent;
- providing guidance and resources to establish central FIUs in jurisdictions that have entered the implementation phase of their AML/CTF programme.

The Egmont Plenary Meeting as well as the meetings of the Heads of FIUs (HoFIU), the Egmont Committee and the various working groups took place in February and June 2014. In June, the following eight FIUs were admitted to the Egmont Group: UIF Angola, FIE-AMBD Brunei Darussalam, NAFI Chad, FIC Ghana, FID Jamaica, FIC Namibia, MOT Sint Maarten and FIU Tanzania. Three FIUs are currently under scrutiny to determine compliance with Egmont Group standards. One FIU was excluded from membership within the Egmont Group due to non-compliance.

A new strategic plan covering the next three years was adopted. The focus will be on improving the exchange of information between FIUs, ensuring compliance with international standards, increasing the efficiency of cooperation with international partner organisations in the area of AML/CFT, and creating a viable infrastructure.

Egmont Group membership is growing. In order to make the forum more flexible and efficient, a decision was reached in July 2014 to increase the number of regions within the Egmont Group from five to eight. Europe was the largest region with 52 FIUs. For this reason, it has now been broken down into three groups, namely Europa I,¹⁴ Europa II¹⁵ (to which MROS belongs), and Eurasia.¹⁶

MROS attended the HoFIU meeting, the Plenary Meeting and the meetings of both the Operational Working Group (OpWG) and the Legal Working Group (LWG). MROS also took part in a special sub-committee within the LWG that analyses the legal hurdles faced by members wishing to implement the new Egmont Group standards adopted in 2013 after the FATF Recommendations were revised in 2012. This work continued 2014. The OpWG is currently working on the following projects: Terrorist Financing, Information Exchange Enhancement – FIU Powers, Financial Analysis, Financial Reporting, Securing an FIU, Money Laundering and Digital / Virtual Currencies, FIUs working with Law Enforcement.

5.2 About the FATF

The Financial Action Task Force (FATF) is an inter-governmental body established by the G7 at the Summit in Paris in July 1989. As the worldwide organisation of reference, it establishes international standards on anti-money laundering and combating the financing of terrorism. It also evaluates implementation of these standards.

In February 2012, the FATF published the latest version of its recommendations, which establish a complete and coherent framework of measures that must be implemented by countries in order to combat money laundering and the financing of terrorism.

The FATF produces two public documents assessing the level of compliance of certain non-member countries: the first public document is the FATF's Public Statement, which identifies high-risk jurisdictions perceived to be uncooperative in the global fight against money laundering and terrorist financing; the second public document is entitled Improving Global AML/CFT Compliance: On-going Process, which identifies jurisdictions with strategic AML/CFT deficiencies that have provided a high-level political commitment to address the deficiencies through implementation of an action plan developed with the FATF.

Member country compliance is verified on the basis of reviews, which give rise to reports showing the extent to which evaluated countries adhere to FATF Recommendations. These reports also explain the reasons justifying the assessment.

MROS is part of the Swiss delegation to the FATF. This delegation is led by the State Secretariat for International Financial Matters SIF. It is also comprised of representatives of the Swiss Financial Market Supervisory Authority FINMA, the Federal Office of Justice FOJ, The Office of the Attorney General of Switzerland OAG, the Federal Department of Foreign Affairs FDFA and the SIF. The FATF is comprised of five working groups. MROS is active in the meetings of the "Risks, Trends and Methods Group RTMG." This working

¹⁴ Europe Region I: Belgium, Bulgaria, Denmark, Germany, Estonia, Finland, France, Greece, Iceland, Ireland, Italy, Croatia, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Austria, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Czech Republic, Hungary, United Kingdom and Cyprus (total 30)

¹⁵ Europe Region II: Albania, Andorra, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Gibraltar, Guernsey, Holy See, Isle of Man, Israel, Jersey, Liechtenstein, Macedonia, Moldova, Monaco, Montenegro, San Marino, Serbia, Switzerland, Turkey and Ukraine (total 22)

¹⁶ Eurasia: Kazakhstan, Kyrgyz Republic, Russian Federation, Tajikistan, Uzbekistan and Belarus (total 6)

group is mainly responsible for conducting research in the area of typologies and developments. The aim is to study specific cases in an effort to recognise and analyse recurrent patterns and features associated with money laundering and terrorist financing so as to more effectively tackle these phenomena. In addition, MROS took part in the meetings of the "Policy Development Group PDG", which is responsible for aspects surrounding regulations and guidelines, as well as in the meetings of the "Evaluations and Compliance Group ECG", which monitors and ensures compliance through mutual country evaluations and the follow-up process. Other working groups include the "International Cooperation Review Group ICRG" and the "Global Network Coordination Group GNCG."

During the reporting year, MROS was actively involved in two projects pursued by the RTMG: "Risk of Terrorist Abuse in Non-Profit Organisations"¹⁷ and the "ML/TF Vulnerabilities Associated with Gold" (not yet published). Thanks to its good level of cooperation with both the public and private sector, MROS was able to make important contributions to both projects.

In November 2014, MROS attended the Joint Experts' Meeting JEM, a gathering of FATF experts specialised in the prevention of money laundering and terrorist financing. MROS also took part in the Asian Pacific Group APG, which is referred to as an "FATF-Style Regional Body FSRB." Among other things, MROS' cooperation enabled the previously mentioned projects to be pursued at greater length. As part of the work being done in preparation for the FATF's evaluation of Switzerland, MROS is currently coordinating

execution of a work programme within the Federal Office of Police fedpol, which includes processing replies to the FATF's self-assessment questionnaire. These replies will serve as the basis for an on-site inspection in the spring of 2016, the results of which will be discussed by the FATF at its Plenary Meeting in October 2016.

The Anti-Money Laundering Act gives MROS a key role in compiling Swiss statistics on money laundering. The prosecution authorities are required to inform MROS of all pending criminal cases involving a criminal organisation (Art. 260^{ter} SCC), terrorist financing (Art. 260^{quinquies} SCC), money laundering (Art. 305^{bis} SCC) and lack of vigilance over financial transactions (Art. 305^{ter} SCC). They must also inform MROS of any judgments and case dismissals as well as any follow-up action that they have taken in response to SARs forwarded to them. MROS is therefore responsible for maintaining money laundering statistics, which the FATF considers an increasingly important factor when evaluating member countries.

MROS takes part in an interdepartmental working group responsible for anti-money laundering (AML) and combating the financing of terrorism (CFT). One of the tasks of the group is to prepare for Swiss involvement in the FATF Fourth Round of AML/CFT Mutual Evaluations. Within this context, MROS runs the "Risk evaluation" sub-committee whose task is to submit a report to the group on the National Risk Assessment NRA, which will be a decisive factor when Switzerland comes up for review by the FATF in 2016.

¹⁷ <http://www.fatf-gafi.org/topics/methodsandtrends/documents/risk-terrorist-abuse-non-profits.html>

6 Internet links

6.1 Switzerland

6.1.1 Money Laundering Reporting Office

www.fedpol.admin.ch

Federal Office of Police

www.fedpol.admin.ch/fedpol/en/home/kriminalitaet/geldwaescherei.html

Money Laundering Reporting Office MROS

www.fedpol.admin.ch/dam/data/fedpol/kriminalitaet/geldwaescherei/meldeformulare/9gwg/9_GwG_formular-e.docx

SAR form Art. 9 AMLA

www.fedpol.admin.ch/dam/data/fedpol/kriminalitaet/geldwaescherei/meldeformulare/305ter/305ter_Abs_2_StGB_formular-e.docx

SAR form Art. 305^{ter} SCC

6.1.2 Supervisory authorities

www.finma.ch

Swiss Financial Market Supervisory Authority FINMA

www.esbk.admin.ch

Federal Gaming Commission

6.1.3 National associations and organisations

www.swissbanking.org

Swiss Bankers Association

www.abps.ch

Swiss Private Bankers Association

www.sv.ch

Swiss Insurance Association

6.1.4 Self-regulating organisations

www.arif.ch

Association Romande des Intermédiaires Financières (ARIF)

www.oadfct.ch

OAD Fiduciari del Cantone Ticino (FCT)

www.oarg.ch

Organisme d'Autorégulation des Gérants de Patrimoine (OARG)

www.polyreg.ch

PolyReg Allg. Selbstregulierungsverein

www.sro-sav-snv.ch

Self-regulating Organization of the Swiss Bar Association and the Swiss Notaries Association

www.leasingverband.ch

SRO Schweizerischer Leasingverband (SLV)

www.sro-treuhanduisse.ch

SRO Schweizerischer Treuhänderverband (STV)

www.vsv-asg.ch

SRO Verband Schweizerischer Vermögensverwalter (VSV)

www.vqf.ch

Verein zur Qualitätssicherung von Finanzdienstleistungen (VQF)

www.sro-sv.ch

Self-regulation organisation of the Swiss Insurance Association

www.sfama.ch

Swiss Funds & Asset Management Association SFAMA

www.svig.org

Swiss Association of Investment Companies (SAIC)

6.1.5 Others

www.ezv.admin.ch

Federal Customs Administration

www.snb.ch

Swiss National Bank

www.bundesanwaltschaft.ch

Office of the Attorney General of Switzerland

www.seco.admin.ch/themen/00513/00620/00622/index.html

State Secretariat for Economic Affairs (economic sanctions under the Embargo Act EmbA)

www.bstger.ch

Federal Criminal Court

6.2 International

6.2.1 Foreign reporting offices

www.egmontgroup.org/about/list-of-members

List of all Egmontmembers, partially with link to the homepage of the corresponding country

6.2.2 International organisations

www.fatf-gafi.org

Financial Action Task Force on Money Laundering

www.unodc.org

United Nations Office on Drugs and Crime

www.egmontgroup.org

Egmont Group

www.cfatf-gafic.org

Caribbean Financial Action Task Force

6.2.3 Other links

www.worldbank.org

World Bank

www.bis.org

Bank for International Settlements

www.interpol.int

INTERPOL

www.europa.eu

European Union

www.coe.int

Council of Europe

www.ecb.europa.eu

European Central Bank

www.europol.net

Europol

www.fincen.gov/

Financial Crimes Enforcement Network, USA

www.fbi.gov

Federal Bureau of Investigation FBI, USA

www.bka.de

Bundeskriminalamt BKA Wiesbaden,
Germany

www.economie.gouv.fr/tracfin/accueil-tracfin

Tracfin – Traitement du renseignement et action contre les circuits financiers clandestins, Frankreich

www.fiu.li/index.php/de/

Financial Intelligence Unit Liechtenstein

<http://uif.bancaditalia.it/homepage/index.html?com.dot-marketing.htmlpage.language=1>

Unità di informazione finanziaria, Italien

www.bmi.gv.at/cms/BK/meldestellen/geldwaesche/start.aspx

Meldestelle Geldwäscherei, Österreich

www.wolfsberg-principles.com

Wolfsberg Group

REPORT 2014

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