



REPORT

2015

April 2016

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

A publication by the Federal Office of Police

TOPICS

Statistics

Typologies

From the MROS office

International scene

Internet Links

MROS

18th Annual Report

April 2016

2015

Federal Department of Justice and Police
Federal Office of Police

Money Laundering Reporting Office Switzerland
3003 Berne

Tel.: (+41) 058 463 40 40
Fax: (+41) 058 463 39 39
email: mros.info@fedpol.admin.ch

Internet: <http://www.fedpol.admin.ch>

Table of contents

1	Introduction	7
2	Annual MROS statistics	8
2.1	Overview of MROS statistics 2015	8
2.2	General remarks	9
2.2.1	Total number of SARs	9
2.2.2	Mandatory SARs (Art. 9 AMLA) and voluntary SARs (Art. 305 ^{ter} para. 2 SCC)	9
2.2.3	Reporting cases of terminating negotiations aimed at establishing a business relationship because of reasonable suspicion of money laundering or terrorist financing under Article 9 paragraph 1(b) Anti-Money Laundering Act	12
2.2.4	Proportion of SARs forwarded to the prosecution authorities	12
2.2.5	SARs involving substantial levels of assets	13
2.2.6	Decisions by prosecution authorities and the courts	14
2.2.7	Phishing and money mules	14
2.2.8	Article 11a Anti-Money Laundering Act	15
2.3	Information exchange with foreign Financial Intelligence Units	17
2.3.1	Inquiries from foreign FIUs	17
2.3.2	MROS inquiries to foreign FIUs	18
2.4	The search for terrorist funds	19
2.5	Detailed statistics	21
2.5.1	Home canton of reporting financial intermediary	21
2.5.2	Location of suspicious business connection	23
2.5.3	Type of financial intermediary according to category	25
2.5.4	SARs from the banking sector	26
2.5.5	Factors arousing suspicion	27
2.5.6	Suspected predicate offences	29
2.5.7	Domicile of clients	31
2.5.8	Nationality of clients	32
2.5.9	Domicile of beneficial owners	33
2.5.10	Nationality of beneficial owners	34
2.5.11	Prosecution authorities	35
2.5.12	Status of forwarded SARs	37
3	Typologies (selection of cases from the 2015 reporting year)	40
3.1	Financing of terrorism	40
3.1.1	Network for the transfer of funds	40
3.1.2	Cash pool for Islamic militia in Africa	40
3.1.3	Non-profit organisation	41
3.1.4	Misuse of a payment services provider	42
3.1.5	Fund raising	42
3.1.6	Lending money	43
3.2	Money laundering	43
3.2.1	Art dealing	43
3.2.2	Falsified airline tickets	44
3.2.3	All that glitters in an online casino	45
3.2.4	Internet fraud and misappropriation	45
3.2.5	Organised internet fraud	46
3.2.6	Real estate rentals over the internet	46
3.2.7	Misuse of trust structures	48
3.2.8	Unexplainable transactions for a PEP	49

3.2.9	A holding company for a criminal	50
3.2.10	Dishonest capital market analyst	50
3.2.11	Contraband of watches via free ports	52
4	From the MROS Office	54
4.1	MROS Practice	54
4.2	National Risk Assessment (NRA)	56
5	International scene	58
5.1	Egmont Group	58
5.2	About the FATF	58
6	Internet links	60

1 Introduction

The 2015 reporting year was characterised by another significant increase in reporting volume. MROS received 2,367 SARs, 35% more than in the previous year (which was already a record year). This represents approximately nine SARs each working day, nearly four times more than in 2006.

For the first time ever, MROS received more voluntary SARs than mandatory SARs: financial intermediaries submitted 1,346 SARs under Article 305ter paragraph 2 SCC (right to report/voluntary SARs) and 1,021 SARs under Article 9 AMLA (duty to report/mandatory SARs). This increase in voluntary SARs is proof – if it were needed – of financial intermediaries' heightened awareness of fighting money laundering and the financing of terrorism. The proportion of voluntary SARs forwarded to the prosecution authorities was lower than the proportion of mandatory SARs. This can be explained by the lower threshold of suspicion and does not mean that the quality of voluntary SARs was inferior.

At CHF 4.8 billion, overall asset value in 2015 far exceeded the figure of the previous year. The number of SARs forwarded to the prosecution authorities, on the other hand, fell by approximately 3% over 2014. This is explained by the fact that MROS has more personnel resources and has made greater use of its powers for gathering information from financial intermediaries who have not submitted a SAR. A further factor was the rise in the number of inquiries to foreign FIUs.

For the first time since 2006, fraud was not the most frequently reported predicate offence. In 2015, bribery of officials, sadly, headed the tables. This is due primarily to a few complex case clusters that are now the subject of criminal proceedings by the prosecution authorities. Another category that continued to rise was the predicate offence of phishing, classified under fraudulent misuse of a computer. With 38 SARs, the number of reports involving the suspected financing of terrorism was higher in 2015 than in the

previous reporting year. However, given the widely varying figures from one year to the next, this increase is not indicative of a trend.

Updating the statistics on legal decisions, which is based on information received from prosecution authorities under Article 29a paragraphs 1 and 2 AMLA, is a task that MROS performs continuously. Certain prosecution authorities now report to MROS on a regular basis their rulings on cases involving the financing of terrorism, money laundering and their predicate offences.

In preparation for the upcoming FATF evaluation of Switzerland, the interdepartmental Co-ordination Group on Combating Money Laundering and the Financing of Terrorism published the National Risk Assessment report in June 2015. MROS led the risk-assessment sub-group, which was responsible for drafting the report. Other risk-assessment reports on specific topics are currently in progress.

In accordance with its legal mandate to raise awareness within the financial sector on money laundering and the financing of terrorism, MROS gave more than 50 talks and courses in 2015. It also published a catalogue of predicate offences. Other publications, for example on typologies or standpoints on MROS practice that have appeared in the various annual reports, are planned in the course of 2016.

Bern, April 2016

Stiliano Ordolli, LL.D.

Head of the Money Laundering Reporting Office Switzerland MROS

Federal Department of Justice and Police FDJP

Federal Office of Police, Directorate Staff

MROS Division

2 Annual MROS statistics

2.1 Overview of MROS statistics 2015

Summary of reporting year (1 January – 31 December 2015)

SAR Reporting Volume	2015 Absolute	2015 Relative	+/-	2014 Absolute
Total number of SARs received	2 367	100.0%	35.0%	1 753
Forwarded SARs	1 675	70.8%	29.0%	1 298
Non-forwarded SARs	692	29.2%	52.1%	455
Type of financial intermediary				
Bank	2 159	91.2%	44.4%	1 495
Payment services sector	58	2.5%	-45.8%	107
Fiduciary	48	2.0%	-2.0%	49
Asset manager / Investment advisor	45	1.9%	12.5%	40
Attorney	6	0.3%	-40.0%	10
Insurance	12	0.5%	9.1%	11
Credit card company	13	0.5%	44.4%	9
Casino	3	0.1%	-66.7%	9
Foreign exchange trader	0	0.0%	N/A	0
Securities trader	3	0.1%	-70.0%	10
Other	7	0.3%	0.0%	7
Loan, leasing and factoring business	7	0.3%	133.3%	3
Commodity and precious metal trader	6	0.3%	100.0%	3

Amounts involved in CHF

(Total effective assets at time of report)

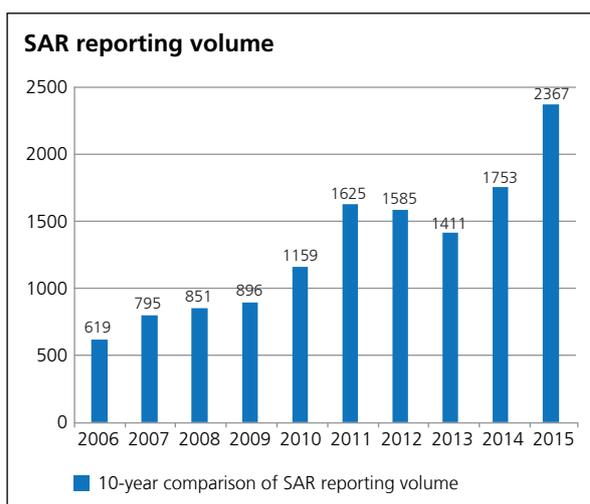
Total asset value of all SARs received	4 828 311 280	100.0%	44.5%	3 340 784 056
Total asset value of forwarded SARs	3 337 667 524	69.1%	16.6%	2 862 395 437
Total asset value of non-forwarded SARs	1 490 643 756	30.9%	211.6%	478 388 619
Average asset value of SARs (total)	2 039 844			1 905 752
Average asset value of forwarded SARs	1 992 637			2 205 235
Average asset value non-forwarded SARs	2 154 109			1 051 404

2.2 General remarks

The 2015 reporting year was characterised by the following developments:

1. With 2,367 SARs, a record year in terms of reporting volume.
2. Total asset value at a record level of CHF 4.8 billion.
3. Rise over the previous years in the number of SARs concerning the financing of terrorism.
4. Slight fall in the proportion of SARs forwarded to the prosecution authorities.
5. Bribery overtakes fraud as the most frequent predicate offence to money laundering at the time the SAR was forwarded to the prosecution authorities.
6. Record number of cases concerning fraudulent misuse of a computer, in particular involving phishing.

2.2.1 Total number of SARs



In 2015, MROS received a total of 2,367 SARs in connection with money laundering or the financing of terrorism. This is 35% more than in 2014 (+614 SARs) and makes 2015 a record year once again in terms of reporting volume. The heightened reporting awareness of financial intermediaries, especially from the banking sector, undoubtedly contributed to this high level. The high reporting volume was also a result of four case clusters which generated multiple SARs relating to the same case. The most complex case, which had already generated 54 SARs in 2014, generated a further 273 SARs in 2015 and involved a total asset value of more than CHF 800 million.

The banking sector submitted 400 more SARs in 2015 than overall reporting volume in the record year of 2014. More than 91% of total reporting volume in 2015 came from this sector (2014: approx. 85%). While reporting volume from the banking sector rose by 44%, from 1,495 in 2014 to 2,159 SARs in 2015, reporting volume from the other sectors fell from 258 SARs in 2014 to 208 SARs in 2015.

Worthy of note is the drop in SARs from the payment services sector. In 2014, MROS received 107 SARs from this sector. This figure fell by 45% in 2015, to 58 SARs. If we look back to 2012, we see that the number of SARs from the payment services sector made up nearly 25% of total reporting volume. Despite the fact that reporting volume from this sector was the second largest behind the banking sector, it still only constituted 2.5% of overall reporting volume in 2015 (2014: 6.1%).

Total asset volume increased by 44.5%, to more than CHF 4.8 billion. The amount of assets involved in SARs forwarded to prosecution authorities rose by 17%, to more than CHF 3.3 billion. This figure is comparable to the total asset volume of 2014.

As opposed to previous years, bribery rather than fraud was the most frequent predicate offence to money laundering. Reports involving bribery rose from 357 SARs in 2014 to 594 SARs in 2015, while the number of SARs involving fraud declined. This trend was already evident back in 2014, when the number of bribery-related cases rose twofold over the previous reporting year. The increase can be explained by the fact that the largest case cluster at present involves suspected bribery; this cluster alone generated 268 of the 273 SARs involving bribery as the suspected predicate offence to money laundering.

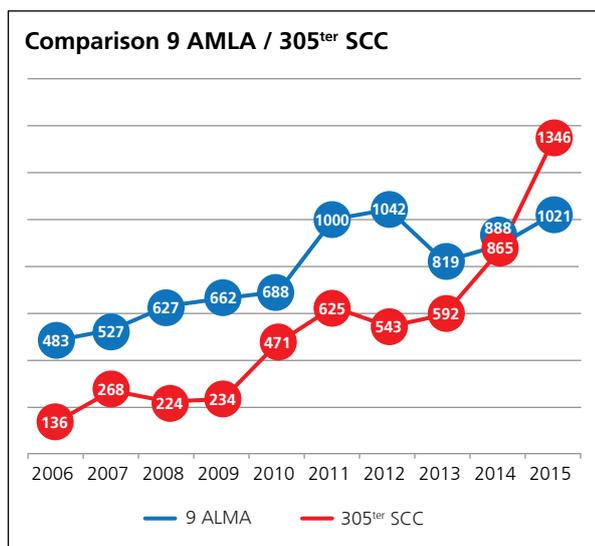
SARs involving phishing, subsumed under Article 147 of the Swiss Criminal Code (Fraudulent misuse of a computer), rose considerably in 2015, as did other categories of predicate offences. For example, 197 SARs involved embezzlement (2014: 157 SARs) and 219 SARs involved criminal mismanagement (2014: 49 SARs). Other categories of predicate offences also witnessed a record level of SARs, such as price manipulation and insider trading, with a total of 71 SARs, up from 41 SARs in 2014.

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

Of the 2,367 SARs submitted to MROS in 2015, 1,346 SARs, or 57%, were submitted under Article 305^{ter} paragraph 2 SCC (right to report / voluntary SARs) and 1,021 SARs, or 43%, were submitted under Article 9 AMLA (duty to report / mandatory SARs).

Since 2010, the number of voluntary SARs has risen. This increase is due to the fact that since the revision of the Anti-Money Laundering Act in 2009 voluntary SARs may only be submitted to MROS (whereas before 2009 they could be submitted to either MROS or the prosecution authorities). The sharp rise in voluntary SARs noted in the 2014 Annual Report recurred in 2015 so that for the first time ever MROS received more voluntary SARs than mandatory SARs.

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



The figures show that individual financial sectors follow different practices with regard to what type of SAR they submit. An analysis of the data in 2014 revealed that the banking sector was responsible for the increase in voluntary SARs: in 2014, this sector submitted 782 SARs under Article 305^{ter} paragraph SCC as opposed to 713 SARs under Article 9 AMLA. The other categories of financial intermediaries primarily submitted mandatory SARs. In 2015, again, the banking sector submitted more voluntary SARs than mandatory SARs (1,266 voluntary SARs as opposed to 893 mandatory SARs). Financial intermediaries outside of the banking sector, however, primarily submitted mandatory SARs (128 SARs under Art. 9 AMLA as opposed to 80 SARs under Art. 305^{ter} para. 2 SCC). So, once again, the banking sector was responsible for the rise in voluntary SARs. However, a closer look reveals that even within the banking sector, different banks follow different reporting practices. In 2014,

for example, foreign controlled banks submitted more mandatory SARs (58.5 %) than voluntary SARs (41.5%). But in 2015 this category of banks submitted more voluntary SARs (54.3%) than mandatory SARs (45.7%). Swiss banks, on the other hand, submitted more voluntary SARs in 2015 (67.5%) than mandatory SARs (32.5%), whereas cantonal and Raiffeisen banks submitted more mandatory than voluntary SARs. The difference in reporting practices has been evident for some years. This confirms that 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 1993 and 1996, 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 entering into a business relationship. On the other hand, a financial intermediary must submit a SAR under Article 9 AMLA if he has a well-founded 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 well-founded suspicion under Article 9 AMLA.

The high level of voluntary SARs (Art. 305^{ter} para. 2 SCC) shows that financial intermediaries, who are a key element of Switzerland's strategy for combating money laundering, are increasingly prepared to take on this role. In cases of doubt, they have often decided to make use of voluntary reporting. Under Article 1 paragraph 1 letter c of the Ordinance on the Money Laundering Reporting Office Switzerland (MROSO), MROS has a legal obligation to make financial intermediaries aware of the problems of money laundering, its predicate offences, organised crime and the financing of terrorism. In 2015, MROS made a special effort to this end, which undoubtedly led to some financial intermediaries lowering their reporting threshold with regard to a simple suspicion under Article 305^{ter} paragraph 2 SCC.

Type of bank	Art. 9 AMLA	in %	Art.305 ^{ter} para. 2 SCC	in %	Total
Other bank	117	55.2	95	44.8	212
Foreign controlled bank	263	45.7	312	54.3	575
Asset management bank	94	31.0	209	69.0	303
Branch of foreign bank	3	42.9	4	57.1	7
Major bank	248	32.5	515	67.5	763
Cantonal bank	78	62.4	47	37.6	125
Private bank	11	28.9	27	71.1	38
Raiffeisen bank	73	58.4	52	41.6	125
Regional and savings bank	6	54.5	5	45.5	11
Other institution					
Total	893	41.4	1 266	58.6	2 159

Financial intermediary	Type of SAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Banks	Total	359	492	573	603	822	1080	1050	1123	1495	2159	9756
	Art. 9 AMLA	262	291	386	386	417	523	596	598	711	888	5058
	Art. 9 AMLA para. 1b	9	16	6	15	9	13	14	5	2	5	94
	Art. 305 ^{ter} SCC	88	185	181	202	396	544	440	520	782	1266	4604
Casinos	Total	8	3	1	5	8	6	6	8	9	3	57
	Art. 9 AMLA	8	2	1	5	4	3	1	6	6		36
	Art. 305 ^{ter} SCC		1			4	3	5	2	3	3	21
Foreign exchange trader	Total	1			5	6	7		5			24
	Art. 9 AMLA	1			5	6	3		4			19
	Art. 9 AMLA para. 1b							2				2
	Art. 305 ^{ter} SCC						2		1			3
Securities trader	Total		2	5	2	4		1	1	10	3	28
	Art. 9 AMLA		2	5	2	1		1	1	9		21
	Art. 305 ^{ter} SCC					3				1	3	7
Currency exchange	Total	2	1	1	1		3				1	9
	Art. 9 AMLA	2	1	1	1		1				1	7
	Art. 305 ^{ter} SCC						2					2
Loan, leasing, factoring + non-recourse financing	Total	8	4	1	11	1	5	1	4	3	7	45
	Art. 9 AMLA	3	4	1	10	1	5	1	4	2	4	35
	Art. 9 AMLA para. 1b	1										1
	Art. 305 ^{ter} SCC	4			1					1	3	9
Credit card company	Total		2	2	10	9	10	22	14	9	13	91
	Art. 9 AMLA		2	2	3	5	6	20	11	9	11	69
	Art. 9 AMLA para. 1b					1						1
	Art. 305 ^{ter} SCC				7	3	4	2	3		2	21
Attorney	Total	1	7	10	11	13	31	12	9	10	6	110
	Art. 9 AMLA	1	7	10	11	12	27	11	8	9	4	100
	Art. 305 ^{ter} SCC					1	4	1	1	1	2	10
Commodity and precious metal trader	Total	1	5	1		1	1	3	10	3	6	31
	Art. 9 AMLA	1	5	1		1	1	3	8	2	1	23
	Art. 305 ^{ter} SCC								2	1	5	8
SRO	Total	3	1		4		1			2		11
	Art. 27 AMLA	3	1		4		1			2		11
Fiduciary	Total	45	23	37	36	58	62	65	69	49	48	492
	Art. 9 AMLA	43	20	35	33	57	55	56	52	36	37	424
	Art. 9 AMLA para. 1b	1			1	1	2	4			1	10
	Art. 305 ^{ter} SCC	1	3	2	2		5	5	17	13	10	58
Asset manager	Total	6	8	19	30	40	27	49	74	40	45	338
	Art. 9 AMLA	6	5	16	29	36	20	42	56	24	25	259
	Art. 9 AMLA para. 1b					2	1		3	2		8
	Art. 305 ^{ter} SCC		3	3	1	2	6	7	15	14	20	71
Insurance	Total	18	13	15	9	9	11	9	19	11	12	126
	Art. 9 AMLA	15	12	12	9	9	8	4	19	6	6	100
	Art. 9 AMLA para. 1b							3			1	4
	Art. 305 ^{ter} SCC	3	1	3			3	2		5	5	22
Distributor of investment funds	Total		1								1	2
	Art. 9 AMLA		1									1
	Art. 305 ^{ter} SCC										1	1
Payment services	Total	164	231	185	168	184	379	363	74	107	58	1913
	Art. 9 AMLA	124	156	149	147	122	324	280	43	66	33	1444
	Art. 9 AMLA para. 1b			1			3	2				6
	Art. 305 ^{ter} SCC	40	75	35	21	62	52	81	31	41	25	463
Other financial intermediary	Total	1	2		1	4	2	4	1	3	5	23
	Art. 9 AMLA	1	2		1	4	2	4	1		4	19
	Art. 305 ^{ter} SCC									3	1	4
Authorities	Total	2	0	1	0	0	0	0	0	2		5
	Art. 16 para. 1 AMLA	2	0	1	0	0	0	0	0	2		5

2.2.3 Reporting cases of terminating negotiations aimed at establishing a business relationship because of reasonable suspicion of money laundering or terrorism financing under Article 9 paragraph 1(b) Anti-Money Laundering Act

Under Article 9 paragraph 1(b) AMLA, 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. 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. 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. In the year under review, 7 SARs were submitted to MROS under this provision, 3 more than in 2014. One of these SARs was forwarded to the competent prosecution authorities.

Since the entry into force of Article 9 paragraph 1(b) AMLA in 2009, MROS has received a total of 92 SARs by virtue of this article, 29 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 31.5%. Of the 29 SARs forwarded to prosecution authorities, in ten cases a no-proceedings order was issued, eight cases were suspended, three were temporarily suspended and one case resulted in a conviction.² Seven of the 29 cases are pending.

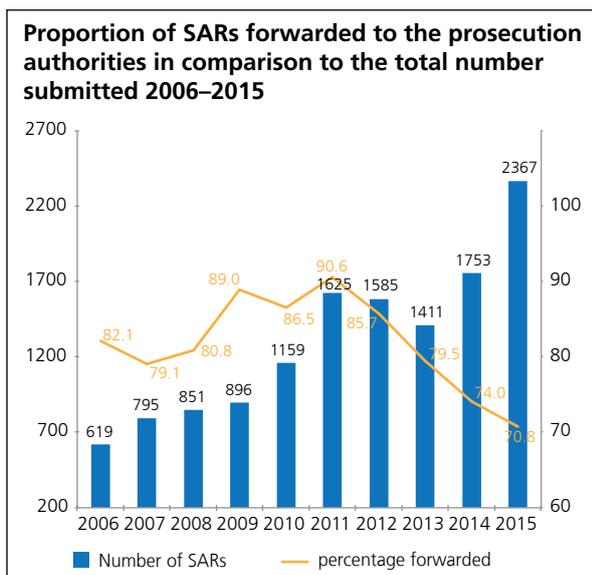
The number of no-proceedings orders can be explained by the fact that these SARs were submitted when business relations were broken off. In other words, it is difficult to prove that a predicate offence to money laundering has been committed if assets could not be transferred because a business relationship was not established. In such cases, there is generally not enough evidence to initiate criminal proceedings.

² 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 one 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 again – albeit only slightly – and was a little more than 3% lower than in 2014.³ In 2015, 70.8% of SARs were forwarded to the prosecution authorities, down from the average of 80.8% of the last ten 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 three factors – more personnel, more authority to gather information, and no deadline for voluntary SARs – 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, due to time pressure from legal deadlines, decides not to forward the case to prosecution authorities before its foreign partners have responded to its request for mutual assistance. 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.



³ In the 2014 Annual Report, the proportion of forwarded SARs was given as 72%. However, current figures show that it was in fact 74%. The reason for this is that a case can be forwarded to the prosecution authorities any time later if new findings justify doing so.

Proportion of SARs forwarded/ Financial intermediary category in %	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Bank	94.4	92.1	87.4	90.7	90.6	93.0	88.6	81.5	75.9	72.0	83.3
Supervisory authority	100.0		100.0						100.0		100.0
Casino	75.0	66.7	100.0	80.0	50.0	50.0	16.7	12.5	55.6	100.0	52.6
Foreign exchange trader	100.0			100.0	83.3	57.1		40.0			70.8
Securities trader		100.0	80.0	50.0	25.0		100.0	100.0	40.0	0.0	50.0
Currency exchange	50.0	100.0	100.0	100.0		33.3				0.0	55.6
Loan, leasing, factoring and non-recourse financing	75.0	50.0	100.0	90.9	100.0	100.0	0.0	50.0	0.0	28.6	64.4
Credit card company		100.0	100.0	100.0	66.7	100.0	95.5	64.3	100.0	92.3	89.0
Attorney	0.0	85.7	80.0	100.0	69.2	93.5	75.0	55.6	60.0	50.0	78.2
Commodity and precious metal trader	100.0	100.0	0.0		0.0	100.0	33.3	70.0	100.0	33.3	64.5
SRO	100.0	100.0		100.0		100.0			100.0		100.0
Fiduciary	88.9	82.6	91.9	86.1	79.3	85.5	72.3	79.7	77.6	41.7	79.3
Asset manager	33.3	75.0	52.6	83.3	77.5	92.6	85.7	86.5	0.0	88.9	82.0
Insurance	72.2	61.5	86.7	66.7	44.4	63.6	77.8	78.9	80.0	33.3	67.5
Distributor of investment funds		0.0							72.7	100.0	50.0
Payment services	57.3	51.9	60.5	84.5	81.5	86.3	81.0	51.4		53.4	71.2
Other FI	0.0	100.0		0.0	25.0	100.0	100.0	100.0	51.4	60.0	56.5
Total	82.1	79.1	80.8	89.0	86.5	90.5	85.5	79.0	74.04	70.8	80.8

Under the new system for submitting SARs, MROS is no longer subject to very short deadlines for analysing SARs submitted under Article 9 AMLA. The change came into force on 1 January 2016 and strengthens its powers to analyse reports.

2.2.5 SARs involving substantial levels of assets

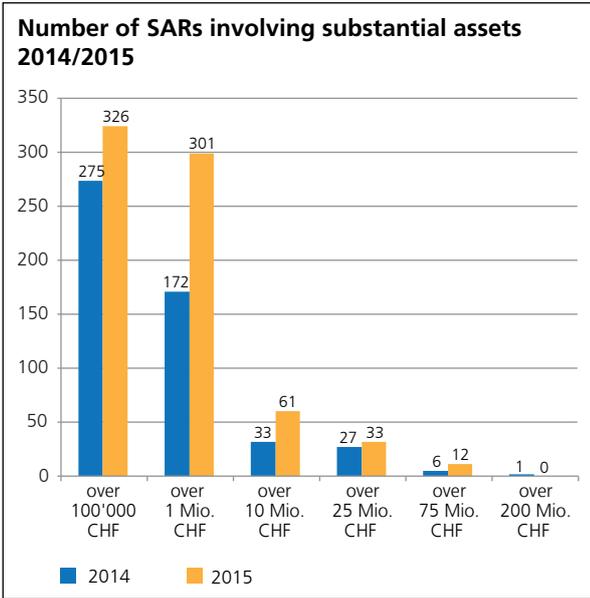
The record number of SARs in 2015 impacted on overall asset value, which amounted to more than CHF 4.82 billion. This was 44.5% higher than in the record year of 2014 (CHF 3.34 billion). This increase can be explained by looking more closely at reporting volume and at SARs involving substantial levels of assets.

In 2015, reporting volume increased by 35%. The rounded average of substantial assets involved in a SAR, although slightly higher, is comparable to the previous year (2015: CHF 2 million / 2014: CHF 1.9 million). As opposed to 2014, no SAR in 2015 generated assets worth more than CHF 200 million. However, 12 SARs generated more than CHF 75 million (in 2014, only 6 SARs involved more than this amount). The assets generated by these 12 SARs amounted to CHF 1.3 billion (in 2014 the 6 SARs amounted to approximately CHF 1 billion). This sum is one-quarter of total asset

value. Of the 12 SARs involving substantial levels of assets, 9 were forwarded to the prosecution authorities. The SARs submitted in connection with the largest case cluster in 2015 generated assets of more than CHF 820 million.

The 12 SARs involving substantial levels of assets were triggered by various reasons. As in the previous year, corruption, embezzlement or insider trading were the suspected predicate offences named by financial intermediaries. Most of the SARs were submitted to MROS following media reports (7 SARs). Other SARs were triggered by third-party information or information from prosecution authorities, or from monitoring transactions. Of the 12 SARs, 7 were submitted under voluntary reporting. Furthermore, 11 SARs were submitted by the banking sector, and 1 SAR by an independent asset manager.

Approximately one-third of total asset value in 2015 came from mandatory SARs and around two-thirds came from from voluntary SARs. These figures are similar to 2013 (voluntary reporting 70%; mandatory reporting 30%). In comparison, the figures for 2014 and 2012 were the other way around. This shows that financial intermediaries place equal importance on both types of reporting, which require the same amount of time and investigation.



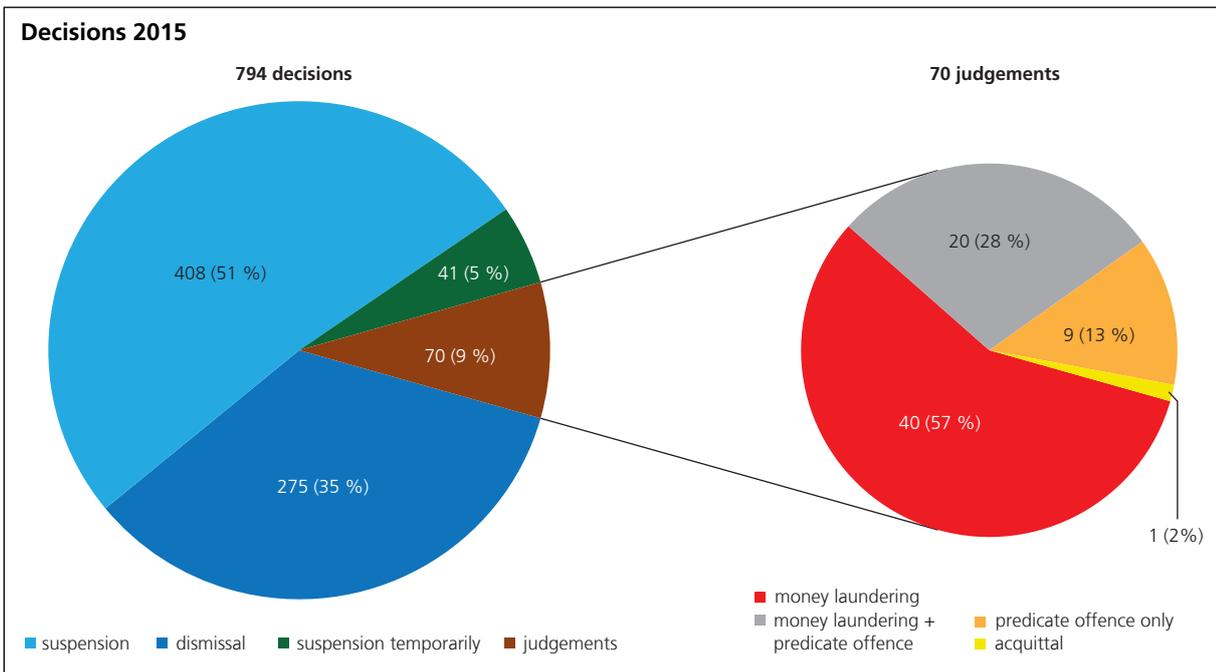
It should be pointed out that the Swiss legal system and criminal procedure are not geared solely to convicting suspects. Since Switzerland's financial market is oriented to an international clientele, criminal proceedings frequently contain an international component, which means that quite often criminal 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 abandoned 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 abandoned 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 41% 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 prosecution authorities and the courts

The left-hand diagram below shows what decisions were taken by prosecution authorities on the SARs they received (e.g. suspension, no-proceedings orders and abandonments) and the number of convictions in 2015. The right-hand diagram below shows what the convictions were for. In 2015, 794 decisions were taken on pending SARs. Just under 9% were convictions (which have become final). In more than 50% of the cases, no-proceedings orders were issued.

2.2.7 Phishing and money mules

In 2015, MROS received 142 SARs in connection with stolen computer data or, in other words, the predicate offence of fraudulent misuse of a computer according to Article 147 SCC (2014: 104 SARs). The 2015 figure represents a record,



the highest level previously being in 2013 (121 SARs). Most of the cases involving this type of fraud display a similar pattern:

The person suspected of being a financial agent, i.e. a money mule, responds to an advertisement or is contacted by a third person and asked to make his bank account available for the transfer of money – often a four-digit amount – without knowing anything of its origin. The money, however, has usually been obtained by unlawful means, for example by hacking a person’s account. Once the money is paid into the financial agent’s account, he is asked to withdraw the sum in cash and forward it either by post or through a money transmitter to a person abroad who is not personally known to him. In return, the financial agent receives a commission. By re-receiving and passing on the money, the agent is liable to prosecution for money laundering, even if he is not aware that the money has been gained by unlawful means. If the court finds that the financial agent should have reckoned with the money being the proceeds of a crime, it affirms an account of dolus eventualis (conditional intent).

Of the 142 SARs submitted to MROS in 2015, 133 SARs were forwarded to the prosecution authorities. During the period under review, a verdict was reached in 14 of the 133 cases. A total of 87 cases are still pending.

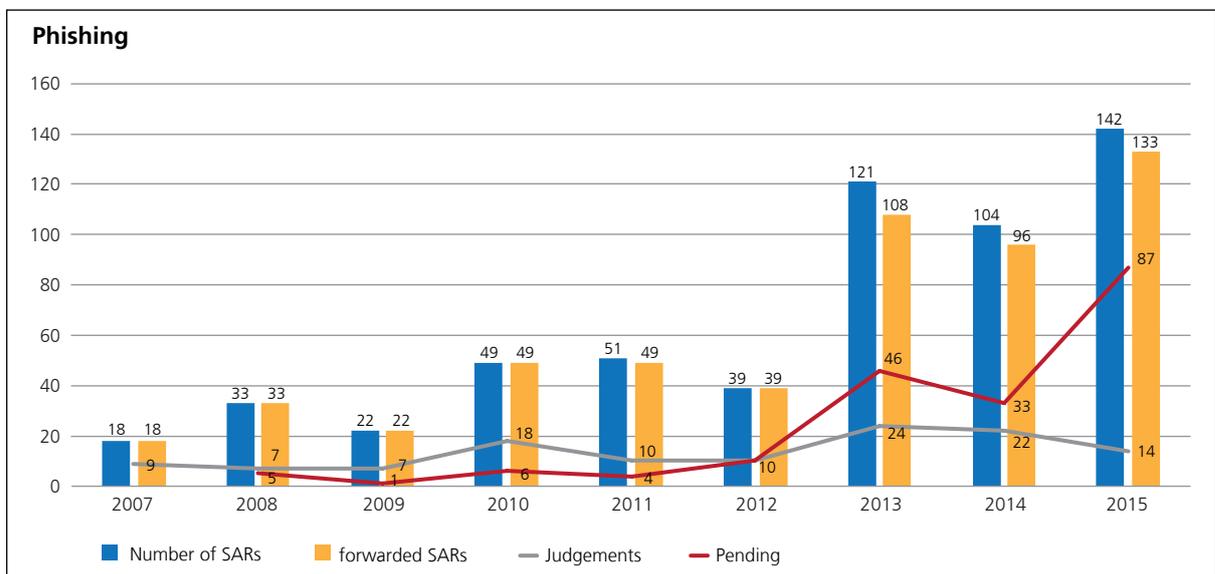
The diagram shows the proportion of forwarded cases and the number of corresponding convictions. Out of the 579 SARs received since 2007 in connection with this offence, 547 SARs (94%) were forwarded to the prosecution authorities. To date, 121 verdicts (20%) have been reached.

This proportion may still rise, since 192 cases are still pending, 87 of which were forwarded to the prosecution authorities in 2015.

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 as SAR but are mentioned in an existing one (third-party financial intermediaries). On request by MROS, third-party financial intermediaries are obliged to submit all relevant information in their possession to the reporting office.

When analysing incoming SARs, MROS often finds that transactions involve more than one financial intermediary. However, MROS can only request additional information from a third-party financial intermediary if its analysis of the existing SAR shows that a (Swiss) financial intermediary other than the one who has already submitted a SAR is also involved in a transaction. 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. If there is evidence of wrongdoing from a source other than a SAR, MROS is not permitted by law to obtain additional information from a third-party financial intermediary.

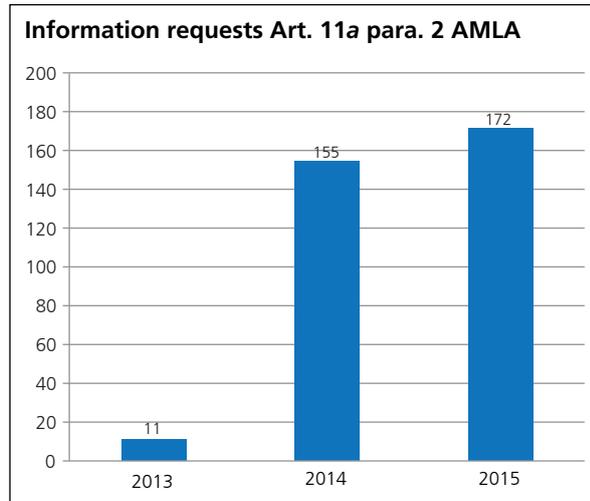


In order to obtain this additional information, MROS uses suitable forms based on Article 11a paragraph 1 or 2 AMLA. These forms indicate the list of documents to be provided, and MROS selects those that are deemed relevant to the case under analysis. The form requesting additional information does not constitute adequate grounds for suspicion. This is particularly the case if the original SAR is 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 reporting system established by the legislator in 1998 was intended to avoid the automatic submission of SARs. In order to submit a SAR to MROS, the financial intermediary must have his own specific reasons justifying this suspicion on the basis of elements at his disposal. Nevertheless, the financial intermediary cannot ignore the fact that his 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). If there are no specific grounds for suspicion, the financial intermediary will merely provide MROS with the information it has requested.

In 2015, MROS sent 172 requests for information by virtue of Article 11a paragraph 2 AMLA (2014: 155 requests). The 172 requests concerned a total of 224 SARs (2014: 138 SARs). Of these 224 SARs, 70% were forwarded to the prosecution authorities (2014: 66%).

The third-party financial intermediary can comply with MROS's request by enclosing additional documents as part of a SAR if he has a well-founded suspicion. In 2015, MROS received 28 SARs from third-party financial intermediaries who were prompted to submit a report following a request from MROS for additional information under Article 11a paragraph 2 AMLA (2014: 24 SARs). Of these 28 SARs, 23 SARs were forwarded to the prosecution authorities (2014: 21 of 24 SARs).

The additional information provided by third-party financial intermediaries allows MROS to analyse a SAR in greater detail and is often decisive for its decision on whether or not to forward the case to the prosecution authorities. Hence, the new provision is a further reason for the fall in the proportion of SARs forwarded to the prosecution authorities.



2.3 Information exchange with foreign Financial Intelligence Units

The diagrams in the following two chapters (2.3.1. and 2.3.2.) show the volume of information exchange between MROS and its foreign counterparts.

The 40 FATF recommendations (see Chapter 5.2.) govern information exchange between agencies responsible for combating money laundering, associated predicate offences, and the financing of terrorism. 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.

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

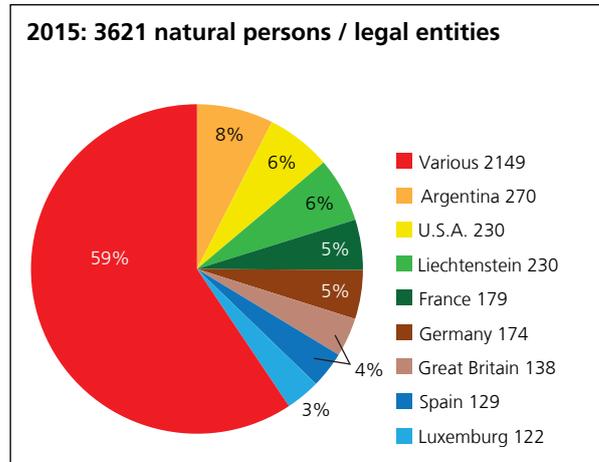
– The number of natural persons and legal entities who were the subject of inquiries from foreign FIUs increased significantly and reached a record level.

The number of natural persons and legal entities who were the subject of inquiries from foreign FIUs rose by 653, to a total of 3,621. With the exception of 2014, the continuing upward trend since 2007 in the number of inquiries from foreign FIUs continued in 2015 at an enhanced rate. The rise is due not only to the growing international entanglement of financial flows, but also to increasing membership of the Egmont Group.

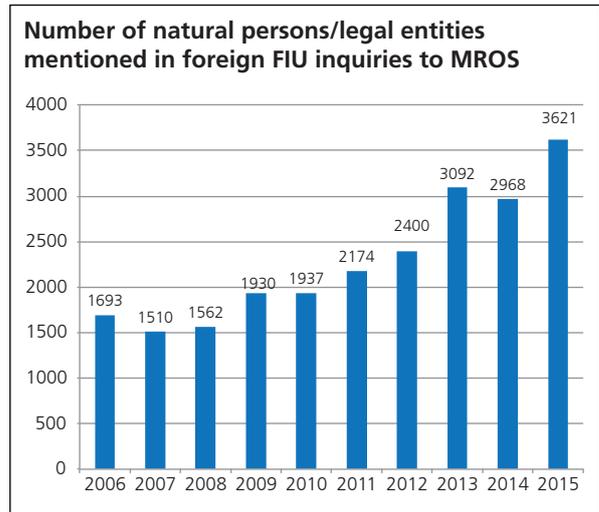
MROS replied to 804 inquiries from 103 countries. Once again, this was more than in the previous year (2014: 711 inquiries from 88 countries). The actual figure for 2014 was really 639 because, at the time, 72 instances of ‘impromptu’ information from foreign FIUs were added to the statistics. ‘Impromptu’ information is when a foreign FIU sends MROS information that requires no reply. In future, this will be listed separately in the statistics. In 2015, MROS received 132 instances of ‘impromptu’ information (from 29 countries). If added to the aforementioned 804 inquiries, MROS was therefore approached 936 times by a foreign FIU.

MROS was not able to reply to 31 inquiries from foreign FIUs for formal reasons, usually because the cases did not have a direct link to Switzerland. In 2014, this figure was 25 inquiries.

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



For comparison: 2006 to 2015



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 that 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.

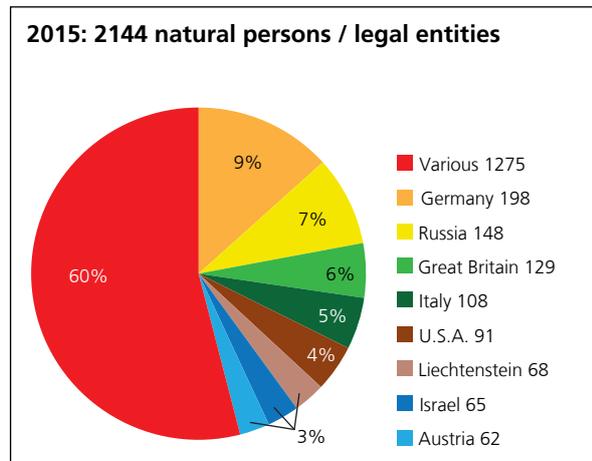


Chart analysis

– *The number of natural persons and legal entities who were the subject of MROS inquiries to foreign FIUs rose significantly and reached a record level.*

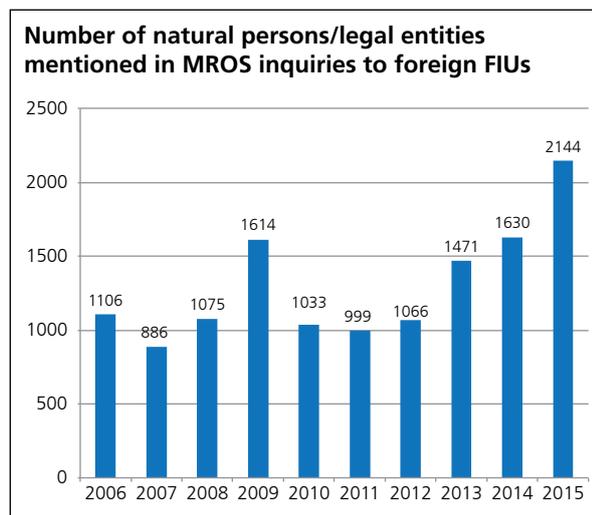
In the 2015 reporting year, MROS sent 579 inquiries on 1,196 natural persons and 948 legal entities (2,144 natural persons and legal entities in total) to 95 foreign FIUs. In 2014, this figure was 491 inquiries (548 if instances of impromptu information is added) on 876 natural persons and 754 legal entities (1,630 natural persons and legal entities in total) to 86 foreign FIUs. In addition to the aforementioned 579 inquiries, MROS also sent 67 instances of impromptu information to 29 countries. Like the rise in overall reporting volume in general, the number of MROS inquiries to foreign FIUs also increased, which indicates that SARs are becoming increasingly complex. There was also a rise in the number of FIUs MROS contacted for information, from 86 in 2014 to 95 in 2015.

The foreign FIUs took an average of 21 working days to reply to each request (2014: 25 working days).

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

MROS sent inquiries to foreign FIUs in 41% of the SARs it received in 2015 (2014: 32%). An average of 178 natural persons or legal entities each month were the subject of its inquiries to foreign FIUs (2014: 135).

For comparison: 2006 to 2015



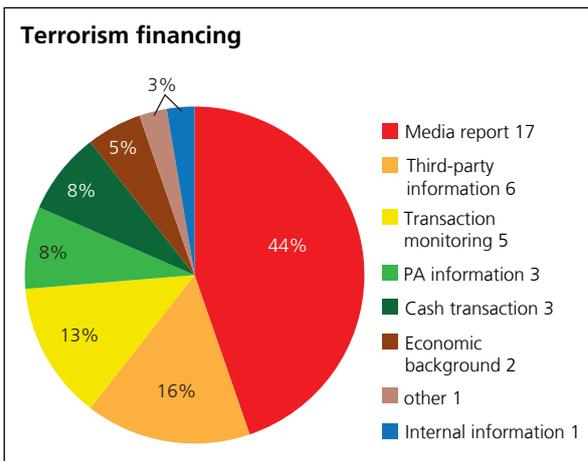
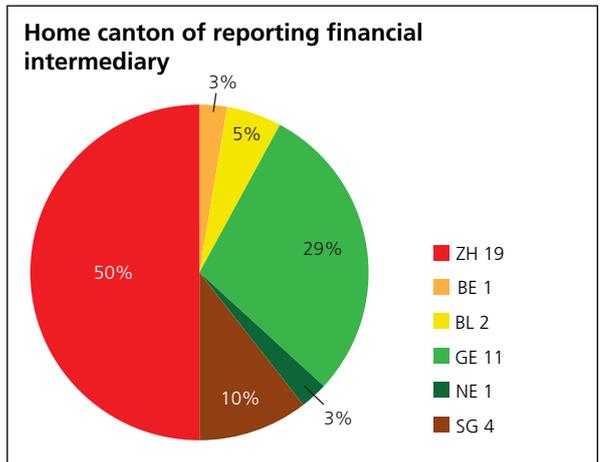
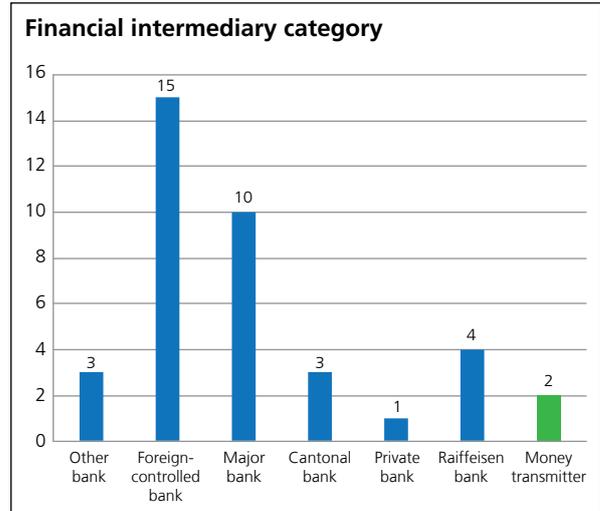
2.4 The search for terrorist funds

In 2015, MROS received 38 SARs involving the suspected financing of terrorism. This is the highest level to date and is significantly higher than in 2014 (9 SARs). If we look at the figures for the last record year of 2013, we see that the 33 SARs submitted then concerned only 8 individual cases. In 2015, however, the 38 SARs concerned 19 individual cases, which shows that the situation in 2015 changed significantly compared to the previous years. Although the amount of assets involved reached a record high of CHF 32 million, this sum is low when compared to the asset value of SARs involving money laundering. Nevertheless, it represents an average sum of CHF 850,000 for each SAR relating to the suspected financing of terrorism.

Twelve of the SARs submitted to MROS in 2015 revealed a connection to the OFAC (Office of Foreign Assets Control) List, issued by the export control authority of the US Department of the Treasury. This authority has a number of lists, some containing information on suspected terrorist activities and naming the corresponding natural persons or legal entities.

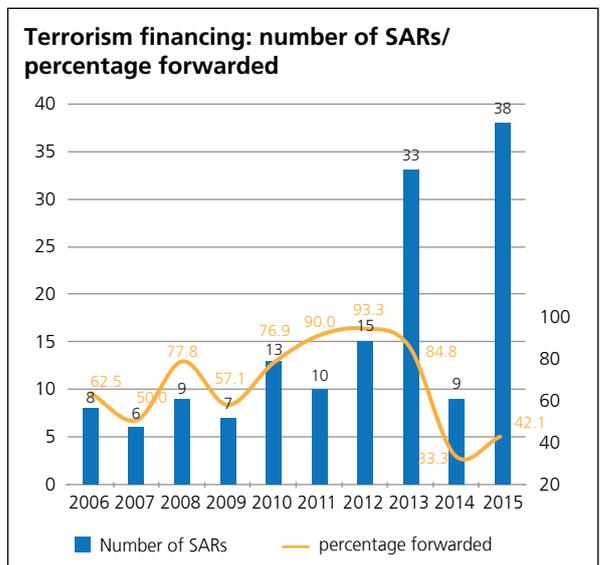
Twenty SARs concerned the suspected financing of jihadist motivated terrorism.

The SARs were submitted mainly based on information the financial intermediary had obtained from newspaper reports (17 SARs). Information from third persons, which includes the compliance databases of private providers which are used by financial intermediaries to match clients, was a further trigger, as was the monitoring of transactions by the financial intermediary (5 or 6 SARs).



Of the 38 SARs, 36 SARs were submitted by the banking sector. The other 2 SARs were submitted by payment services providers.

Of the 38 SARs, 16 SARs were forwarded to the prosecution authorities. In one case proceedings have already been abandoned. The remainder are pending.



SARs involving the financing of terrorism are important not just on forwarding them to the prosecution authorities or on opening criminal proceedings. Even if some SARs are not forwarded to the prosecution authorities, the information they contain is important (not least in the field of prevention) and this information is made available to the appropriate agencies in Switzerland and abroad within a useful timeframe.

Status of forwarded SARs in connection with the financing of terrorism

Status	Total
Dismissal	26
Pending	52
Suspension	12
Temporary suspension	8
Conviction	1
Total	99

Year	Number of SARs				Factors arousing suspicion				Asset value	
	Total	Terrorist funding (TF) SARs	Forwarded SARs	TF in % of total number of SARs	Bush list*	OFAC list**	Taliban list***	Other	TF in CHF	TF in % of total asset value
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	1 071 512.67	0.03 %
2015	2 367	38	16	1.6 %	0	12	0	26	32 176 245.05	0.67 %
Total	13 061	148	99	1.1 %	3	17	8	120	82 647 722.50	0.34 %

* http://www.finma.ch/archiv/gwg/d/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>

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

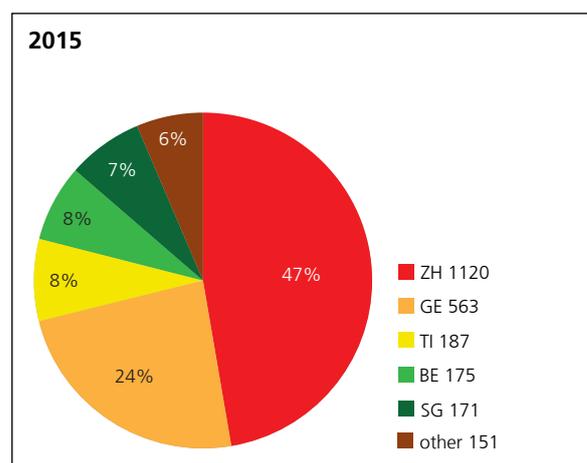
- *Approximately 94% of all SARs came from five cantons with a highly-developed financial services sector.*

The majority of SARs in 2015 came either from cantons with a highly-developed financial services sector such as Zurich, Geneva and Ticino, or with centralised regional or national compliance centres such as Bern and St. Gallen. Approximately 94% of overall reporting volume (i.e. 2,367 SARs) came from financial intermediaries from these five cantons, whereby most of them came from the canton of Zurich, where the number of SARs rose from 703 in 2014 to 1,120 in 2015. There were more SARs, too, from the canton of Geneva (2014: 345 SARs, 2015: 563 SARs). Reporting volume from the canton of Ticino remained more or less the same as in the previous year (2014: 182 SARs, 2015: 187 SARs). There was a decrease in reports from both the canton of Bern and the canton of St. Gallen. Reporting volume from the canton of Basel-Landschaft rose significantly, from 1 SAR in 2014 to 21 SARs in 2015. In contrast, the number of SARs from the canton of Basel-Stadt fell noticeably, from 77 SARs in 2014 to 49 SARs in 2015.

MROS did not receive a single SAR from financial intermediaries in the cantons of Appenzell Inner Rhoden or Ausser Rhoden, Jura, Obwalden, Glarus or Schaffhausen. 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: 2006 to 2015

Canton	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
ZH	316	286	295	310	426	793	720	530	703	1120	5499
GE	67	180	168	181	182	350	239	274	345	563	2549
BE	76	115	96	123	158	156	203	199	201	175	1502
TI	82	77	96	97	237	146	200	177	182	187	1481
SG	15	27	110	99	61	78	87	104	189	171	941
BS	14	36	49	36	28	29	49	48	77	49	415
ZG	18	31	7	8	6	20	28	15	13	14	160
VD	13	18	11	9	14	13	14	12	12	17	133
NE	2	7	6	7	12	4	4	6	5	9	62
GR	2	4	3		7	5	11	10	5	11	58
FR	2	1			2	8	9	12	4	17	55
LU	5	5	1	5	7	5	7	6	2	2	45
AG	3	1	3	6	3	7	1	6	5	5	40
BL		1		1	2	3	1	2	1	21	32
SZ	1	2	1	3	7		5	2		1	22
TG	2	1	1	2					3	2	11
SO			1	1		1	1	2	3	1	10
NW			1	2		3			1	1	8
VS	1						1	4	1	1	8
SH		1		2	1	1	1	1	1		8
AI		1		1	3		2				7
JU			1	1	1	2	1				6
OW		1		1	2		1				5
GL			1	1							2
AR						1		1			2
UR											
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

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.

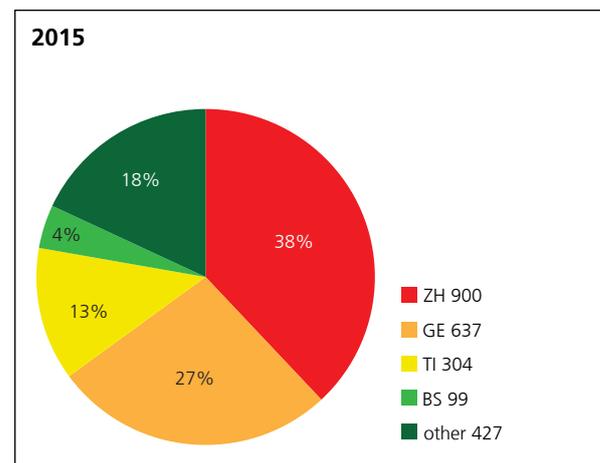
Chart analysis

- *The headquarters of the reporting financial intermediary is not a clear indication of the location of the account or business connection at the time the SAR was submitted to MROS.*

Major banks and payment services providers in particular have established regional competence centres which draft SARs to MROS. However, these SARs do not always concern the home canton of the reporting financial intermediary. 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 Code⁴ jurisdiction for criminal justice is no longer connected to the location of the account or business connection alone. This is proven by the previous statistics on the home canton of reporting financial intermediary (chapter 2.5.1). Whereas in 2015 approximately 94% of SARs came from financial intermediaries with headquarters in the cantons of Bern, Geneva, St. Gallen, Ticino and Zurich, only 82% of the reported business connections were carried out in these cantons. The previous reporting periods show the same picture.

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



⁴ Criminal Procedure Code of 5 October 2007 (CrimPC; SR 312.0)

For comparison: 2006 to 2015

Canton	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
ZH	178	207	215	243	318	483	559	430	520	900	4053
GE	121	186	197	182	200	411	349	361	452	637	3096
TI	97	109	128	167	295	231	294	256	312	304	2193
BE	25	41	30	59	52	64	58	27	101	55	512
VD	17	26	32	17	27	78	36	61	57	99	450
BS	23	43	27	26	54	61	64	51	38	46	433
SG	31	28	23	27	23	85	50	32	62	53	414
ZG	40	40	19	10	22	28	22	27	30	50	288
LU	31	19	47	18	39	22	26	24	30	25	281
AG	11	8	16	19	13	47	15	25	29	30	213
FR	5	16	19	41	24	24	22	12	9	23	195
BL	1	7	23	21	24	14	8	13	8	35	154
GR	3	5	5	5	9	16	19	15	19	32	128
NE	12	12	10	8	13	6	10	13	16	18	118
SO		6	20	12	9	13	7	20	15	10	112
VS	10	10	6	3	10	11	11	16	19	14	110
TG	7	7	7	18	3	5	10	9	23	17	106
SZ	2	6	4	4	9	3	10	5	2	6	51
GL	2	9	6	6	6	6		1	1	1	38
SH		3	1	2	1	6	6	4	4	4	31
JU	3	1	5	2	3	2	3	3	1	2	25
NW			3	2		6		4	3	2	20
OW		1	6	2	2	1	1	1		2	16
AI		4		1	3	1	2				11
AR						1	3	1	1	1	7
UR		1	2	1					1	1	6
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

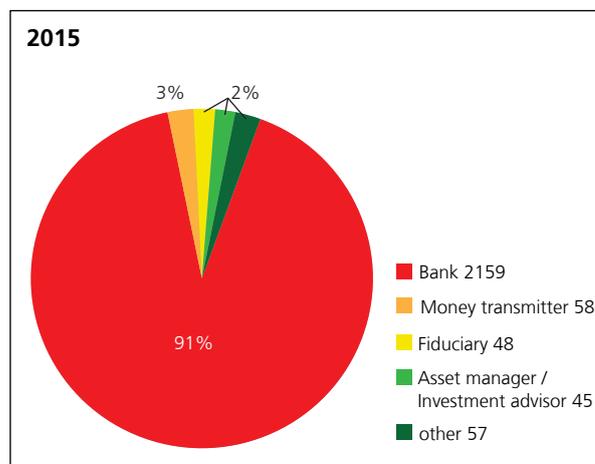
2.5.3 Type of financial intermediary according to category

What the chart represents

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

Chart analysis

- 91% or 2,159 SARs were submitted by the banking sector.
- The number of SARs from the other sectors fell by 19%, from 258 in 2014 to 208 in 2015:
- Reporting volume from payment services providers, fiduciaries, attorneys, casinos, securities traders, SRO and supervisory authorities fell;
- Reporting volume from payment services providers fell by 46% (see chapter 2.2.1).



For comparison: 2006 to 2015

Financial intermediary category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Bank	359	492	573	603	822	1080	1050	1123	1495	2159	9756
Payment services	164	231	185	168	184	379	363	74	107	58	1913
Fiduciary	45	23	37	36	58	62	65	69	49	48	492
Asset manager	6	8	19	30	40	27	49	74	40	45	338
Insurance	18	13	15	9	9	11	9	19	11	12	126
Attorney	1	7	10	11	13	31	12	9	10	6	110
Credit card		2	2	10	9	10	22	14	9	13	91
Casino	8	3	1	5	8	6	6	8	9	3	57
Loan, leasing and factoring business	8	4	1	11	1	5	1	4	3	7	45
Commodity and precious metal trader	1	5	1		1	1	3	10	3	6	31
Securities trader		2	5	2	4		1	1	10	3	28
Foreign exchange trader	1			5	6	7		5			24
Other FI	1	2		1	4	2	4	1	3	5	23
SRO	3	1		4		1			2		11
Currency exchange	2	1	1	1		3				1	9
Supervisory authority	2		1						2		5
Distributor of investment funds		1								1	2
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

2.5.4 SARs from the banking sector

What the chart represents

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

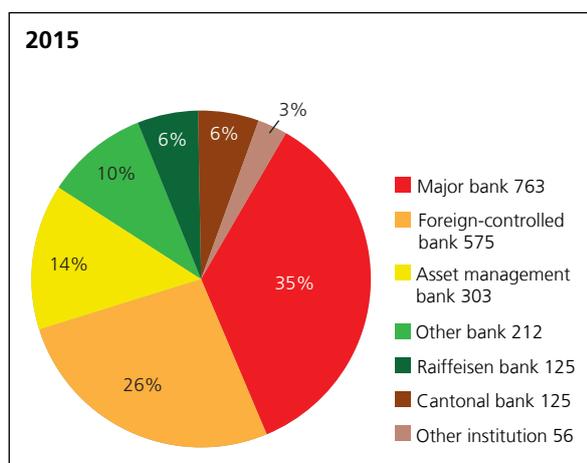
Chart analysis

- The number of SARs from the banking sector remains very high and increased significantly in both absolute and relative terms over the previous reporting period.
- SARs from the banking sector made up 91% of total reporting volume compared to 85% in 2014.
- SARs from major banks and foreign-controlled banks continue to dominate the statistics but with a smaller margin due to the renewed increase in overall reporting volume.

MROS received 2,159 SARs from the banking sector. This is the highest level in the last ten years. In relative terms, SARs from this sector rose from 85% of total reporting volume in 2014 to 91% in 2015.

Year	Total number of SARs	SARs from the banking sector	Proportion of SARs from the banking sector
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 %
2015	2367	2159	91 %

There was a sharp increase in SARs from major banks, foreign-controlled banks, cantonal banks, and asset management banks. The number of SARs from all these categories reached a ten-year record high in 2015. There was a fall in reporting volume from other banks, Raiffeisen banks, private banks, regional and savings banks, and other institutions. Reporting volume from these types of banks remained comparable to 2014 however. Banks with special business circle was the only category that did not submit a SAR in 2015.



For comparison: 2006 to 2015

Type of bank	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Major bank	143	213	196	167	214	310	308	324	474	763	3112
Foreign-controlled bank	102	120	134	188	290	388	348	240	383	575	2768
Asset management bank	53	69	55	72	55	155	127	113	155	303	1157
Other bank	8	15	16	14	99	27	42	230	214	212	877
Raiffeisen bank	6	19	107	93	49	60	64	79	134	125	736
Cantonal bank	31	41	47	46	79	75	80	72	75	125	671
Privat bank	14	8	5	8	7	26	60	52	39	38	257
Regional and savings bank	1	3	5	10	25	15	19	6	14	11	109
Branch of foreign bank	1	4	8	5	4	21	2	5	3	7	60
Other institution						2		1	4	0	7
Bank with special business circle						1		1			2
Total	359	492	573	603	822	1080	1050	1123	1495	2159	9756

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

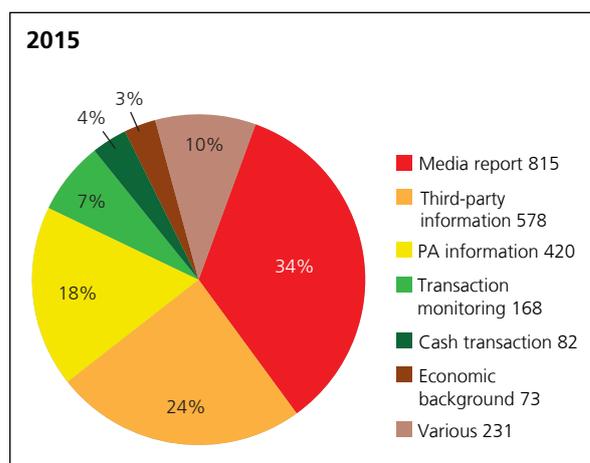
- 76% of SARs were triggered by “external indications and information” (2014: 69%).
- “Transaction monitoring” was the factor arousing suspicion in 7% of SARs.
- “MROS information” triggered a total of 28 SARs.

After heading the statistics in 2014 with 29% of total reporting volume, the category information from third parties, with 24% of reporting volume, fell back into second place in 2015, behind the category media reports with 34% (2014: 28%). The proportion of SARs triggered by information from prosecution authorities, which was based either on disclosure orders, confiscation orders or other types of information from the authorities, rose from 12% to 18% in 2015. Thus, these categories continue to play a significant part in the reporting practices of financial intermediaries; together, they triggered 76% of total reporting volume in 2015 (2014: 69%).

The category transaction monitoring triggered 7% (168 SARs) in 2015. Also, the impact of the category MROS information (Art. 11a para. 2 AMLA), in effect for the second time in 2015 for the whole twelve months, is evident and culminated in 28 SARs in 2015 (2014: 24 SARs). Information from MROS under this provision can trigger a SAR by the financial intermediary, depending on the individual case (see chapter 2.2.8).

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. This category includes information from financial intermediaries contained in the compliance databases of external providers who have compiled the information from analysing media reports.
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 becomes suspicious of unusual transactions by monitoring the financial flows in his client's account.
Cash transaction	The financial intermediary becomes suspicious of unusual cash transactions.
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.



For comparison: 2006 to 2015

Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Media report	195	209	192	219	378	483	455	457	497	815	3900
Third-party information	108	131	218	267	257	391	414	367	515	578	3246
PA information	41	64	128	94	186	218	203	196	213	420	1763
Cash transaction	116	166	103	70	67	172	178	106	84	82	1144
Economic background	55	71	108	80	147	145	152	124	125	73	1080
Transitory account	13	90	13	29	16	16	33	23	22	23	278
Transaction monitoring								5	101	168	274
Information from within a business	8	7	23	36	24	26	25	50	34	34	267
Forgery (documents/money)	19	10	18	44	22	34	29	18	29	5	228
Various	5	5	8	3	9	14	31	10	28	27	140
Currency exchange	12	11	9	9	23	14	16	10	13	6	123
Opening of account	13	21	13	9	13	5	13	5	5	16	113
High-risk country	1	1	2	2	3	81	1	3	10	2	106
Securities	10	3	13	12	4	2	4	11	14	19	92
Audit / supervisor board	7	1		10	2			2	19	48	89
Cheque transaction	4	4	1	7	4	20	18	11	9	9	87
MROS information (Art. 11a para. 2 AMLA)								2	24	28	54
Loan transaction	7		1	4	1	1	6	5	4	2	31
Smurfing					1	1	7		3	3	15
Precious metals	1	1		1	1	1		3	2	3	13
Life insurance	2				1				1	4	8
Non-cash cashier transaction						1		1	1	2	5
Trust activity	2		1					2			5
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

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.

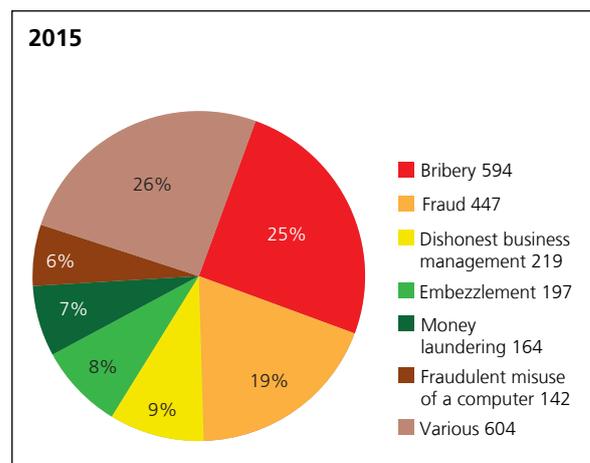
It should be noted that MROS's legal assessment of the suspected predicate offence is based solely on the financial intermediary's assumption as well as on MROS's own assessment of the facts. When a SAR is forwarded to a prosecuting authority, it is bound neither to the findings of the financial intermediary 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 "bribery" as predicate offence heads the tables for the first time. In absolute terms, the number of SARs rose from 357 in 2014 to 594 in 2015.
- "Fraud" is in second place with 19% of reporting volume.
- The proportion of SARs with "criminal mismanagement" as suspected predicate offence increased more than fourfold over the previous year, from 49 SARs in 2014 to 219 SARs in 2015. This represents a record for this category.
- Record volume of SARs involving the predicate offence "embezzlement"; 197 SARs or 8% of reporting volume.
- Record number of SARs involving the predicate offence of "fraudulent misuse of a computer" (142 SARs or 6% of reporting volume).
- The new predicate offences since May 2013 "price manipulation" and "insider trading" culminated in a total of 71 SARs (2014: 41 SARs).

Since 2006, fraud has been the most frequently suspected predicate offence. This changed in 2015, however. With one-quarter (594 SARs) of all reports submitted, the category bribery became the most frequently suspected predicate offence, rising 66% over the previous reporting year. Of these 594 SARs, 544 SARs came from the banking sector, more than 90% of which were submitted by major banks, foreign-controlled banks and asset management banks. Nearly one-half of these SARs were connected to one single case cluster that generated 273 SARs, 268 SARs of which cited bribery as the suspected predicate offence. There had already been a significant increase in this category in the previous reporting year, from 172 SARs in 2013 to 357 SARs in 2014. The rise in 2014 was due to the same case cluster as in 2015, which had already generated 50 SARs in the previous reporting period.



In 2011 and 2012, the category fraud made up nearly one-third of all SARs submitted. This proportion fell to one-quarter in 2013 and 2014, and declined even further in 2015, to one-fifth of total reporting volume. However, in absolute terms, the number of SARs from this category hardly changed over the previous reporting period (2014: 448 SARs, 2015: 447 SARs).

For the sixth consecutive year the category fraudulent misuse of a computer, which mainly comprises cases involving phishing, appears – retroactively for the years 2007, 2008 and 2009 – separately in the statistics. Up to 2009, this predicate offence was classified under fraud. "Phishing" is the term used to describe the act of unlawfully obtaining an internet user's access data to their bank account in order to steal that person's assets (see chapter 2.2.7). In 2015, MROS received 142 SARs (2014: 104 SARs) citing phishing as the suspected predicate offence. This is an increase of 37% over the previous reporting period and represents a record level. Since 2012, the number of SARs involving phishing have increased fourfold. Of the 142 SARs MROS received in 2015, 138 SARs were submitted by the banking sector. With 48 SARs, the category other banks submitted the most reports involving phishing from the banking sector.

With 219 SARs, the category criminal mismanagement moved up to third place. This represents a remarkable increase of 347% over the previous reporting period (2014: 49 SARs) and is explained by the fact that 140 of these SARs were submitted in connection with the second largest case cluster of 2015. All of these 140 SARs cited criminal mismanagement as the suspected predicate offence to money laundering.

Likewise, there was a rise in the number of SARs involving embezzlement. With 197 SARs – an increase of 25% over 2014 – this category came in fourth place again.

The category money laundering 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 op-

erandi involved. In 2015, MROS received 164 SARs (2014: 182 SARs) concerning this category.

Reporting volume involving membership of, or support for a criminal organisation also increased, from 94 SARs in 2014 to 120 SARs in 2015. The category drugs took on greater significance in 2015 once again, with 54 SARs as opposed 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 second time in 2015 for a whole twelve months. In 2015, MROS received 26 SARs concerning insider trading (2014: 12 SARs), and 45 SARs (2014: 29 SARs) relating to price manipulation. With a total of 71 SARs, total reporting volume from these two categories was higher than in the previous reporting period (2014: 41 SARs).

For comparison: 2006 to 2015

Predicate offence	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Fraud	213	247	295	307	450	497	479	374	448	447	3757
Bribery	47	101	81	65	60	158	167	172	357	594	1802
Money laundering	45	54	57	81	129	252	209	93	182	164	1266
Not classifiable	173	205	138	90	115	131	160	156	100	109	1377
Embezzlement	27	32	67	88	51	124	156	159	157	197	1058
Criminal organisation	31	20	48	83	42	101	98	104	94	120	741
Drugs	14	34	35	32	114	161	97	52	39	54	632
Fraudulent misuse of a computer		18	33	22	49	51	39	121	104	142	579
Criminal mismanagement	11	21	12	20	44	25	34	28	49	219	463
Document forgery	17	10	22	37	28	56	38	15	45	43	311
Other property offences	13	22	22	36	10	7	34	41	25	75	285
Theft	8	4	3	4	12	19	7	7	53	36	153
Terrorism	8	6	9	7	13	10	15	33	9	38	148
Price manipulation								1	29	45	75
Other offences	9	3	3	5	5	3	7	7	11	6	59
Human trafficking / sexual offences		3	4	3	3	1	19	4	9	7	53
Arms dealing	1	12	8	3	4	9	12		2	1	52
Abuse of authority						4	2	19	2	24	51
Blackmail	1		4	2	20	6	1	8	3	2	47
Insider trading								6	12	26	44
Organised smuggling				5	7	3	5	4	12	8	44
Acts against life and limb		1	9		1	1		1	1	2	16
Counterfeit consumer goods						4	2	1	4		11
Migrant smuggling						1	1	1	1	5	9
Product piracy				2			2	3	2		9
Robbery		1	1		2	1		1	1	1	8
Counterfeit currency				4			1		2		7
Lack of due diligence in handling assets	1	1								2	4
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

2.5.7 Domicile of clients

What the chart represents

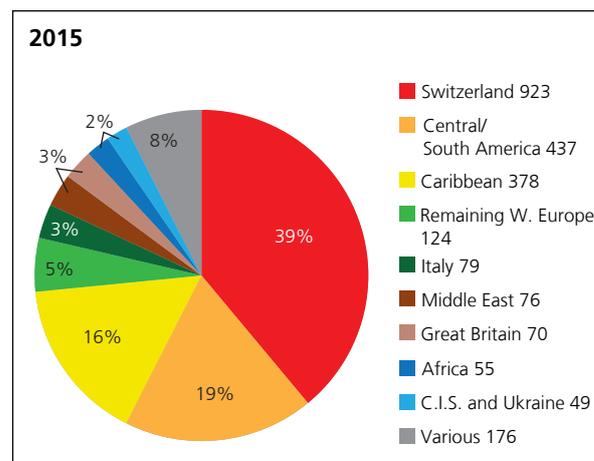
This chart shows the physical or corporate domicile of the financial intermediary's client at the time the SAR was submitted.

Chart analysis

– Proportion of clients domiciled in Switzerland fell behind those domiciled abroad. In 2015, 39%, or 923 SARs, involved clients domiciled in Switzerland (2014: 872 SARs or 50%).

Legend

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



For comparison: 2006 to 2015

Domicile of client	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Switzerland	275	348	385	320	517	660	661	646	872	923	5607
Central / Sth. America	21	58	71	68	87	175	161	149	204	437	1431
Caribbean	40	65	79	97	80	184	150	109	149	378	1331
Rest of W. Europe	53	50	62	46	88	107	119	106	112	124	867
Italy	55	48	46	103	85	95	113	106	78	79	808
Great Britain	33	58	16	31	72	59	49	27	43	70	458
Middle East	9	20	19	22	27	84	50	51	66	76	424
Germany	36	51	51	34	54	40	37	37	35	26	401
Africa	8	12	11	16	22	66	47	45	31	55	313
North America	25	20	23	23	48	38	36	32	27	24	296
France	12	18	22	58	26	32	34	18	29	21	270
Asia	26	19	22	29	16	17	19	18	27	41	234
C.I.S. and Ukraine	7	3	13	15	9	21	27	35	42	49	221
Eastern Europe	14	9	10	10	11	17	39	11	18	24	163
Australia/Oceania	1	7	13	17	5	17	21	14	15	32	142
Scandinavia	3	8	5	6	10	7	10	6	5	3	63
Unknown	1	1	3	1	2	6	12	1		5	32
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

2.5.8 Nationality of clients

What the chart represents

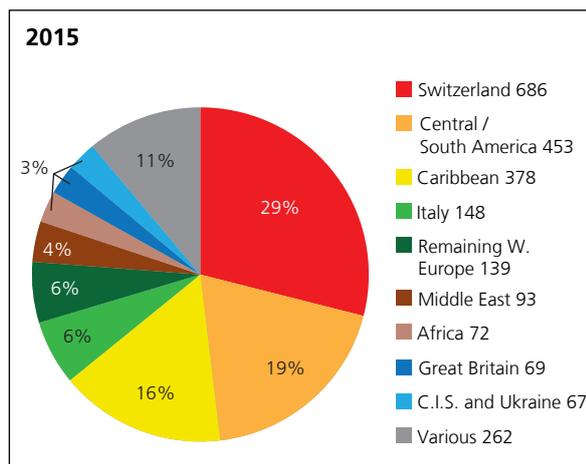
This chart shows the nationality of financial intermediaries' clients. While it is possible for a natural person's nationality to differ from his/her domicile, no such distinction exists between the nationality and domicile of a legal entity.

Chart analysis

- Parallel to the absolute increase in SARs involving clients domiciled abroad was also a relative increase in this category (2014: 1,178 SARs or 67%, 2015: 1,681 SARs or 71%).
- SARs involving clients from Central and South America were in second place again. The share of SARs involving clients from this region rose from 12% in 2014 to 19% in 2015. SARs involving clients from the Caribbean were in third place, with 16% of total reporting volume.
- The categories Italy and Remaining W. Europe were in fourth and fifth place respectively. These two categories together made up 12% of total reporting volume.

Legend

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



For comparison: 2006 to 2015

Nationality of client	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Switzerland	186	261	271	196	257	320	405	403	575	686	3560
Central / Sth America	22	66	68	71	92	172	156	145	207	453	1452
Caribbean	39	67	77	93	83	177	150	112	144	378	1320
Italy	71	57	72	147	122	123	176	168	152	148	1236
Rest of W. Europe	65	47	67	63	97	103	128	127	149	139	985
Africa	30	40	37	35	63	212	115	88	84	72	776
Germany	48	61	78	58	67	59	69	62	75	46	623
Middle East	16	22	21	31	38	102	64	47	62	93	496
Great Britain	34	56	11	33	73	82	52	31	46	69	487
Asia	26	29	23	23	103	45	30	51	41	44	415
Eastern Europe	25	24	25	27	36	62	70	34	47	56	406
France	19	19	28	42	45	55	45	28	47	47	375
C.I.S. and Ukraine	8	8	24	18	15	49	41	43	61	67	334
North America	24	23	24	29	48	37	39	46	37	25	332
Australia/Oceania	1	6	12	17	6	16	21	12	17	33	141
Scandinavia	4	9	10	11	12	10	13	13	8	8	98
Unknown	1		3	2	2	1	11	1	1	3	25
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

2.5.9 Domicile of beneficial owners

What the chart represents

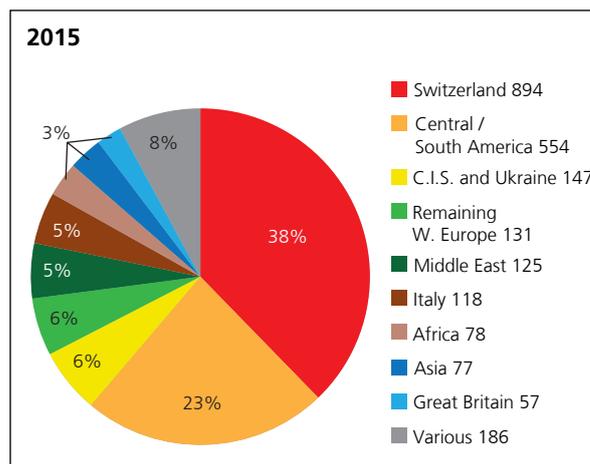
This chart shows the domicile of the natural persons or legal entities that were identified as beneficial owners of assets at the time the SARs were submitted to MROS.

Chart analysis

- Proportion of Swiss-based beneficial owners falls to 38% (2014: 48%).
- Proportion of beneficial owners domiciled in Central and South America moves up to second place with 23% (2014: 7%).
- Rest of Europe (Italy, France, Rest of Western Europe, Germany, Great Britain and Scandinavia): 16% in 2015 as opposed to 26% in 2014. This category does not include Eastern Europe.

Legend

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



For comparison: 2006 to 2015

Domicile of beneficial owner	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Switzerland	241	321	358	320	494	634	664	608	838	894	5372
Italy	84	67	83	127	161	187	191	175	153	118	1346
Central / Sth America	14	35	64	39	32	51	85	116	124	554	1114
Rest of W. Europe	46	65	56	41	132	152	129	129	132	131	1013
C.I.S. and Ukraine	15	7	31	52	21	47	82	99	108	147	609
Middle East	10	36	33	21	41	132	43	61	100	125	602
Germany	47	62	67	45	69	49	43	54	50	28	514
Great Britain	37	65	19	31	41	86	41	26	40	57	443
Africa	17	21	22	19	24	100	46	25	34	78	386
Asia	29	27	24	49	23	23	46	26	36	77	360
North America	32	27	28	34	48	45	32	39	31	40	356
Eastern Europe	22	13	18	24	21	32	104	13	41	53	341
France	18	23	26	63	35	45	39	21	37	25	332
Scandinavia	4	21	5	7	12	12	19	11	22	8	121
Caribbean	1	2	6	21	3	18	13	6	7	25	102
Unknown	1	1	3	2	2	6	8	2		5	30
Australia/Oceania	1	2	8	1		6				2	20
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

2.5.10 Nationality of beneficial owners

What the chart represents

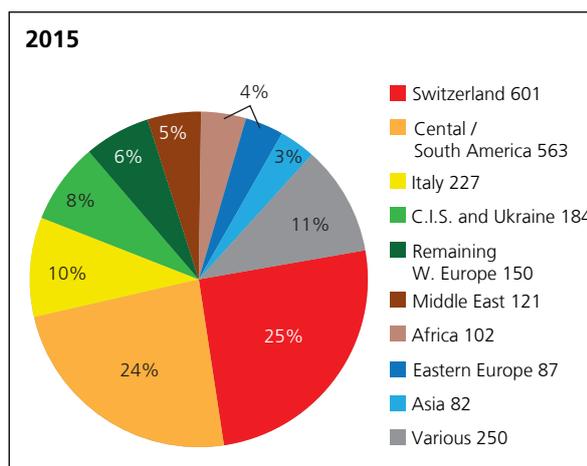
This chart shows the nationality of those individuals who were identified as the beneficial owners of assets at the time the SAR was submitted to MROS. No distinction is drawn between the nationality and domicile of legal entities. Often the identity and nationality of the actual beneficial owners of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

Chart analysis

- Proportion of SARs with Swiss nationals as beneficial owners declined, but reached a ten-year record high in absolute terms (2014: 485 SARs or 28%, 2015: 601 SARs or 25%).
- With 24% of reporting volume (2014: 7%) nationals from Central and South America move up to second place. The increase in reports (2014: 125 SARs, 2015: 563 SARs) accounts for a 350% rise over the previous reporting period.

Legend

Rest of Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Malta, Monaco, Portugal and San Marino
Various	Germany, Great Britain, France, North America, Scandinavia, Caribbean, Unknown and Australia/Oceania



For comparison: 2006 to 2015

Nationality of beneficial owner	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Switzerland	143	217	228	178	195	273	326	349	485	601	2995
Italy	99	75	114	179	271	221	280	241	249	227	1956
Central / Sth America	11	37	60	43	39	44	72	104	125	563	1098
Rest of W. Europe	60	57	57	53	88	87	139	144	174	150	1009
Africa	39	46	49	35	66	245	113	72	97	102	864
Germany	64	80	94	75	92	90	88	90	94	64	831
C.I.S. and Ukraine	16	17	43	60	30	91	113	110	143	184	807
Eastern Europe	35	28	35	42	56	81	145	39	76	87	624
Middle East	16	27	28	29	46	145	68	51	80	121	611
Asia	28	40	33	44	110	51	54	59	56	82	557
Great Britain	38	83	16	33	39	141	52	30	43	46	521
France	27	30	36	43	57	69	50	34	59	60	465
North America	35	31	31	55	47	50	36	60	56	36	437
Scandinavia	5	21	12	12	14	19	25	20	11	16	155
Caribbean		4	5	9	6	14	11	6	2	21	78
Australia/Oceania	2	2	7	3	1	3	5		2	3	28
Unknown	1		3	3	2	1	8	2	1	4	25
Total	619	795	851	896	1159	1625	1585	1411	1753	2367	13061

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 as far as federal jurisdiction is concerned (Article 24 et seq. of the Criminal Procedure Code (CrimPC)), or follow the general rules of Article 27 et seq. CrimPC, the general frame of reference.

Chart analysis

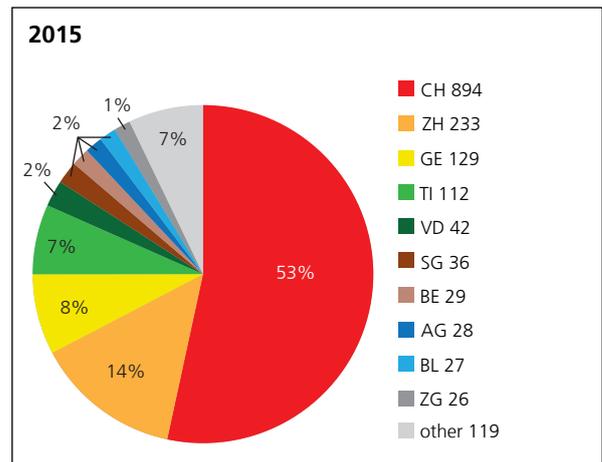
- The proportion of forwarded SARs fell again in 2015. It was down by 3%, to 70.8%.
- The number of SARs forwarded to the Office of the Attorney General reached a further all-time high.

MROS received a total of 2,367 SARs in 2015 (2014: 1,753). Following careful analysis, it forwarded 1,675 SARs to prosecution authorities (2014: 1,262). This represents a decrease in the proportion of forwarded SARs to 70.8% (2014: 74%).

MROS forwarded 894 SARs or 53% of all SARs received (2014: 576 SARs or 46%, 2013: 381 SARs or 34%) to the Office of the Attorney General of Switzerland (OAG). This figure represents an increase, both in relative and absolute terms. The two largest case clusters in 2015, which generated 413 SARs, involved circumstances that all fell under the jurisdiction of the OAG.

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
CH	150	289	221	182	361	470	486	381	579	894	4013
ZH	92	90	97	146	137	291	195	208	161	233	1650
GE	53	66	76	161	141	185	205	168	165	129	1349
TI	69	33	85	117	134	125	185	140	95	112	1095
BE	12	25	14	27	36	47	52	18	59	29	319
VD	17	12	25	13	27	69	28	27	34	42	294
SG	15	13	17	17	19	67	31	19	39	36	273
BS	13	16	19	20	35	50	40	25	15	17	250
AG	14	10	9	9	14	49	27	15	23	28	198
ZG	21	16	38	9	16	19	8	14	17	26	184
LU	17	14	25	11	13	9	15	17	23	17	161
BL	4	10	18	13	13	8	13	9	6	27	121
TG	4	3	3	22	7	9	15	8	14	12	97
SO	4	3	13	19	5	14	1	15	9	9	92
NE	4	5	8	8	7	10	8	8	12	18	88
VS	5	5	1	3	9	7	5	12	14	8	69
FR	3	4	2	5	5	10	16	6	3	11	65
GR	3	2	2	1	9	6	7	9	13	11	63
SZ	7	4	2	5	8	9	8	7	2	9	61
SH		1	1	1	2	8	5	7	4	2	31
NW			3	2	1	5	1	4	1	2	19
JU	1		2	2	1	1	1	2	8		18
OW		1	6	3		1	2			2	15
AR					1	2	2	2	1	1	9
AI		3			2	1	2				8
GL		3		1				1			5
UR		1	1						1		3
Total	508	629	688	797	1003	1472	1358	1122	1298	1675	10550

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

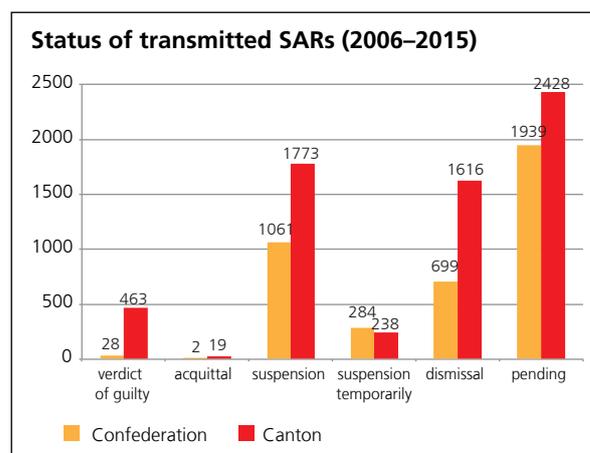
– *More than 41% of all SARs forwarded to federal and cantonal prosecution authorities since 2006 are pending.*

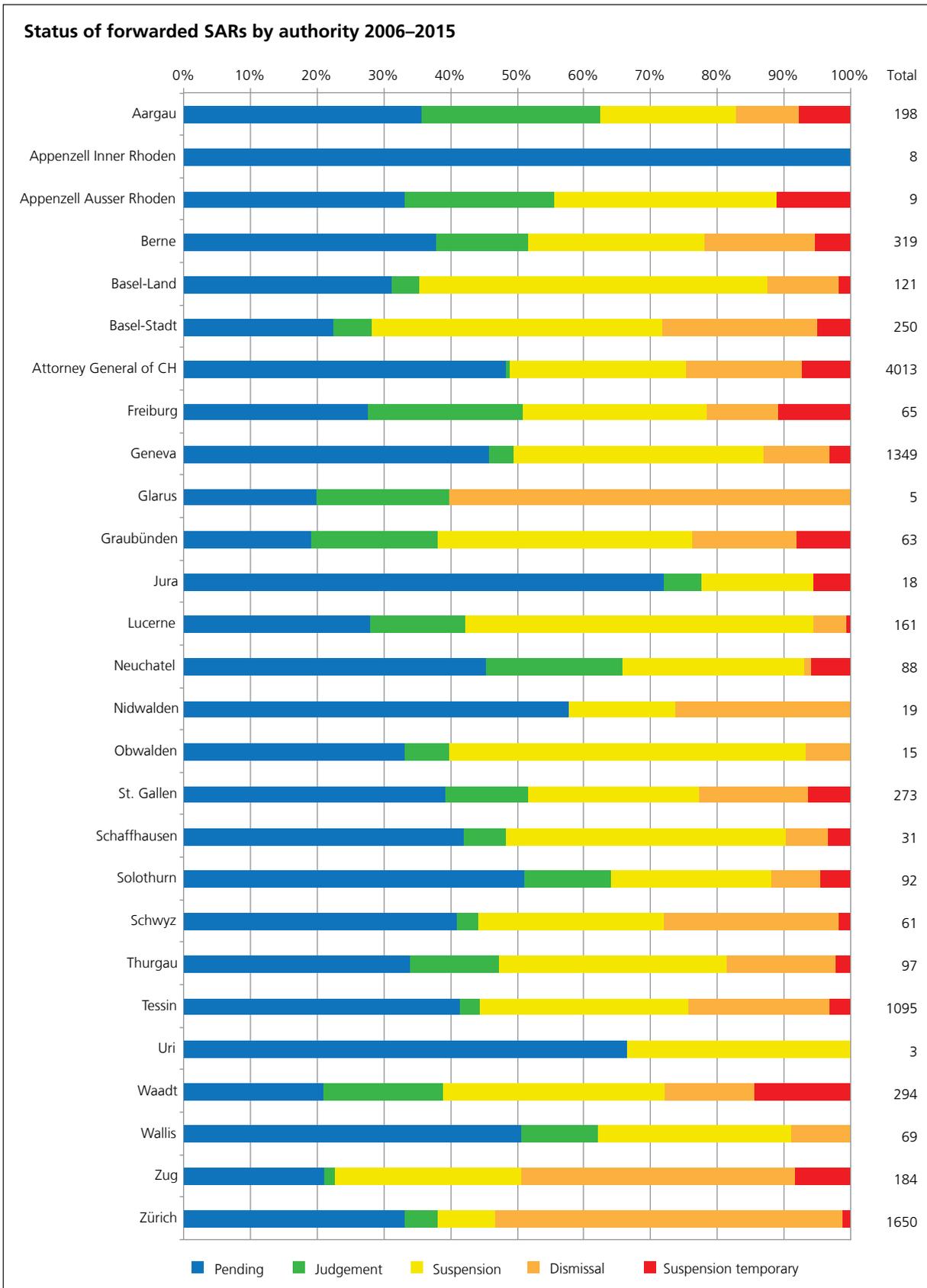
From 1 January 2006 to 31 December 2015, MROS forwarded a total of 10,550 SARs to prosecution authorities. By the end of 2015, decisions had been reached in 6,183 cases (approx. 59%). These decisions are described below:

- In 4.9% (512 cases) of all forwarded SARs, the courts delivered the following verdict: 10 acquittals from the charge of money laundering, 11 acquittals from all charges (no charge of money laundering), 303 convictions including for money laundering, and 188 convictions for offences other than money laundering. Convictions made up 4.7% of total reporting volume in 2015.
- In 26.9% (2,834 cases) of all forwarded SARs, criminal proceedings were initiated but later suspended after criminal investigations revealed insufficient evidence of wrongdoing.
- In 21.9% (2,315 cases) of all forwarded SARs no criminal proceedings were opened in Switzerland following preliminary investigations.
- In 4.9% (522 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 2015, 4,367 or 41.4% of forwarded SARs were pending (2014: 40%). It is difficult to draw conclusions as to the reasons due to a multifold of factors:

- Cases involving money laundering and the financing of terrorism often have international connections, and the resulting investigations tend to be tediously protracted and difficult;
- Experience has shown that mutual legal assistance tends to be a very labourious 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 260^{ter} paragraph 1 (criminal organisation), 305^{bis} (money laundering) or 305^{ter} (lack of due diligence) SCC (see Art. 29a para. 2 AMLA).
- The prosecution authorities do not consistently fulfil their duty to report to MROS under Article 29a paragraphs 1 and 2 AMLA.





Status of forwarded SARs by authority/canton: 2006 to 2015

Canton	Pending		Dismissal		Suspension		Temporary suspension		Verdict		Total	Total
AG	71	35.86%	19	9.60%	40	20.20%	15	7.58%	53	26.77%	198	100%
AI	8	100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	8	100%
AR	3	33.33%	0	0.00%	3	33.33%	1	11.11%	2	22.22%	9	100%
BE	121	37.93%	52	16.30%	85	26.65%	17	5.33%	44	13.79%	319	100%
BL	38	31.40%	13	10.74%	63	52.07%	2	1.65%	5	4.13%	121	100%
BS	56	22.40%	58	23.20%	109	43.60%	12	4.80%	15	6.00%	250	100%
OAG	1939	48.32%	699	17.42%	1'061	26.44%	284	7.08%	30	0.75%	4'013	100%
FR	18	27.69%	7	10.77%	18	27.69%	7	10.77%	15	23.08%	65	100%
GE	620	45.96%	135	10.01%	505	37.44%	40	2.97%	49	3.63%	1'349	100%
GL	1	20.00%	3	60.00%	0	0.00%	0	0.00%	1	20.00%	5	100%
GR	12	19.05%	10	15.87%	24	38.10%	5	7.94%	12	19.05%	63	100%
JU	13	72.22%	0	0.00%	3	16.67%	1	5.56%	1	5.56%	18	100%
LU	45	27.95%	8	4.97%	84	52.17%	1	0.62%	23	14.29%	161	100%
NE	40	45.45%	1	1.14%	24	27.27%	5	5.68%	18	20.45%	88	100%
NW	11	57.89%	5	26.32%	3	15.79%	0	0.00%	0	0.00%	19	100%
OW	5	33.33%	1	6.67%	8	53.33%	0	0.00%	1	6.67%	15	100%
SG	107	39.19%	45	16.48%	70	25.64%	17	6.23%	34	12.45%	273	100%
SH	13	41.94%	2	6.45%	13	41.94%	1	3.23%	2	6.45%	31	100%
SO	47	51.09%	7	7.61%	22	23.91%	4	4.35%	12	13.04%	92	100%
SZ	25	40.98%	16	26.23%	17	27.87%	1	1.64%	2	3.28%	61	100%
TG	33	34.02%	16	16.49%	33	34.02%	2	2.06%	13	13.40%	97	100%
TI	456	41.64%	233	21.28%	341	31.14%	33	3.01%	32	2.92%	1'095	100%
UR	2	66.67%	0	0.00%	1	33.33%	0	0.00%	0	0.00%	3	100%
VD	62	21.09%	40	13.61%	97	32.99%	42	14.29%	53	18.03%	294	100%
VS	35	50.72%	6	8.70%	20	28.99%	0	0.00%	8	11.59%	69	100%
ZG	39	21.20%	76	41.30%	51	27.72%	15	8.15%	3	1.63%	184	100%
ZH	547	33.15%	863	52.30%	139	8.42%	17	1.03%	84	5.09%	1650	100%
Total	4367	41.39%	2315	21.94%	2834	26.86%	522	4.95%	512	4.85%	10 550	100%

3 Typologies (selection of cases from the 2015 reporting year)

3.1 Financing of terrorism

3.1.1 Network for the transfer of funds

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: *Payment services provider*

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

Forwarded to prosecution authorities: *Yes*

The compliance department of a foreign financial institution with worldwide money transfer activities identified a link between person X and terrorist activities. The financial institution informed its agent in Switzerland, a financial intermediary, and specifically pointed out the link between X, a client of the Swiss intermediary, and a person considered to be one of the most important Salafist leaders and suspected of being involved in the planning of terrorist attacks. Eighty transactions ordered by client X from 8 different locations to 11 different recipients were reported to the financial intermediary. Some of the recipients were located in Switzerland during these transfers. With these transactions, X transferred a total of around CHF 20,000. At the same time, X was the recipient of 61 transfers from 8 different countries made by 21 different people. With these transactions, X received a total of CHF 25,000.

Based on this information, the Swiss financial intermediary carried out its own research and clarifications. The results of its analysis confirmed that X was at the centre of a funds transfer network but there was not enough evidence to confirm or rule out links with terrorist activities. The financial intermediary sent a SAR to MROS by virtue of Article 305^{ter} paragraph 2 SCC.

Since the information was in the possession of a foreign financial institution, MROS was unable to obtain direct access to the documentation that would have allowed it to gain a complete picture of the international transfers made. However, MROS exchanged information with another FIU and was able to consult various databases at its disposal. In addition to the reported client, MROS was able to identify

26 other parties, including a legal entity, that were also involved in the transfers. Closer scrutiny was given to all of these parties. The results revealed that there were links in some cases to jihadist circles. MROS also scrutinised ten natural persons and discovered that they had either already been convicted of crimes or were known to the police in various cantons for other offences (including fraud, property damage, violence, threats, breach of the Federal Act on Weapons). The results of the investigation conducted by MROS also revealed that one of the individuals who had transferred funds to X was suspected of belonging to a terrorist group and two others were suspected members of an organised crime group.

Based on the report submitted by the foreign financial institution and the results of analysis mentioned above, MROS felt that all or part of these transfers could or might be intended to finance terrorism. MROS therefore forwarded the case to the competent prosecution authority three days after having received the SAR. In the meantime, the main suspect was arrested in the country where he was residing and has been charged with suspected support of a terrorist organisation.

3.1.2 Cash pool for Islamic militia in Africa

Reason for report/closer scrutiny:

Cash payments

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: *Bank*

Legal basis for SAR: *Art. 9 AMLA*

Forwarded to prosecution authorities: *Yes*

A financial intermediary noticed that three of its clients would make large cash payments into their accounts on a regular basis. As soon as the balance in the accounts had reached a certain amount, they would transfer the amounts to branches of an international money transmitter in East Africa and the Middle East. The money transmitter in question did not have any agents in Switzerland, and the recipients were unknown. The bank accounts in question were in the name of a Swiss national, his wife – both of East

African origin – and a Swiss-based import-export company controlled by the husband. The cash payments came from the account holders themselves as well as from numerous African nationals living in Switzerland. Apart from the unusual cash payments, the financial intermediary had other reasons to submit a SAR to MROS: closer scrutiny revealed that two individuals with terrorist ties had deposited sums into the accounts in question. One individual was on a sanctions list and the other was allegedly a leader of an African Islamic militia considered to be a regional offshoot of an internationally active terrorist organisation. In addition, there had been foreign media reports claiming that the African branch (of the money transmitter) that had received the cash payments was suspected of supporting radical Islamic militia and had therefore been stripped of its licence to operate in that country. The financial intermediary felt that it had gathered enough evidence to reasonably entertain the suspicion that the money deposited into the suspected accounts was being used to finance terrorism. It therefore submitted a SAR by virtue of Article 9 AMLA.

MROS looked into the matter but found no indication that the three account holders and third parties that also made cash payments were involved in illicit activities. Various media reports from the press archive nevertheless confirmed that there was an ongoing investigation of the branch of office of the money transmitter for possible involvement in the financing of terrorism and that its accounts had been frozen. All in all, a total of over 80 individuals and companies were charged with supporting terrorist organisations and for involvement in a terrorist attack that had taken place in Africa early in the year. However, closer investigation enabled MROS to confirm that the two above-mentioned individuals who had paid the money were in fact not the same individuals (the first one on the blacklist, the second a leader of an Islamic militia) and hence the suspicion of the financial intermediary that the two contributors were the two terrorists mentioned in the media proved to be incorrect. In order to find out more about the individuals who had forwarded the funds to the money transmitter, MROS contacted the competent authorities in the various countries but received no reply. Although MROS was able to clear up some of the suspicious facts, the behaviour of the individuals involved was nevertheless questionable and certainly what one would expect if they were indeed supporting terrorist activities. The account holders had intentionally sent the money through various channels in order to avoid raising suspicions. In addition, the origin of the cash payments was unusual since the total amounts deposited sometimes massively exceeded the typical income patterns of the donors. As a result, the bank was asked under Article 11a paragraph 1 AMLA to provide information concerning all of these individuals, and the cantonal authorities were contacted to provide the details needed for MROS to compare their names with those in existing databases.

After MROS was able to corroborate certain suspicious facts and gather enough evidence of the suspected financing of terrorism according to Article 260^{quinquies} paragraph 1 SCC, it forwarded the SAR to the prosecution authorities three days after it had been submitted to MROS. A criminal investigation was launched as a result.

3.1.3 Non-profit organisation

Reason for report/closer scrutiny:

Critical countries

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: *Bank*

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

Forwarded to prosecution authorities: *Yes*

Client X – a young Swiss national with a migration background – informed a financial intermediary via e-banking that he had a new telephone number with a different country code. The financial intermediary checked and noted that the new country code corresponded to a South Asian country. The financial intermediary attempted to contact the client at his former fixed number in Switzerland and learnt that he was currently abroad. The bank was able to reach client X at the new number. The client confirmed that he was abroad and was no longer living in Switzerland. He explained that he would stay for two to three months in the new location. Since the South Asian country in question was known to harbour jihadist training camps, the financial intermediary reported the account to MROS by virtue of Article 305^{ter} paragraph 2 SCC.

MROS's analysis showed that one year after the bank account had been opened, wire transfers were made to several non-profit organisations (NPOs) abroad. The amounts were small but the NPOs in question were potentially Salafist organisations. In the year prior to submission of the SAR, client X had travelled to several different countries in Europe. There were transactions to the aforementioned South Asian country – always small amounts – as well as one transaction to the local embassy of that country, presumably to obtain a visa. Client X had also made a wire transfer to a logistics company, apparently to ship freight to the capital of this country. In addition, MROS was able to confirm that client X had indeed notified the town hall where he lived of his intention to move away. The presumed departure date was also ascertained since client X had used his credit card at the airport shortly before take-off. Moreover, he had paid

off all debts prior to the departure date. After arriving in the South Asian country, he paid his taxes. MROS contacted the FIU in that country to obtain more information and the FIU confirmed the suspicion that the NPO that had received the payments was indeed most likely a Salafist organisation. Based on these details, MROS decided to forward the SAR to the competent prosecution authorities, since adequate evidence had been found indicating that client X had either joined a terrorist organisation or had helped to finance terrorism by contributing funds to a Salafist organisation.

3.1.4 Misuse of a payment services provider

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: *Payment services provider*

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

Forwarded to prosecution authorities: *Yes*

A financial intermediary specialising in money transfers reported a transaction of about CHF 150 made by X from Switzerland to Y, a resident of a country bordering another country where a civil war was raging. X, a citizen of a Maghreb country, had received a removal order from Switzerland and was subject to a still valid ban on re-entry. Before receiving the removal order, X had benefitted from a type B residence permit. Y was a citizen of the country where the said civil war was taking place.

Cross-analysis of the various transactions carried out by the compliance service enabled the financial intermediary to establish that Y had also received other funds, amounting to a total of around USD 8,000 from several individuals residing in a country bordering Switzerland. The financial intermediary also noted that, in some cases, the donors in question had been accused of financing terrorism, specifically the Islamic State, by a court in that country. The decision was reached to report the matter to MROS by virtue of Article 305^{ter} paragraph 2 SCC.

Following analysis, MROS established that X was already known in Switzerland for terrorist propaganda activities, advocating terrorism and exhibiting violent behaviour. Given this conduct and the fact that he was a potential menace to public order, safety and national security, X had received an enforceable removal order from the Swiss authorities in 2014, requiring him to immediately leave Swiss territory. He did not comply with this order, however. MROS contacted

the FIU in the country in question and received information that confirmed the suspicion that Y also had ties with Islamic State. According to these same sources, Y had received money on behalf of a third party so that he could return to Islamic State territory after his prison term and continue his terrorist activity. This third person, also accused of supporting Islamic State, had transferred money using Y as an intermediary. MROS also found information indicating that Y was suspected of belonging to an Islamic State cell in the country neighbouring the one where the civil war was taking place. Y had been the recipient of funds to be used to further Islamic State objectives. Moreover, concrete evidence emerged confirming that this man was indeed part of an organisation enabling the transfer of persons from a neighbouring country to the one at war in support of terrorist activities carried out by Islamic State in that region. According to other sources, this person was also a key figure in the network that was financing terrorist activities. MROS forwarded the SAR to the competent prosecution authorities, which then decided to launch a criminal investigation.

3.1.5 Fund raising

Reason for report/closer scrutiny:

Transaction analysis

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: *Bank*

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

Forwarded to prosecution authorities: *No*

Client X came personally to the counter of the financial intermediary and transferred an amount of less than CHF 50 to a religious organisation based in a European country. Specifically, this organisation existed for the purpose of protecting one of the holiest sites of Islam. The bank's transaction monitoring system raised a red flag because part of the name of the religious organisation also happened to match the name of a military underground organisation acting in the Middle East. Back in March 2002, the organisation was placed on the list of foreign terrorist organisations by the U.S. Department of State. The EU has also placed the organisation on its terrorist watch list. The organisation was calling itself after the holy site, which was also used as a symbol for an independence movement. The bank reported the account by virtue of Article 305^{ter} paragraph 2 SCC since it could not exclude the possibility that

the organisation in question did not have ties with a terrorist or criminal organisation.

MROS analysed the client data. X was a respectable teenager with a migration background. Analysis of the various transactions on the account gave no indication of possible criminal activity or direct support for a terrorist organisation. MROS contacted other federal services to obtain additional information about X: it found that X had never drawn any attention from the authorities and his name did not appear in any of the databases available to MROS.

However, there was no evidence of criminal activity or ties with a terrorist organisation. MROS therefore did not forward the SAR to the prosecution authorities. By having contacted the FIU in the other country, MROS was nevertheless able to obtain additional information about the organisation. MROS found that according to its statutes, the organisation argued for its rights, advocated the rights of a certain segment of the population and called for the protection of the above-mentioned holy site, urging that it be returned to Muslim control. For that purpose, the organisation carried out fundraising drives.

3.1.6 Lending money

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Financing of terrorism (Art. 260^{quinquies} SCC)

Financial intermediary: Bank

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

Forwarded to prosecution authorities: No

A bank contacted MROS concerning a business relationship with client X. The bank had granted a five-digit discretionary loan to X, which was paid off at the end of 2013. According to the information that the client had provided to the bank, the loan was intended for the purchase of a vehicle.

Subsequent verifications revealed that the client's name was listed in public PEP, Criminals, and Sanctions Watchlists. A name similar to that of client X was also on the OFAC's Specially Designated Terrorist List. The listed person, a North African national who was sentenced to five years in prison for involvement in a foiled terrorist bombing attack in a nearby country, had been arrested in one neighbouring country and rendered to a third neighbouring country. After serving this sentence, he was given a twenty-year prison sentence in absentia in his home country. According to the information at the bank's disposal, X came from the same

country as the person on the watchlist and held a type B residence permit in Switzerland. The dates of birth were compared and seemed to further corroborate the suspicion that client X and the listed terrorist were indeed one and the same. The bank notified MROS of the possibility that the loan granted to the client may have been used to finance terrorist activities.

MROS investigated the matter and found that the money had indeed been used to purchase a vehicle. The payment of the purchase price had gone from client X's bank account directly to the bank account of the car dealer. After that, the client made regular monthly payments to pay back the loan to the bank. There was no financing of terrorism to be found. Since the information in the databases at MROS's disposal were somewhat contradictory, it was not possible to determine for certain whether the person was a terrorist or not. MROS therefore sought further clarification and eventually was able to confirm that client X was not the terrorist in question. The SAR was not forwarded to the prosecution authorities.

3.2 Money laundering

3.2.1 Art dealing

Reason for report/closer scrutiny:

Economic background

Presumed predicate offence:

Fraud (Art. 146 SCC); forgery of a document (Art. 251 SCC)

Financial intermediary: Bank

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A financial intermediary noticed that the account of client X had received several sizeable incoming payments from Y, with a note stipulating that these transactions were in relation to a financial agreement signed previously. Contacted by the financial intermediary, X provided further details and documentation. Apparently, the transactions related to the sale of a painting by Marc Chagall. However, from the documentation it was unclear whether X had bought the painting before (re)selling it to Y or whether he had merely acted as an intermediary for a third (as yet unknown) party and Y. The bank decided to send a SAR to MROS since the transaction seemed both unusual and not very plausible. MROS contacted fedpol's art experts who were unable to conclusively confirm the authenticity of the painting in

question. MROS also contacted another financial intermediary (i.e. the bank of client Y who made the wire transfers) to request information by virtue of Article 11a paragraph 2 AMLA. The bank indicated that Y had closed his account in their books on the same day as the above-mentioned transactions. To justify the two transactions, client Y had provided the bank with a copy of the financial agreement between Y and X having the same date as the one mentioned above. However, this contract made no reference to the sale of a painting by Chagall but rather to the objective of raising X's profile at various art exhibits. The contract stated that Y, the purveyor of funds, wished to make a sizeable contribution to help promote the work of painter X. Given these contradicting assertions and unable to exclude money laundering perpetrated using a fictitious work of art, MROS forwarded the SAR to the competent public prosecutor, invoking fraud (Art. 146 SCC) and forgery of documents (Art. 251 SCC) as predicate offences. After an initial investigation, the public prosecutor decided to drop the case because the evidence provided was not indicative of criminally punishable behaviour. It nevertheless sent a bill to X and Y, requiring each to pay half of the costs of the proceedings. X was deemed at fault because he had provided the financial intermediary with an invoice that he knew had no bearing whatsoever with the transaction in question and failed to provide more detailed explanations in this respect, which had invariably raised suspicions to the point where investigative proceedings had to be launched. Y was deemed at fault because he had, for tax reasons, misled the bank concerning the nature of his relations with X, intentionally hiding the acquisition of a masterpiece by producing an enigmatic contract without having taken the precaution of making sure that this contract had been validly signed by X.

3.2.2 Falsified airline tickets

Reason for report/closer scrutiny:

Information from third party, MROS information, information from a prosecution authority

Presumed predicate offence:

Fraud (Art. 146 SCC)

Financial intermediary: *Three banks*

Legal basis for SAR:

Three counts under Art. 305^{ter} para. 2 SCC

Forwarded to prosecution authorities: *Yes*

A financial intermediary received information from a third party concerning two accounts. The person in question had contacted the financial intermediary and explained that he had booked flights worth around CHF 2,000 with company A but then received falsified airline tickets. The bank asked for further clarification and the person explained that he had received an offer via SMS. After contacting airline company B, he discovered that the tickets had been falsified. Since the bank maintained accounts for company A as well as for the travel agency concerned, the bank decided to report the matter to MROS.

MROS's analysis revealed that one of the persons holding power of signature over the reported account was already known to the authorities in a previous fraud case. The victims and most of the suspects in the case were foreign nationals or naturalised Swiss from the same country. Transaction analysis revealed that several incoming payments to the reported accounts bore the mention "Booking" or "Booking location A - location Z" (A in Switzerland, Z the capital of the country in question). MROS also noted that most of the incoming payments on the account were then transferred to another financial intermediary, which MROS then contacted for more information by virtue of Article 11a paragraph 2 and 3 AMLA.

A short time afterwards, MROS received another SAR from the financial intermediary that it had contacted. After receiving the information request from MROS under Article 11a paragraph 2 and 3 AMLA, the financial intermediary uncovered and subsequently reported six accounts. Upon examination of these accounts, MROS noted additional incoming payments marked "Booking of flight tickets" or "Booking location A - location Z". The contracting partners of the reported accounts were mostly travel agencies based in a neighbouring country of Switzerland or in the above-mentioned country.

Shortly afterwards, the first financial intermediary submitted another SAR concerning four other accounts in relation to suspected falsification of airline tickets. The bank had received four disclosure orders from four different public prosecutors, which drew its attention to the accounts. All of the newly reported contracting partners were travel agencies. Transaction analysis of the four reported accounts revealed that the accounts were being used as pass through accounts to transfer the sums to the above-mentioned country. Many of the incoming payments were marked as "Tickets Fam. A." or "Reservation Tickets."

Based on this information, MROS had reasonable grounds to suspect that the assets held in the various accounts were derived from fraudulent activities. The matter was brought to the attention of the corresponding prosecution authorities, with reference to the various ongoing investigations, to facilitate coordination.

3.2.3 All that glitters in an online casino

Reason for report/closer scrutiny:

Transaction monitoring

Presumed predicate offence:

Fraud (Art. 146 SCC)

Financial intermediary: *Bank*

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

Forwarded to prosecution authorities: *Yes*

The client advisor of the reporting financial intermediary noticed that client X was making regular large cash payments in Swiss francs and withdrawing cash in foreign currencies. X, the shareholder of an online gambling platform (for virtual gold coins), was deriving his assets from the said platform. X estimated the value of the platform to be at several hundred million euros. X or his network of fellow gamblers would make regular payments in cash or via wire transfer. X explained that his network had grown to tens of thousands of gamblers. He was a very successful recruiter and very high up in the game hierarchy. The bank decided to send a SAR to MROS, since the structure of the virtual gold coin gambling system resembled that of a pyramid scheme. Among other things, this included the technique used to draw in new gamblers, the one-sided information policy that only mentioned potential winnings but never the associated risks, and the fact that the system was like a Ponzi scheme.

MROS found that the online gambling platform was based abroad. It offered the possibility of betting on sporting events and playing other games of chance. There was also a game that allowed gamblers to buy virtual gold coins, which could then be bought and sold on an online marketplace. The value of the virtual gold coins depended on demand, on turnover and on winnings from sports bets and other games of chance available on the gambling platform. The arrival of more gamblers on the platform and more buyers of virtual gold coins would drive the virtual gold coin prices higher on the marketplace. However, it was not known how exactly the prices were calculated.

The game took on a life of its own in the real world. There were reports of successful gambling roadshows and larger advertising events to attract new gamblers. The entire community was built along the lines of a pyramid scheme, already active gamblers receiving percentage commissions from new gamblers. The larger that one's own pyramid became, the higher the commissions. Registration for the game was

only possible through recommendation from other gamblers. Likewise, the rules of the game were only explained after the user had registered and paid the membership fee. After receiving the SAR, MROS contacted the FIU of the country where the online gambling platform was registered to obtain more information. MROS found that the operator of the online gambling platform was domiciled in another country, and that the economic beneficiary was a domicile company based in yet a third country. MROS consulted media reports concerning the online gambling platform and looked through member comments posted online. The reviews ranged from "stay as far away from this as possible" to "get rich quick." In a neighbouring country, the authorities had already warned the population to avoid the said gambling platform.

Based on this information, MROS had reasonable grounds to suspect that the assets involved had been obtained through fraudulent means. The SAR was forwarded to the competent prosecution authorities.

3.2.4 Internet fraud and misappropriation

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Fraud (Art. 146 SCC); misappropriation (Art. 138 SCC)

Financial intermediary: *Bank*

Legal basis for SAR: *Art. 9 AMLA*

Forwarded to prosecution authorities: *Yes*

A bank was notified by a person claiming to have been cheated by client X, a seller of electronic goods on a well-known website. Although the purchase price had been paid in advance, the seller had not delivered the purchased goods and had refused to give a refund. The disgruntled buyer informed the bank that he had already filed a criminal complaint against X. After carrying out internal clarifications and analysis of the various transactions on the account, the bank concluded that there was indeed the possibility of fraud under Article 146 SCC and therefore reported X's account to MROS.

MROS's analysis revealed a number of other incoming payments to the reported account that apparently were in relation to the sale of electronic goods. Further clarification showed that X had advertised the same products under a false name and address and that there was an ongoing investigation of misappropriation in another canton. Based on

the information received from the investigating authorities, MROS learnt that X was suspected of having embezzled five-digit sums from his employer. He had indicated that clients had cancelled when in fact they had not and then had pocketed the payments from the cash register. Debt collection proceedings had already been initiated against X and he was making regular payments to pay back his debts. He had challenged the accusation made by his employer and claimed that the payments that he was making to the debt collection agency had come from winnings from casino gambling.

The authorities investigating the embezzlement case were unaware of the existence of the account reported to MROS. The authorities provided MROS with information concerning the days in which X was believed to have removed cash from his employer's cash register and when the false cancellations were made. Comparison of this data with the cash deposits made to the reported account showed that both the dates and the amounts of the deposits matched up with dates and amounts of the embezzled funds. In addition, X made the cash deposits near his place of work and not near the location of the casino that X had mentioned.

Given the facts uncovered and analysis of cash flows, MROS felt that it had reasonable grounds to suspect that X was guilty of fraud and misappropriation. It therefore forwarded the SAR to the corresponding cantonal authorities for processing and subsequent action.

3.2.5 Organised internet fraud

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Computer fraud (Art. 147 SCC)

Financial intermediary: *Two banks*

Legal basis for SAR: *Two counts under Art. 9 AMLA*

Forwarded to prosecution authorities: *Yes*

A financial intermediary received a complaint from one of its clients claiming that he had made a wire transfer to another client X of the same bank to purchase a camera that was then never delivered. It turned out that this client X had been used as a money mule.

The act is generally perpetrated as follows: individuals who often experience financial difficulties receive an e-mail message offering them the possibility of earning money on the side. They are made to believe that their job consists in receiving cash and then forwarding this money to a third party in another country. However, the cash in question

has been obtained illegally (e.g. hacking of sensitive online banking data, mainly via cash transactions such as through money transmitters). The perpetrators work methodically and through false pretences manage to succeed time and time again. In 2014 and 2015, Switzerland was indeed increasingly targeted by such fraudulent tactics.

The client of the reporting financial intermediary thought that she had received a loan from a man she did not know and who had contacted her via Skype and that the funds coming into her account were instalments from other people who had also received loans. The perpetrators would post advertisements selling electrical devices as well as expensive brand-named goods online. The reported account of X was indicated as the account where the proceeds from the sale of these goods were deposited. Analysis revealed that the indicated e-mail address was traceable. Transaction analysis showed that several incoming payments had been received with mention of the purchase of goods. However, the goods were never delivered. The client then withdrew the money from her account and sent it to recipients in West African countries.

On the same day, a second SAR arrived from another financial intermediary. Someone claiming to be an employee of another bank was offering loans over the internet. The already reported account once again appeared in this case. The employee of the other bank whose website had apparently been hacked notified the financial intermediary. Transaction analysis showed that the reported account had thus far only been used to receive salary payments but, over a five-month span, had received incoming payments from other people, which did not match the usual transaction patterns for this account. The sums were then withdrawn in cash and sent by money transmitter to West Africa.

Based on this information, MROS had reasonable grounds to suspect that the assets held in the account had been obtained through computer fraud. The matter was brought to the attention of the corresponding prosecution authorities.

3.2.6 Real estate rentals over the internet

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Fraud (Art. 146 SCC), forgery of a document (Art. 251 SCC)

Financial intermediary: *Payment services provider*

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

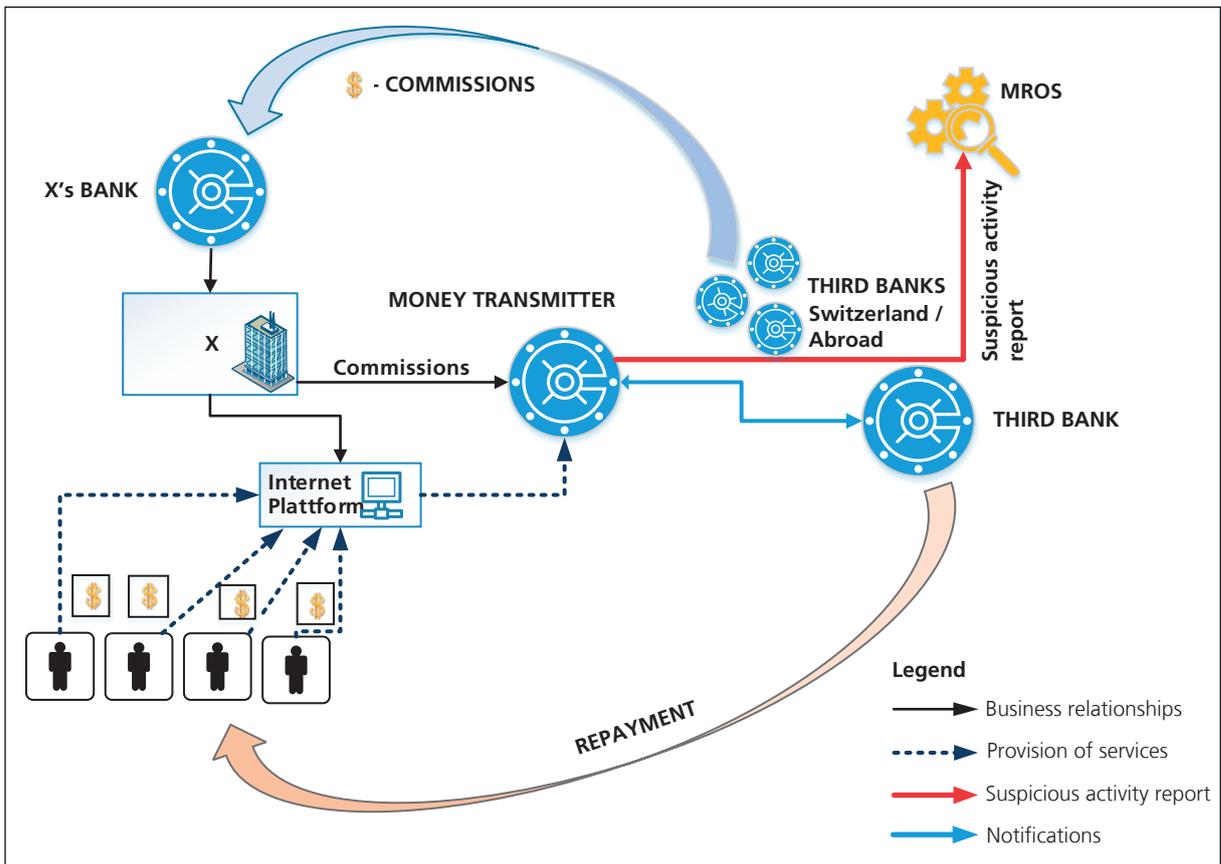
Forwarded to prosecution authorities: *Yes*

Company X used online payment services provided to it by a Swiss financial intermediary to receive sales generated on its website. The financial intermediary would regularly receive notifications from its bank showing the sales income generated by company X. Based on these notifications, the financial intermediary noted that many refund requests were made by clients of company X. Upon notice by the police of a European country of an ongoing fraud investigation in that country concerning company X, the financial intermediary decided to report its business relationship with company X to MROS. Based on the information that the financial intermediary obtained from police investigators from the above-mentioned European country, several individuals had made payments in relation to rental of property on a timeshare basis.

Timesharing is a type of rental agreement, mainly for tourism purposes, where one is able to spend a short period of time at the given property in exchange for a payment that is below the purchase price of the property under rental. The property is co-owned in this manner by several people, who may or may not act through a management company (in this case company X, which was reported by the financial intermediary). In the case under review, the people who made the payments were victims of fraud since they had bought into what turned out to be a non-existent timesharing deal. Hundreds of people had been taken in by the scam.

The financial intermediary who reported to MROS had provided its e-business clients with "processing" agreements with bank card companies, which enabled them to process payment transactions. The sums paid by the merchant's customers (i.e. the final consumers) were entered into the "payment account" ledgers of the e-merchant (here company X). These sums were then paid into the accounts of the bank of the online payment services provider (the financial intermediary) and then forwarded – minus a fee – to the merchant's bank account. All transactions are subject to bank card company rules. In other words, certain transactions may be refused by the bank that issues the bank card and this refusal cannot be contested by the merchant or his/her customer (in this case, the bank admitted that the number of refused transactions had been unusually high). Likewise, all card holders had six months to contest a debit drawn from his/her account and obtain a refund. The account of the bank was then automatically debited with a notification.

MROS forwarded the SAR to the competent prosecution authorities and notified the FIU in the country where the fraud investigation was underway.



3.2.7 Misuse of trust structures

Reason for report/closer scrutiny:
Information from prosecution authorities

Presumed predicate offence:
*Bribery of foreign public officials (Art. 322^{septies} SCC),
 Criminal mismanagement (Art. 158 SCC),
 Fraud (Art. 163 SCC)*

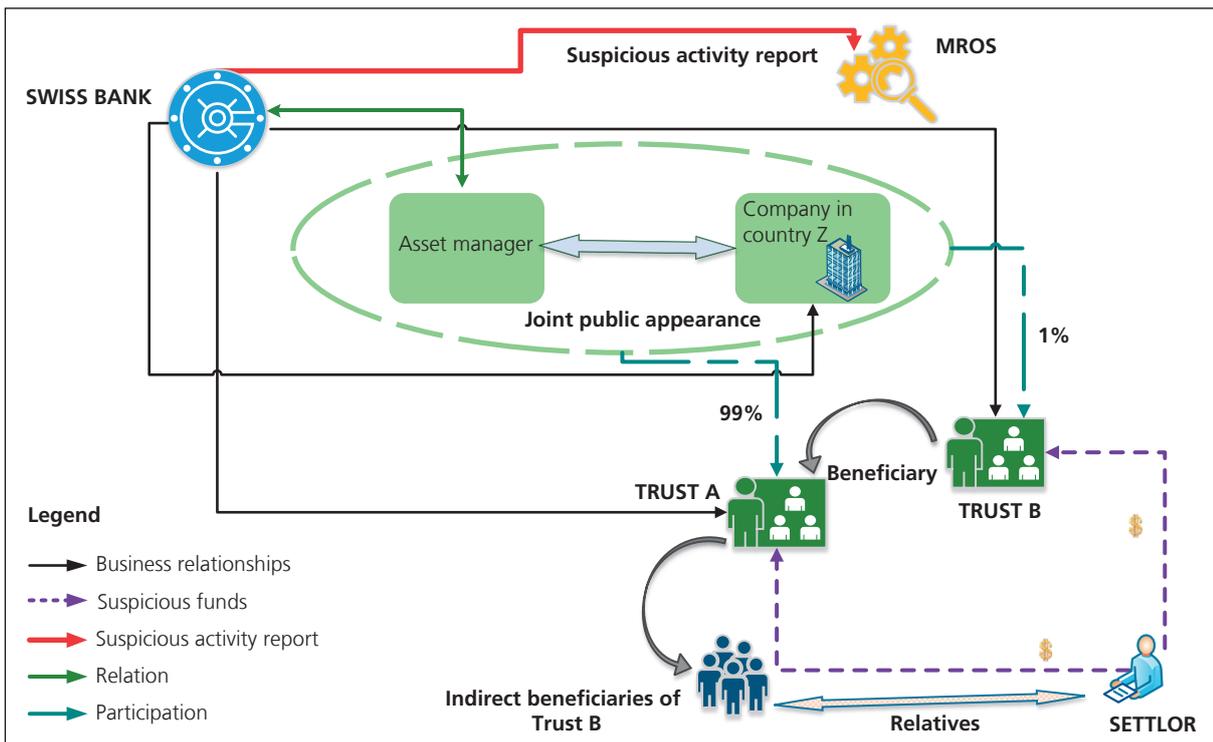
Financial intermediary: Bank

Legal basis for SAR: Art. 9 AMLA

Forwarded to prosecution authorities: Yes

A Swiss financial intermediary reported two accounts to MROS. The first was in relation to a Trust A and the second to a private Trust B. The bank had a contractual relationship with an independent asset manager in another country Y. This asset manager was acting as a trustee for the assets placed in Trust A. The final beneficiaries of Trust A were relatives of the settlor. The beneficiary of Trust B was Trust A and so the relatives of the settlor of Trust A were also indirect beneficiaries of Trust B. A company working closely with the reporting financial intermediary in country Z was acting as a partner of the asset manager. The company in country Z and the above-mentioned asset manager had signed a part-

nership agreement whereby both would act as co-trustees holding 99% of Trust A and 1% of Trust B respectively. This partnership enabled all assets in each trust to be transferred to and from the other trust. The aim was to invest the combined assets of both Trust A and B. In dealings with third parties, the asset manager and the company working closely with it were presented as a single entity under a new name. The account was brought to the attention of the reporting bank when it received a search and seizure order from the Swiss prosecution authorities concerning the settlor of the trust. After carrying out the clarifications required under Article 6 AMLA, the bank realised that other suspicious transactions had been made that were not mentioned in the search and seizure order received from the prosecution authorities. The bank therefore sent a SAR to MROS. Based on the search and seizure order, the bank assumed that the incriminated assets had been declared and deposited in Switzerland over a period of several years. The assets in question were likely to have been derived from fraud, criminal mismanagement and bribery. Because the bank had all of the forms needed to determine the economic beneficiary, it was able to quickly identify the accounts in question. A short time afterwards, articles appeared in the press concerning various other illicit activities that had been going on for years such as price fixing and illegal licensing through other offshore structures. It could not be ruled out that proceeds of these activities might have ended up being transferred to trusts A and B in Switzerland. These press articles triggered three other SARs to MROS, all of which were then forwarded to the competent prosecution authorities.



3.2.8 Unexplainable transactions for PEP

Reason for report/closer scrutiny:
Transaction monitoring, MROS info

Presumed predicate offence: Misappropriation

Financial intermediary:
Payment services provider, bank

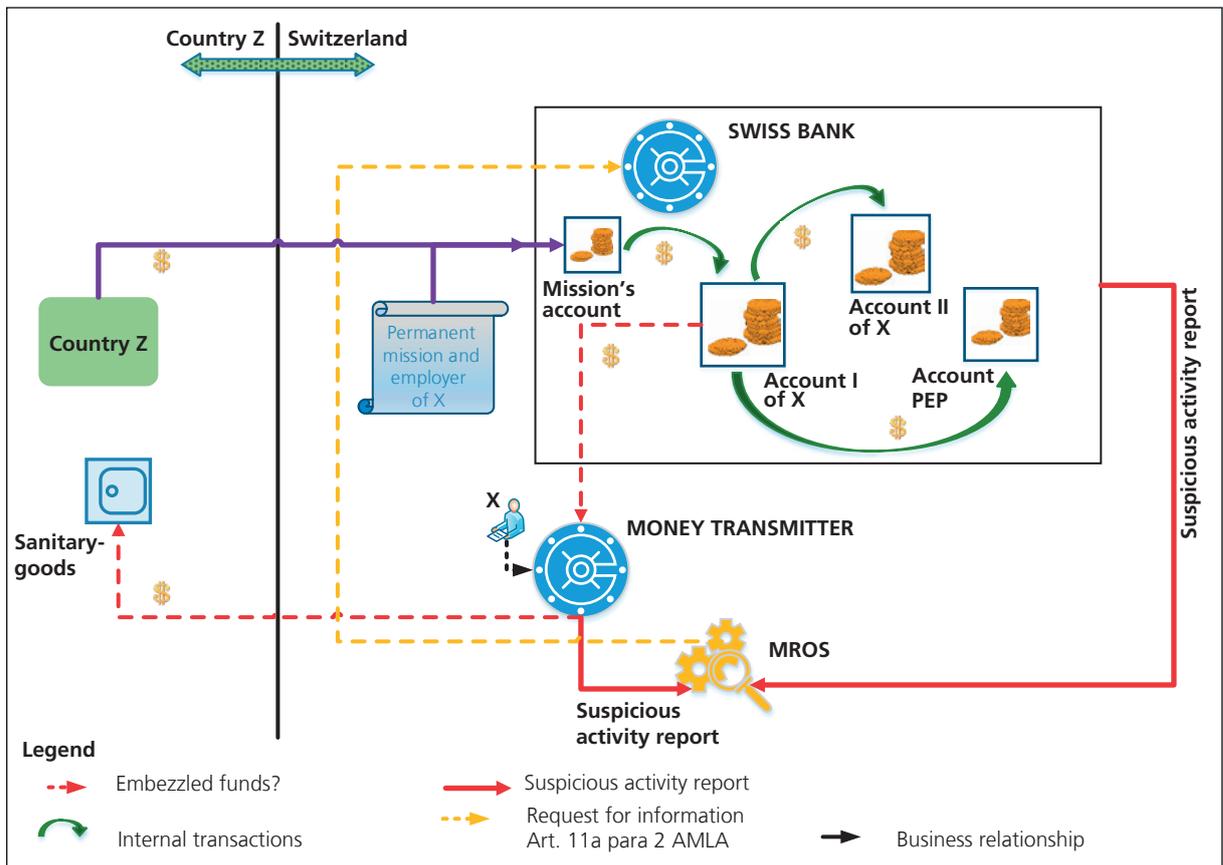
Legal basis for SAR:
Two counts under Art. 305^{ter} para. 2 SCC

Forwarded to prosecution authorities: Yes

X, an employee of the permanent mission of a foreign country to an international organisation, entered the offices of a money transmitter with the intention of wiring money to family members in his country of origin. Since the transaction exceeded the limit of CHF 5,000 per 30-day period, the intermediary applied its internal rule of asking the client to provide his salary and bank statements for the past three months.

The analysis carried out by the financial intermediary revealed questionable transactions. Specifically, it noted that the funds that the client had received from the permanent mission where he worked were higher than what he should have received, given the salary amount indicated on his salary statements. Moreover, the financial intermediary noted that the client had immediately transferred part of the funds received to a savings account in his own name, which was then used to wire transfer sums to a politically exposed person (PEP) from the foreign country in question. The financial intermediary asked the client to provide more ample clarifications. He explained that he had received these funds from his employer for the purchase of health-care equipment to be sent to his home country. However, the client refused to provide any other supporting documents. Unable to clarify the economic background and the purpose of the above-mentioned transactions, the money transmitter decided to send a SAR to MROS under Article 305^{ter} paragraph 2 SCC.

As part of its analysis, MROS sent an information request by virtue of Article 11a paragraph 2 and 3 AMLA to the bank where X held his accounts. MROS received all of the banking documentation concerning X's account. However, this documentation did not bring any further details with respect to the information already gathered by the money transmitter.



After receiving the information request from MROS, X's bank began taking a closer look at the account mentioned in this request. The bank also noted unusual incoming deposits into the client's account. As already mentioned by the money transmitter, these incoming payments had come from an account opened in the name of the permanent mission. The new detail, which neither MROS nor the money transmitter had been aware of, was that the account opened in the name of the permanent mission was also held at the bank in question. Examination of the transactions was therefore possible and revealed that the permanent mission's bank account received incoming wire transfers from the government of the foreign country in question and that the amounts received were immediately transferred to X's account. In addition, the bank also maintained the account of the PEP who was the final recipient of a portion of these funds. Unable to explain X's role as an intermediary, the bank therefore decided to send a SAR to MROS.

Given the fact that the funds held in the account had not been used for the stated purpose (purchase of healthcare equipment) and that the final recipients were natural persons, MROS felt that the amounts transferred might have been unduly obtained or embezzled at the expense of the government of the foreign country. MROS therefore forwarded the SARs to the competent prosecution authorities.

3.2.9 A holding company for a criminal

Reason for report/closer scrutiny:

Press article

Presumed predicate offence:

Bribery of foreign public officials (Art. 322septies SCC)

Financial intermediary: *Bank*

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

Forwarded to prosecution authorities: *Yes*

The reporting bank maintained accounts with an internationally active group for many years. The corporate ownership structure was rather complex. At the top of this structure was a holding company that owned 100% of the group. This holding company was based in an offshore financial jurisdiction and was in turn 100%-owned by a trading company. All three legal entities held shares in numerous subsidiary domicile companies and operating companies. The contracting partners of the reported accounts were the holding company, the group and the trading company. The economic beneficiary was X. The main purpose

of the accounts with the bank was to obtain financing of oil trade activities and corresponding letters of credit for associated freight activities. These business activities were interrupted three years after the accounts were opened when X was arrested and the reported account frozen. Based on the information at the bank's disposal, X was sentenced to life in prison for bribery, terrorism and murder in his home country.

A couple of years later, the bank read press reports stating that - although the criminal case against X in Switzerland had been dropped - the public prosecutor was contacted by its foreign counterpart requesting that the assets be returned. The bank felt compelled to verify this information and was able to confirm that the press articles were indeed accurate. The bank carried out extensive analysis of the accounts in question and sought legal advice to determine whether it had acted appropriately when it had frozen the account a few years previously but had failed to send a SAR to MROS. Regardless, the bank decided to report the matter to MROS.

MROS did research on all of the involved legal and natural persons. The information provided to MROS by the bank was corroborated. MROS was also able to establish a correlation between this SAR with three other SARs that had been submitted by three other banks years ago and then forwarded to the prosecution authorities. MROS forwarded the new SAR to the same prosecution authority. However, since the request for legal assistance had already reached an advanced stage, the public prosecutor decided to disregard the matter.

3.2.10 Dishonest capital markets analyst

Reason for report/closer scrutiny:

Information from third party

Presumed predicate offence:

Misappropriation (Art. 138 SCC)

Financial intermediary: *Bank*

Legal basis for SAR: *Art. 9 AMLA*

Forwarded to prosecution authorities: *No*

A financial intermediary notified MROS of its account with X from a country bordering Switzerland. The account holder had been employed for several years as a capital markets analyst at a bank in his home country. The client advisor of the reporting financial intermediary described the account to be trouble-free – until a woman from a North African country came in for a visit.

The woman informed the client advisor that she happened to have found documents belonging to her father who had passed away in the 1980s. These documents indicated the presence of assets in various European countries. Apparently, her father had had an account with a foreign bank where the reported account holder X was employed. This account had nevertheless been closed after the year 2000 and the assets in that account had been transferred a few years back to X's account held with the financial intermediary.

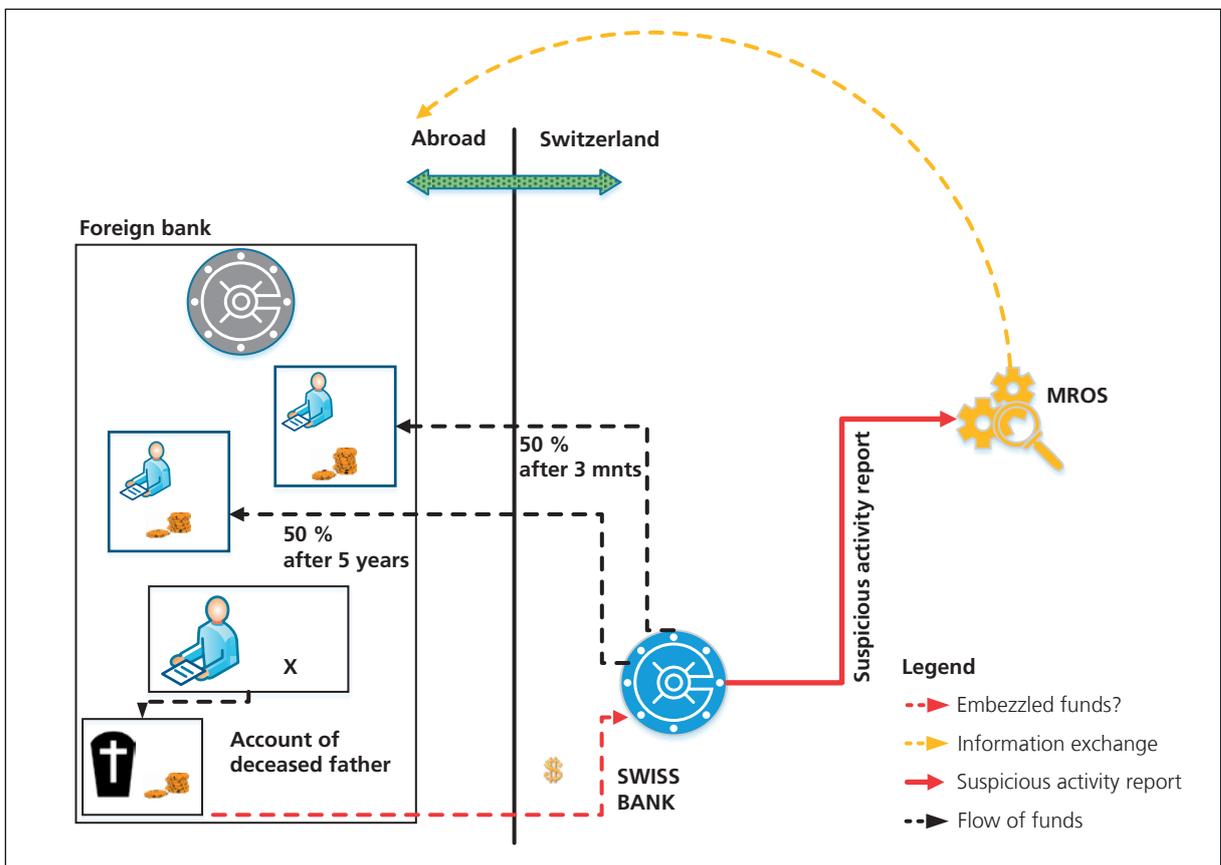
The visitor assured the financial intermediary that she had only recently discovered that her father had deposited funds in Europe and so therefore no member of the community of heirs had authorised liquidation of this account and the subsequent transfer to the Swiss account. The financial intermediary therefore suspected that client X might be liable for criminal prosecution for having used his position at the foreign-domiciled bank to embezzle assets from an account that had been left dormant for years. X must have assumed that apart from the now deceased account holder, no one was aware of the existence of the assets in question and therefore would not come looking for them. And to conceal the incriminated origin of the assets, X decided to transfer them abroad.

It was surmised that X had transferred the assets from the dormant account held with his employer to the new ac-

count opened with the reporting financial intermediary. Three months later, X transferred around half of the money to another account at the foreign bank where he worked. This account was in his and his wife's name. Five years after the suspected misappropriation, X closed the Swiss account and transferred the remaining assets to another account opened at the same foreign bank where he worked. Again the account was in his and his wife's name.

The woman authorised the reporting financial intermediary to carry out further clarifications. The financial intermediary contacted the foreign bank to explain the situation. The auditing division of the foreign bank carried out its own verifications and discussed the matter with its employee, specifically asking him why the assets of the dormant account had been transferred to a Swiss account in his name. X was unable to provide a plausible explanation for his actions and was fired.

In its investigations, MROS was unable to find any further details. X had no previous criminal record. Since the contracting partner was domiciled abroad and the suspected incriminated assets had been sent back abroad, there were insufficient linkages with Switzerland: the supposed predicate offence had been committed in a country bordering Switzerland and the reported account had been closed already for several years. No more assets remained in Switzerland. Although X had apparently misappropriat-



ed assets within the meaning of Article 138 SCC and may indeed have laundered money by transferring the funds to his Swiss account and then wiring these funds back to the account held with his employer, the SAR was not forwarded to the prosecution authorities in Switzerland.

The reporting financial intermediary notified X's employer of the suspected misappropriation, which allowed the foreign bank and the rightful owner of the assets to file a criminal complaint with the competent prosecution authorities in the foreign country. MROS spontaneously provided information to the foreign FIU through international administrative assistance channels to facilitate its enquiry. The foreign prosecution authorities then launched a criminal investigation.

3.2.11 Contraband of watches via free ports

Reason for report/closer scrutiny:

Articles in the press

Presumed predicate offence:

Smuggling (Art. 14 para. 4 Administrative Criminal Law Act)

Financial intermediary: *Two banks*

Legal basis for SAR:

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

Forwarded to prosecution authorities: *Yes*

Articles in the press of a neighbouring country of Switzerland mentioned the existence of an investigation and criminal proceedings in relation to the contraband of luxury watches stored at free ports in Switzerland. An organised group was claimed to have illegally exported this merchandise, seemingly VAT-exempt, to the neighbouring country to resell them to retailers without supplying the necessary tax forms. The watch smugglers had set up the system in such a way as to give the appearance that the watches were intended for export to non-European countries. In reality, the watches were stored in Switzerland and then dispatched by courier to the above-mentioned neighbouring country. This was done to by-pass the control mechanisms of the tax authorities.

The press articles mentioned several people, including X. After publication of these press articles, the financial intermediary began to analyse the transactions of several business relations that it maintained with X or for which X was the economic beneficiary. This analysis revealed that several five-digit amounts had been paid into X's accounts in cash totalling several million euros over a five-year period. The financial intermediary notified MROS that it had reasonable grounds to suspect customs and services fraud according to Article 14 paragraph 4 ACLA.

MROS's own analysis revealed that the neighbouring country in question had already submitted a request to Switzerland for mutual legal assistance for an ongoing criminal investigation of presumed VAT fraud in relation to the importation and sale of Swiss watches in that country. The request stated that the fraud had been perpetrated with the help of company A, which belonged to X. MROS therefore decided to forward the SAR to the competent prosecution authorities.

A few days later, the same financial intermediary sent a new SAR for the same matter at hand. The new SAR mentioned several accounts belonging to other individuals with ties to X. The transactions on these accounts were similar to the transaction patterns observed on the other accounts mentioned previously. The new facts reported as well as the analysis carried out by MROS were forwarded to the competent prosecution authorities mentioned earlier.

4 From the MROS Office

4.1 MROS Practice

1. *New system for the submission of SARs*

Implementation of the new system for the submission of SARs has raised various questions from financial intermediaries. MROS already explained its stance on the matter in last year's annual report. Based on the experience gained in the first months of implementation, it is nevertheless worth clarifying certain points.

a. *Submission of SARs without automatic freezing of assets (Art. 9 para. 1 let. a AMLA⁵)*

Certain financial intermediaries have encountered difficulties with a system that does not imply the automatic freezing of assets when submitting an SAR to MROS. In such cases, the forms and documentation sent to MROS sometimes indicate that the assets in question have been internally frozen. In this type of situation, the financial intermediary concerned may even ask MROS to authorise it to temporarily unfreeze the assets so that the transactions ordered by the client can be carried out.

As indicated in the MROS Annual Report 2014, with the new system for the submission of SARs, lawmakers have suppressed the causal link between the act of submitting an SAR and the act of automatically freezing the client's assets. When submitting an SAR to MROS by virtue of Article 9 paragraph 1 letter a AMLA, financial intermediaries must not automatically freeze assets. This provision applies both in cases of money laundering and the financing of terrorism (except for the lists provided for under Article 9 paragraph 1 letter c AMLA – see *infra*). Moreover, MROS has no authority to authorise the unfreezing of assets or the execution of client orders.

b. *Behaviour of the financial intermediary during MROS analysis*

From the moment when it submits an SAR until the moment when MROS reaches a decision on the action to be taken, the financial intermediary is required to meet various obligations provided for under AMLA and its implementing ordinances. For example, Article 9a AMLA requires the financial intermediary to carry out the client's orders during MROS's analysis. The aim of this provision is to avoid that the freezing of assets indirectly tips off the client that a SAR has been submitted to MROS. As explained in the previous year's annual report, the financial intermediary cannot be held criminally liable for violation of Article 305^{bis} SCC by executing transactions under Article 9a AMLA. In fact, not

only is AMLA a special piece of legislation, execution of client orders in application of Article 9a AMLA is a legally authorised (and even mandatory) act. It follows that, according to Article 14 SCC, the financial intermediary is not committing an illicit act when executing transactions within the meaning of Article 9a AMLA.

Article 33 of the FINMA Anti-Money Laundering Ordinance (AMLO-FINMA⁶) stipulates that financial intermediaries must execute client orders concerning sizeable assets in a manner that ensures that the paper trail of transactions is not lost. According to FINMA⁷ it is up to financial intermediaries to define the notion of "sizeable assets." In order to do this, the categorisation of clients by financial intermediaries is an element that must be taken into account. Finally, Article 3, paragraph 5 of the Ordinance of 25 August 2004 on the Money Laundering Reporting Office Switzerland (MROSO⁸) stipulates that the financial intermediary must keep records on file that will enable MROS to follow the trace of transactions that have taken place during its analysis. Upon request, these records must be provided to MROS without delay.

In some cases, during MROS analysis, the client may ask the financial intermediary to transfer a large portion or even all of the assets to another financial intermediary located in Switzerland. Can the reporting financial intermediary inform the financial intermediary receiving the assets that a SAR is being analysed by MROS without this constituting a violation of the gag order provided for under Article 10a paragraph 1 AMLA? The Federal Council answered this question in its dispatch⁹, considering that this is an application of Article 10a paragraph 2 AMLA. Therefore, the first financial intermediary may inform the second without violating Article 10a paragraph 1 AMLA. The Federal Council goes on to say that "in order to avoid indirectly informing the client, the second financial intermediary may not refuse to accept the assets transferred to it on the grounds that an SAR was submitted to MROS. Instead, the second financial intermediary is required to monitor the client's transactions and, if deemed necessary, will also submit an SAR."

Certain financial intermediaries have raised the issue of "phishing" in relation to the obligation to carry out transactions under Article 9a AMLA. Indeed, under the former reporting system, financial intermediaries would freeze the assets as soon as the client ("the mule") tried to withdraw or transfer them. Even in this type of situation, a freezing of

⁵ SR 955.0

⁶ SR 955.033.0

⁷ Report on the results of the hearing FINMA Anti-Money Laundering Ordinance (AMLO-FINMA), 3 June 2015, p. 32.

⁸ SR 955.23

⁹ Federal Council Dispatch on Implementation of the Recommendations of the Financial Action Task Force (FATF), Revised in 2012, FF 2014, p. 667.

assets is not provided for under the new system. Generally, financial intermediaries warn the duped client when he/she wishes to withdraw or transfer funds. If the client moves ahead despite the warning, then he/she has acted with full awareness and is therefore committing a criminal offence.

c. Submission of SARs with automatic freezing of assets (Art. 9 para. 1 let. c AMLA)

If the financial intermediary sees that the name of a client, beneficial owner or authorised signatory for the account or transaction appears on a terrorism list received from FINMA, the Federal Gaming Board (FGB) or a self-regulating body by virtue of Article 22a paragraph 2 and paragraph 3 AMLA, the financial intermediary will immediately submit a SAR to MROS. In such cases, the financial intermediary freezes the assets as soon as the SAR has been submitted (Art. 10 para. 1^{bis} AMLA). The assets will remain frozen for a period of five days starting from the moment when the financial intermediary sends its SAR to MROS.

The first questions asked by financial intermediaries relate to the form that the SAR must take under this provision and, more specifically, whether MROS would prepare a separate SAR form. MROS feels that, at the present time, application of this provision does not require a separate form. The general form provided under Article 9 AMLA has nevertheless been adapted and includes mention of "Terrorism list according to Article 9 paragraph 1 letter c AMLA" on page 3 under the heading "Please describe what prompted you to submit this report and/or to conduct in-depth research resulting in submitting this report."

A second question from financial intermediaries about this provision concerns the amount of certainty that they need to have in order to submit a SAR in relation to names appearing on these lists. In this case, we are dealing with a SAR that was triggered by the mere fact that the name of the client, beneficial owner or authorised signatory for the account or transaction appeared on a terrorist list. Article 9 paragraph 1 letter c refers to Article 6 paragraph 2 letter d AMLA, which states that the economic background must be clarified for a co-contracting party, a beneficial owner or authorised signatory for the account or transaction if the person's name matches or closely resembles a name on that list. If the data matches perfectly, then there is no doubt that the SAR must be submitted; in the case of close resemblance, the Federal Council states that "a SAR must be submitted even if the financial intermediary is not absolutely certain that the person or organisation concerned matches the one listed."¹⁰

Here we find the definition of reasonable grounds for suspicion that the Federal Council gave in 1996 in its dispatch on AMLA. It states that "absolute certainty is not required for reasonable grounds for suspicion."¹¹ A SAR must be submitted to MROS even if "the financial intermediary finds no evidence of suspicious activity that would normally give rise to a SAR" because "it knows that the listed person in question is a co-contracting party, a beneficial owner or an authorised signatory."¹² The result of transaction analysis, even if it does not raise any red flags, must be sent to MROS in order to enable it to carry out its own research.

2. Duty to report in the case of criminal proceedings initiated against the client

When a financial intermediary becomes aware that criminal proceedings have been initiated against one of its clients, it is required to carry out clarifications and, in the case of a predicate offence to money laundering or terrorist funding, it must submit a SAR to MROS. Certain financial intermediaries have asked whether, in such cases, they should not simply contact the public prosecutor responsible for the investigation in order to provide him/her with the evidence that it has gathered.

MROS is of the opinion that financial intermediaries must not go directly to the public prosecutor in this type of situation. Instead they should send the information directly to MROS, which will then assess whether the elements provided by the financial intermediary are relevant to the criminal investigation, query the various databases at its disposal, possibly request information from foreign FIUs and, if necessary, contact the public prosecutor in charge of the case to provide him/her with the elements that it has at its disposal. Based on all of these elements, MROS will decide whether to forward the SAR to the competent prosecution authorities or to close the file. Hence additional elements are provided to the prosecutor in case the SAR is forwarded. This interpretation is corroborated by the fact that the 2009 revision of the SCC repealed the possibility of financial intermediaries to submit a SAR directly to the law enforcement authorities. The situation is different if the financial intermediary receives a disclosure order from a public prosecutor. In such cases, the financial intermediary must reply directly to the public prosecutor. With regards to the duty to report to MROS in the case of a disclosure order, MROS's position published in its Annual Report for 2007¹³ remains the same.

¹⁰ Federal Council Dispatch on Implementation of the Recommendations of the Financial Action Task Force (FATF), Revised in 2012, FF 2014, p. 665.

¹¹ Federal Council Dispatch of 17 June 1996 on the Anti-Money Laundering Act, FF 1996 III, p. 1086.

¹² Federal Council Dispatch on Implementation of the Recommendations of the Financial Action Task Force (FATF), revised in 2012, FF 2014, p. 664.

¹³ MROS, Annual Report 2007, pp. 88-89.

4.2 National Risk Assessment (NRA)

In 2015, Switzerland published its first National Risk Assessment (NRA) report on the risks of money laundering and the financing of terrorism, thereby implementing the revised Recommendations 1 and 2 of the Financial Action Task Force (FATF), an intergovernmental body whose recommendations are aimed at countering all manner of threats or abuse of the integrity of the international financial system. The FATF requires member countries to create instruments to efficiently combat money laundering and the financing of terrorism. The NRA report is part of this range of instruments. The purpose of the report is to facilitate identification of money laundering and terrorist financing risks in Switzerland, to propose targeted measures to counter these risks and to monitor the efficiency of these measures at regular intervals.

On 29 November 2013, the Federal Council created a new permanent interdepartmental working group tasked with preparing the NRA report (IWG-NRA). The IWG-NRA is comprised of representatives of the authorities concerned and of members of the Coordination Group to Combat Money Laundering and the Financing of Terrorism (KGGT). This latter body is supervised by the State Secretariat for International Financial Matters (SIF) and is broken down into three sub-groups, one of which (i.e. the risk assessment working group) is led by MROS and has been tasked specifically to prepare the first draft of this report. However, the national risk assessment does not end with publication of the NRA report. Additional targeted risk assessments are needed in order to monitor the effectiveness of the Swiss system to combat money laundering and the financing of terrorism, and to adapt this system in response to new threats.

The NRA report is the first comprehensive cross-sectoral assessment of the risks of money laundering and terrorist financing in Switzerland. It shows that Switzerland is not free from financial crime and that revenues from criminal activities perpetrated mostly outside the country are laundered here. Predicate offences of fraud, misappropriation, corruption and membership in a criminal organisation are the main risks for the Swiss financial sector. According to the report, Switzerland is particularly exposed to risks relating to corruption abroad and membership in a criminal organisation, since such cases tend to be very complex and very difficult to detect and prosecute because the crimes in question span international borders.

Based on a method combining quantitative and qualitative data, the report mainly analyses the sectors subject to Switzerland's Anti-Money Laundering Act (AMLA).¹⁴ The overall assessment of the sectors subject to AMLA led to the con-

clusion that Switzerland is exposed to a medium level of risk. However, the risks within the sectors vary according to the activity of the given financial intermediary. MROS's quantitative analysis of SARs shows that the activities in five sectors are particularly at risk of money laundering and the financing of terrorism. The banking sector is at the top of the list followed by money or value transfer services (MVTs), fiduciaries, asset managers as well as lawyers and notaries. Full-service banks in particular, i.e. banks that provide the full range of banking services both in Switzerland and abroad, bear the highest level of exposure to risk, given the broad nature of their activities. The report, however, refrains from stating that specific activities in these sectors are inherently at risk.¹⁵ The purpose of analysis was to determine whether the current risk-reduction system adequately takes the specific risks affecting these sectors into account. The report concludes that appropriate risk management is able to address risks in the five most highly exposed sectors.¹⁶

For other areas, such as insurance companies, casinos and credit services, the level of risk is deemed low. Here, too, the risk-reduction system is deemed to be adequate. As far as the risk of terrorist financing is concerned, analysis showed that the risk is limited. This level could nevertheless increase quickly if networks that finance terrorism are able to make a more systematic use of alternative money transfer systems in Switzerland. Particular vigilance is needed here since even small amounts of cash can result in major damage.

In the second part of the report, six economic sectors not subject to AMLA were analysed. These sectors were chosen on the basis of their economic importance and the attention that specific activities in these sectors have generated in recent years in Switzerland.¹⁷ Unlike the financial sector, where MROS SARs provide a solid quantitative basis of data, analyses in sectors that are not subject to AMLA are mostly based on qualitative methods, mainly calling in experts to share their knowledge in the various sectors.

All in all, the report concludes that despite higher risks in a few sectors, the Swiss risk-reduction system has proven effective. Nevertheless, KGGT feels that legally established instruments at operational level could still be optimised. The end of the report contains a list of measures proposed by KGGT to consolidate the Swiss risk-reduction system and further reduce the risks of money laundering and terrorist financing. Examples include the development and systematisation of national statistics, encouraging dialogue between the public and private sector as well as specific

¹⁴ This includes banks, securities brokers, asset managers, insurance companies, lawyers and notaries, fiduciaries, casinos, money or value transfer services (money transmitting) and foreign exchange services, payment transaction services (credit cards, pre-paid cards, electronic cash) and precious metals trading.

¹⁵ Just like driving a car is risky, the inherent risks associated with money market trading can be addressed or reduced through targeted measures.

¹⁶ Additional information about identification and management of risks can be found in the: Money Laundering Bulletin, October 2015, S. 4–6.

¹⁷ This includes the real estate sector, non-profit organisations, cross-border cash transactions, bonded warehouses, art trading and commodity trading.

recommendations concerning future analyses. Since criminal circles are constantly adapting their methods, national risk assessments need to be conducted at regular intervals. The first NRA follow-up studies were already launched in 2015. KGGT has also established a timetable for regular updating the main NRA report, which may be considered an essential pillar in efforts to combat money laundering and the financing of terrorism.

5 International scene

5.1 Egmont Group

MROS is a member of the Egmont Group, a network of central financial intelligence units. The Egmont Group perceives itself as a non-political international forum of operationally independent FIUs. In the area of anti-money laundering, predicate offences to money laundering and the financing of terrorism, 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 for the creation of central FIUs.

In 2015, the Heads of Financial Intelligence Units (HoFIU), the Egmont Committee, the Egmont Plenary and the working groups all met in January and June. In June, four new FIUs joined the Egmont Group: CAFIU, Cambodia; DGIOF, Cuba; FIU Nepal; Centif-Niger. This brings the membership total to 151 jurisdictions. Moreover, the eight regions met for the first time in June 2015 under the title "Revised Global Footprint." The European Region (the largest region so far, with 52 FIUs) has now been subdivided into three sub-groups (Europe I, Europe II and Eurasia). MROS is a member of the Europe II Region, which includes members of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). MROS has co-chaired the Europe II Region with Albania's FIU since January 2015. In this capacity, the head of MROS is also a member of the Egmont Committee.

During the reporting year, great importance was given to projects associated with combating the financing of terrorism and the financing of Islamic State. Here, analysis covered aspects of jihad-motivated travellers, particularly their profile, the exchange of information and co-operation on cases relating to the financing of terrorism. At the FATF Plenary Meeting in October 2015, the results of this work were presented to the FATF members.

MROS has been a member of the Egmont Group since its inception in 1998. Since revision of the FATF Recommendations in 2012, MROS membership is now a clear prerequi-

site for an adequate system to combat money laundering and the financing of terrorism. In particular, the various FIUs declared their adherence to the Egmont Group Statement of Purpose and its Principles for Information Exchange between Financial Intelligence Units for Money Laundering and Terrorism Financing Cases. The possibility for MROS to directly contact and exchange information with FIUs is essential. With the entry into force on 1 January 2016 of the Federal Act on Implementation of the Revised FATF Recommendations of February 2012, MROS's mandate has once again been expanded to cover additional predicate offences to money laundering¹⁸. The adapted reporting system, which became effective on 1 January 2016, will allow MROS to exchange information more readily across national borders.

During the reporting year, MROS took part in the HoFIU meeting, Egmont Committee meeting, the Egmont Plenary Meeting as well as the meetings of the Operational and Legal Working Group. The Operational Working Group is currently working on the following projects: Terrorist Financing, Information Exchange Enhancement – FIU Powers, Financial Analysis, Illegal Poaching and Wildlife Crime, Money Laundering and Digital/Virtual Currencies, and 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 a summit in Paris in July 1989. As the leading international body to fight money laundering and the financing of terrorism, it establishes international standards for measures to fight these crimes. Member country compliance is verified on the basis of reviews conducted at regular intervals. These reviews give rise to reports showing the extent to which evaluated countries adhere to FATF Recommendations. These reports also explain the reasons justifying the assessment.

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. Member states are required to implement these measures. For the current fourth round of AML/CFT mutual evaluations, both the level of technical compliance, i.e. compliance of national laws and regulations with the recommendations, and the recently introduced criteria of effectiveness, i.e. efficiency in implementing such provisions, will be tested.

The FATF produces two public documents assessing the lev-

¹⁸ See MROS Report 2014, p. 54

el 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 the financing of terrorism; 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.

In preparation for the upcoming FATF evaluation of Switzerland, MROS will play a key role as an important part of the Swiss anti-money laundering system. During the reporting year, the main focus was placed on preparing and writing replies to questions on the FATF's self-assessment questionnaire. These replies will be used as the basis for the FATF inspection to take place in early 2016. The outcome of the evaluation will then be discussed and adopted at the FATF plenary meeting in October 2016.

MROS is also a member of the Coordination Group to Combat Money Laundering and the Financing of Terrorism (KGGT) whose tasks include preparing for Swiss participation in the FATF fourth round of AML/CFT mutual evaluations. The risk assessment sub-group, which is led by MROS, was responsible for drafting an NRA report for the KGGT. This report was published in June 2015.¹⁹

As part of the Swiss delegation to the FATF, MROS is active in the meetings of the "Risks, Trends and Methods Group" (RTMG). The aim is to study and analyse specific cases in an effort to recognise and analyse recurrent patterns and features associated with money laundering and the financing of terrorism so as to more effectively tackle these phenomena. In addition, MROS takes part in the meetings of the "Policy Development Group" (PDG), which is responsible for aspects surrounding regulations and guidelines. MROS also attends 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).

The FATF devoted considerable attention to terrorist attacks last year. During the reporting year, typology work was done in the area of terrorist financing. The FATF also launched a "Terrorism Financing Fact Finding Initiative", which led to extraordinary scrutiny of the systems established in each member country to combat the financing of terrorism.

During the reporting year, MROS was actively involved in two potentially helpful publication projects pursued by the RTMG. The first is entitled "Emerging Terrorist Financing Risks" (published in October 2015²⁰) and the second is entitled "ML/TF Vulnerabilities associated with Gold" (published in July 2015²¹). MROS also took part in the ECG project "Data and Statistics", which was mainly aimed at producing a report explaining and analysing the key statistics produced by the various jurisdictions.²²

In September 2015 MROS, attended the Joint Experts' Meeting (JEM), which enabled further in-depth discussion of the various typology projects relating to the financing of terrorism.

¹⁹ See <http://www.news.admin.ch/NSBSubscriber/message/attachments/42276.pdf>

²⁰ <http://www.fatf-gafi.org/publications/methodsandtrends/documents/emerging-terrorist-financing-risks.html>

²¹ <http://www.fatf-gafi.org/publications/methodsandtrends/documents/ml-tf-risks-and-vulnerabilities-gold.html>

²² <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/aml-cft-related-data-statistics.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-treuhandswisse.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-svv.ch

Self-regulation organisation of the Swiss Insurance Association

www.sfama.ch

Swiss Funds & Asset Management Association SFAMA

www.svg.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 home- page 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

REPORT 2015

FEDERAL OFFICE OF POLICE
FEDPOL
CH-3003 Bern

Phone +41 (0)58 463 11 23
info@fedpol.admin.ch
www.fedpol.ch