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Federal Department of Justice and Police FDJP
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Money Laundering Reporting Office Switzerland MROS

Annual Report 2017

April 2018

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Foreword

With 4,684 Suspicious Activity Reports (SARs) involving over CHF 16 billion, 2017 was another record-breaking year. In two years, the number of SARs has almost doubled. In 2017, MROS received an average of 18 reports per working day, i.e. over 60 percent more than in the previous year.

The gap between voluntary and mandatory SARs was narrower than in 2016. While the number of voluntary SARs increased to 2,562, the number of mandatory SARs grew significantly to 2,122 – more than double of last year's figure.

The above figures explain why – for the second year in a row – MROS was unable to process all the SARs it received, with 1423 SARs still awaiting processing at the end of 2017. This included 116 SARs received in 2016. MROS therefore reduced the number of unprocessed SARs carried over from the previous year by 371. This situation is illustrated in detail in a new chart. Since some SARs were not processed in the year they were submitted, but in the following year, the transmission rate is now being calculated using a new method and relates solely to SARs processed during the year under review. The processing of pending SARs will thus affect the transmission rate for the year in which they are processed, rather than the year in which they are submitted. In 2017, the transmission rate for the 3,653 SARs analysed was therefore 64.9 percent. This figure shows the importance of the role MROS plays as a filter, preventing the prosecution authorities

from being swamped by insubstantial cases. Having more than tripled, the increase in asset values involved in submitted SARs to almost 16 billion, is undoubtedly the most striking development in 2017. However, slightly less than half of this figure (around CHF 7 billion) came from a single case cluster.

With over 1,000 SARs, bribery once again headed the list of predicate offences, as it did in 2015. It should however be noted that, with the exception of one case cluster, the majority of the SARs relating to bribery concerned the continuation of cases that had already been submitted to MROS. SARs relating to the suspected financing of terrorism almost doubled compared to last year, reaching 51. However, since the number of SARs linked with this crime often fluctuates from one year to the next, this cannot be described as a trend. Nevertheless, it is interesting to note that, at 33.3 percent, the proportion of these SARs transmitted to the prosecution authorities is very close to last year's figure.

As stated in the previous report, the FATF assessors detected a shortcoming relating to MROS's international collaboration. Under present legislation, MROS cannot contact financial intermediaries on the basis of information received from a counterpart abroad. Article 11a paragraph 2 AMLA authorises MROS to contact a financial intermediary exclusively on the basis of a SAR submitted by a Swiss financial intermediary. MROS therefore often cannot use important

information it receives from its counterparts abroad. In response to this criticism, the Federal Council on 21 June 2017 submitted a preliminary draft bill for consultation concerning the Federal Decree on the Adoption and Implementation of the Council of Europe Convention on the Prevention of Terrorism and the Additional Protocol thereto, and on the Strengthening of Criminal Legislation against Terrorism and Organised Crime. The decree includes a proposal to amend

the law on money laundering, which would give MROS the powers that FATF stated it lacked. This report provides more detail on the initiative. Finally, in 2017, MROS held more than 40 conferences and presentations for the financial community. Raising the awareness of financial intermediaries is one of the legal responsibilities of MROS, who is happy to assist the financial intermediaries in any way.

Bern, April 2018

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2. Annual MROS statistics

2.1 Overview of MROS statistics 2017

Summary of reporting year (1 January – 31 December 2017)

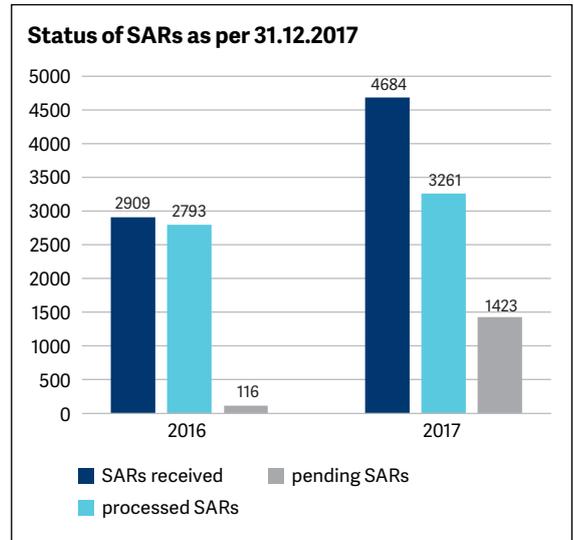
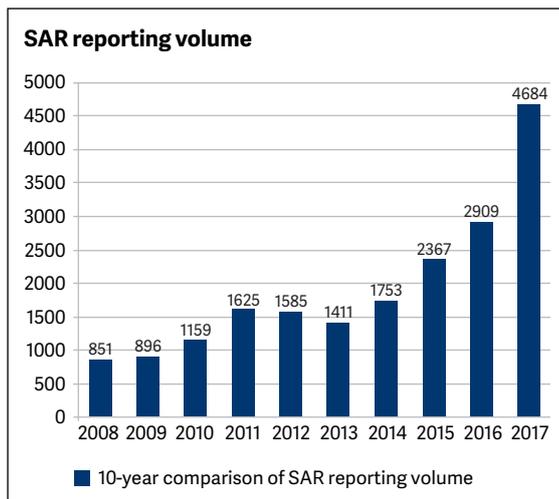
SAR Reporting Volume	2017 Absolute	2017 Relative
Total number of SARs received	4 684	100.0%
Forwarded SARs	2 206	47.1%
Non-forwarded SARs	1055	22.5%
Pending SARs*	1423	30.4%
Type of financial intermediary		
Bank	4 262	91.0%
Money transmitter	144	3.1%
Fiduciary	50	1.1%
Asset manager / Investment advisor	87	1.9%
Attorneys and Notaries	4	0.1%
Insurance	24	0.5%
Credit card company	14	0.3%
Casino	28	0.6%
Foreign exchange trader	2	0.0%
Securities trader	16	0.3%
Other	27	0.6%
Loan, leasing and factoring business	14	0.3%
Commodity and precious metal trader	11	0.2%
Dealer	1	0.0%
Amounts involved in CHF (Total effective assets at time of report)		
Total asset value of all SARs received	16 471 066 844	100.0%
Total asset value of forwarded SARs	10 743 089 883	65.2%
Total asset value of non-forwarded SARs	1 537 842 375	9.3%
Total asset value of pending SARs	4 190 134 587	25.5%
Average asset value of SARs (total)	3 516 453	
Average asset value of forwarded SARs	4 869 941	
Average asset value of non-forwarded SARs	1 457 670	
Average asset value of pending SARs	2 944 578	

* At 31.12.2017, of the 487 SARs pending on 31.12.2016, 116 were being dealt with.

2.2 General remarks

The 2017 reporting year was characterised by the following developments:

1. Total reporting volume increases by 60 percent, to 4,684 SARs.
2. A new record high in total asset value of CHF 16.4 billion.
3. Fall in the number of SARs relating to the financing of terrorism compared with previous years.
4. Further decrease in the proportion of SARs forwarded to the prosecution authorities.
5. Bribery once again – ahead of fraud – is the most frequent assumed predicate offence to money laundering at the time the SAR was forwarded to the prosecution authorities.
6. Fall in the number of cases concerning fraudulent misuse of a computer, in particular involving phishing.
7. Also in the year under review, MROS has not had the capacity to process all submitted SARs. In 2016 there were 487 such SARs, while in 2017 1,423 had not been processed by the end of the year.



2.2.1 Total number of Suspicious Activity Reports (SARs)

In 2017, MROS received a total of 4,684 SARs in connection with money laundering or terrorism financing, representing an increase of over 60 percent compared to the previous year. This made 2017 yet another record year, following on from 2016. The previous record of 2,909 SARs reached in 2016, was exceeded by 1,775. For the second time, MROS was unable to process all the SARs it received. As of 31 December 2017, 116 of the 2,909 reports filed in 2016 were still pending, while 371 of the SARs pending at the end of 2016 were processed in 2017. This is illustrated by the second chart, which shows the number of SARs pending and processed as of 31 December 2017 by the year in which they were reported. The constantly growing task of raising the awareness of financial intermediaries – banks in particular –, may well have contributed to the increase in reporting volume. The presence of various case clusters also added to the figure. In 2017, MROS had eight large case clusters concerning a total of 1,073 SARs and assets worth over CHF 9.8 billion. One case cluster in particular stood out, relating to assets of over CHF 7 billion and 116 SARs. Another case, which triggered 160 SARs in 2016, generated a further 288 SARs in 2017. This case also concerned a sum of almost

CHF 380 million. The largest case cluster in 2017 in terms of number of SARs generated 390 reports and assets of nearly CHF 580 million. With a total of 4,262 SARs, the banking sector alone submitted 1,353 more SARs in 2017 than the overall reporting volume in the record year of 2016 (2,909 SARs). More than 90 percent of all SARs came from this sector in 2017 (2016: approx. 86 percent). While the number of SARs from banks increased by 70 percent, from 2,502 to 4,262, those from other sectors did not change significantly (up from 407 in 2016 to 422).

Total asset volume increased by 213.5 percent to more than CHF 16.4 billion. The amount of assets involved in SARs forwarded to prosecution authorities rose by CHF 7.6 billion or 242 percent, to CHF 10.7 billion. This increase is predominantly due to one case cluster, which alone accounted for over CHF 7 billion in assets.

As opposed to 2016, when fraud replaced bribery as the most frequently reported predicate offence, bribery was once again at the top of the tables in 2017 with 1,076 SARs, followed by fraud with 984 SARs.

The number of SARs involving phishing (i.e. fraudulent misuse of a computer), subsumed under Article 147 of the Swiss Criminal Code (SCC), fell: 191 cases were recorded in 2017.

In 2017, for the second time, MROS received SARs involving an aggravated tax misdemeanour under Article 305^{bis} number 1^{bis} SCC. At 201 SARs, the number has risen significantly compared with 2016.

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

Of the 4,684 SARs submitted to MROS in 2017, 2,562 SARs, i.e. 55 percent, were submitted under Article 305^{ter} paragraph 2 SCC (right to report / voluntary SARs) and 2,122 SARs, i.e. 45 percent, were submitted under Article 9 AMLA (duty to report / mandatory SARs).

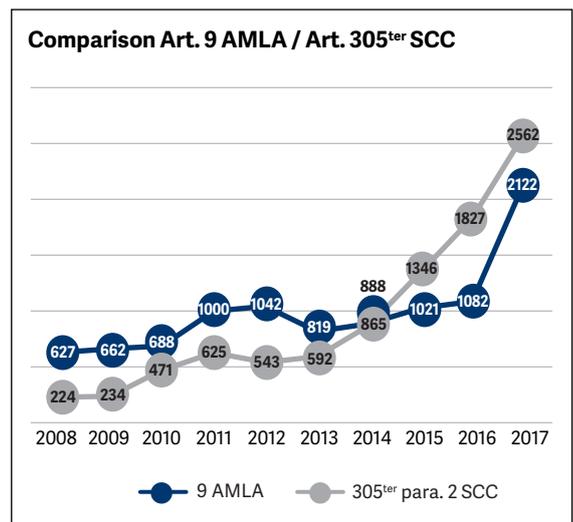
Since 2010, the number of voluntary SARs under Article 305^{ter} paragraph 2 SCC has risen sharply. The steep increase noted in the previous annual report continued in 2017: for the third time MROS received more voluntary than mandatory SARs. The increase of mandatory SAR's is nevertheless

striking: Compared with 2016, the number of SARs submitted under Article 9 AMLA rose by over 96 percent.

In 2017, 57 percent of SARs were submitted under Art. 9 AMLA and 43 percent were based on Art. 305^{ter} paragraph 2 SCC. In the previous year, three quarters of all SAR's were based on the duty to report and only one quarter was submitted based on the right to report. Both types of SARs require the same time and work effort by the financial intermediaries.

An analysis of the data showed that in 2017 the banking sector was once again responsible for the rise in voluntary SARs. In 2016 this sector submitted 1,583 SARs under Article 305^{ter} paragraph 2 SCC, as opposed to 919 SARs under Article 9 AMLA. And in 2017 the banking sector submitted 2,353 SARs under Article 305^{ter} paragraph 2 SCC, as opposed to 1,909 SARs under Article 9 AMLA. The other categories of financial intermediaries submitted almost as many voluntary SARs as mandatory SARs (213 SARs under Art. 9 AMLA compared with 209 SARs under Art. 305^{ter} para. 2 SCC). In 2016 voluntary SARs clearly dominated, with 244 SARs being submitted under Article 305^{ter} paragraph 2 SCC, compared with 163 SARs under Article 9 AMLA.

Within the banking sector, however, different banks follow different reporting practices. In



2016, for example, foreign-controlled banks submitted 68.7 percent of their SARs under Article 305^{ter} paragraph 2 SCC. In 2017, slightly more SARs were submitted under Art. 9 AMLA (52.9 percent). As in previous years, the major Swiss banks also submitted more voluntary SARs (78.8 percent) than mandatory SARs. The cantonal and Raiffeisen banks, on the other hand, submitted more mandatory SARs in 2017, as did the private banks. 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 that the funds involved in a business relationship might originate from illegal activity, or there is 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 anti-money laundering strategy, 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.

Type of bank	Art. 9 AMLA	in %	Art. 305 ^{ter} SCC	in %	Total
Other bank	281	68.4	130	31.6	411
Foreign-controlled bank	897	52.9	799	47.1	1696
Asset management bank	172	31.7	371	68.3	543
Branch of foreign bank	4	80.0	1	20.0	5
Major bank	237	21.2	882	78.8	1119
Institute with particular business activities	0	0.0	1	100.0	1
Cantonal bank	151	68.3	70	31.7	221
Private bank	42	57.5	31	42.5	73
Raiffeisen bank	109	65.7	57	34.3	166
Regional and savings bank	16	59.3	11	40.7	27
Total	1909	44.8	2353	55.2	4262

Financial intermediary	Type of SAR (Art.)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Banks	305 ^{ter} para. 2 SCC	181	202	396	544	440	520	782	1267	1583	2353	8268
	9 para. 1 let. a AMLA	386	386	417	523	596	598	711	888	898	1866	7269
	9 para. 1 let. b AMLA	6	15	9	13	14	5	2	5	21	37	127
	9 para. 1 let. c AMLA										6	6
Authority	16 AMLA	1						2			2	5
Casinos	305 ^{ter} para. 2 SCC			4	3	5	2	3	3	7	6	33
	9 para. 1 let. a AMLA	1	5	4	3	1	6	6		7	22	55
Foreign exchange trader	305 ^{ter} para. 2 SCC				2		1			1	1	5
	9 para. 1 let. a AMLA		5	6	3		4			2	1	21
	9 para. 1 let. b AMLA				2							2
Securities trader	305 ^{ter} para. 2 SCC			3				1	3	1	16	24
	9 para. 1 let. a AMLA	5	2	1		1	1	9		2		21
Currency exchange	305 ^{ter} para. 2 SCC				2							2
	9 para. 1 let. a AMLA	1	1		1				1			4
	9 para. 1 let. b AMLA										1	1
Dealer	9 para. 1 ^{bis} AMLA (Dealer)										1	1
Load, leasing, factoring + non-recourse financing	305 ^{ter} para. 2 SCC		1					1	3	4	4	13
	9 para. 1 let. a AMLA	1	10	1	5	1	4	2	4	6	10	44
Credit card company	305 ^{ter} para. 2 SCC		7	3	4	2	3		2	8	9	38
	9 para. 1 let. a AMLA	2	3	5	6	20	11	9	11	13	5	85
	9 para. 1 let. b AMLA			1								1
Attorneys and Notaries	305 ^{ter} para. 2 SCC			1	4	1	1	1	2	3	2	15
	9 para. 1 let. a AMLA	10	11	12	27	11	8	9	4	2	2	96
Commodity and precious metal trader	305 ^{ter} para. 2 SCC						2	1	5	2	2	12
	9 para. 1 let. a AMLA	1		1	1	3	8	2	1	1	9	27
SRO	27 AMLA		4		1			2				7
Fiduciary	305 ^{ter} para. 2 SCC	2	2		5	5	17	13	10	17	15	86
	9 para. 1 let. a AMLA	35	33	57	55	56	52	36	37	26	35	422
	9 para. 1 let. b AMLA		1	1	2	4			1	2		11
Other financial intermediary	305 ^{ter} para. 2 SCC							3	1	19	6	29
	9 para. 1 let. a AMLA		1	4	2	4	1		4	1	14	31
	9 para. 1 let. b AMLA									1	1	2
Asset manager / Investment advisor	305 ^{ter} para. 2 SCC	3	1	2	6	7	15	14	20	28	42	138
	9 para. 1 let. a AMLA	16	29	36	20	42	56	24	25	34	43	325
	9 para. 1 let. b AMLA			2	1		3	2		2	2	12
Insurance	305 ^{ter} para. 2 SCC	3			3	2		5	5	70	12	100
	9 para. 1 let. a AMLA	12	9	9	8	4	19	6	6	18	12	103
	9 para. 1 let. b AMLA					3			1	1		5
Distributor of investment funds	305 ^{ter} para. 2 SCC								1		3	4
Money transmitter	305 ^{ter} para. 2 SCC	35	21	62	52	81	31	41	24	84	91	522
	9 para. 1 let. a AMLA	149	147	122	324	280	43	66	33	45	46	1255
	9 para. 1 let. b AMLA	1			3	2					1	7
	9 para. 1 let. c AMLA										6	6
Total		851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.2.3 Reporting cases of attempted money laundering or suspected terrorist financing under Article 9 paragraph 1 letter b of the 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 discontinued due to a reasonable suspicion that the assets involved are connected to an offence defined under Article 9 paragraph 1(a) AMLA. The main objective of anti-money laundering legislation is to prevent the Swiss financial market from being misused for criminal purposes. Under Article 9 paragraph 1(b) AMLA, a financial intermediary is under obligation to report to MROS even if a business relationship has not been established.

Submitting a SAR under Article 9 paragraph 1(b) AMLA allows MROS to gather information on assets of doubtful origin and on suspect persons, and to pass this information on to prosecution authorities or to its counterparts abroad. In the year under review, 42 SARs were submitted to MROS under this provision, 15 more than in 2016. Five of these SARs were forwarded to the appropriate prosecution authorities.

In the battle against money laundering and terrorism financing, Article 9 paragraph 1 letter b AMLA serves as a crucial instrument.

Since the entry into force of Article 9 paragraph 1(b) AMLA in 2009, MROS has received a total of 161 SARs by virtue of this article, 37 of which have been forwarded to the appropriate prosecution authority, bringing the overall proportion of forwarded SARs submitted under Article 9 paragraph 1(b) AMLA since 2009 to 24.2 percent. Of the 37 SARs forwarded to prosecution authorities, eleven cases were dismissed, eight cases were suspended, three cases were temporarily suspended and one case resulted in a conviction¹. Fourteen of

¹ 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. This person subsequently 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 enquiries, MROS sent the case to the prosecution authorities. The foreign resident was found guilty of fraud for commercial gain, and of forgery and falsifying identity documents, but not guilty of money laundering (due to insufficient evidence).

the 37 cases are pending. The number of dismissals can be explained by the fact that these SARs were submitted when business relations were discontinued. 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 often not enough evidence to initiate criminal proceedings.

2.2.4 Rate of SARs forwarded to the prosecution authorities

Following last year's trend, the number of forwarded SARs has decreased significantly to 64.9 percent.

Due to the fact, that since 2016, not all SARs could be processed in the year they were submitted to MROS, the forwarding quota in the past two years has been based on a different calculation method. This method only includes the SARs which have actually been processed by MROS during the year rather than the total number of SARs received during the year. Therefore, the figures show 2,480 processed SARs in 2016 and 3,653 SARs in 2017. This includes 380 pending SARs from 2016. A further 19 SARs that were processed in 2017 relate to 2015, 2013 and 2011. These SARs were forwarded to prosecution authorities as the result of new information received. Hence, the number of SARs, which have to be processed by MROS affects the forwarding rate of the year the SAR has been processed and not the one of the year the SAR has been submitted.

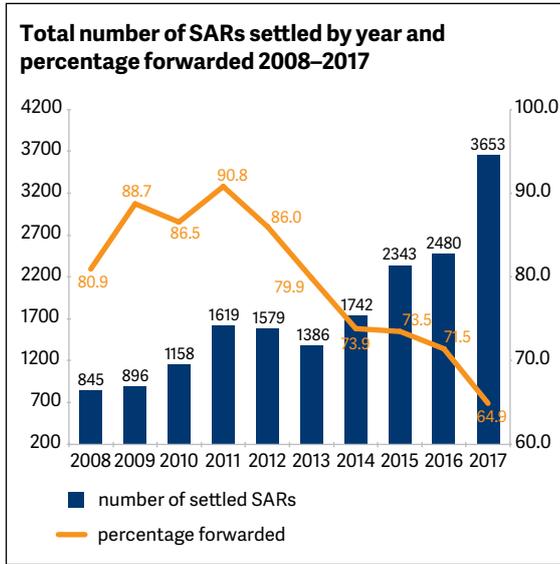
In the year under review, 64.9 percent of the 3,653 analysed SARs were forwarded to the prosecution authorities. The average rate of SARs forwarded in the last 10 years is 76.6%². However, it should be noted that 1,539 SARs had not yet been analysed at the end of 2017. 116 of these reports originated from 2016. These unprocessed SARs are not included in the forwarding rate. Furthermore, under the new SARs submission system, which came into force on 1 January 2016, the original submission deadline of 5 working days was extended to 20 working days.

² The following table has been calculated based on the new method and can therefore not be compared to the tables published in the precedent years.

Proportion of SARs forwarded / Financial intermediary category in %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Bank	87.7%	90.4%	90.6%	93.0%	89.1%	82.1%	75.7%	74.8%	73.2%	67.7%	78.1%
Authority	100.0%						100.0%			100.0%	100.0%
Casino	100.0%	80.0%	50.0%	50.0%	16.7%	12.5%	50.0%	100.0%	41.7%	17.2%	36.8%
Foreign exchange trader		100.0%	83.3%	57.1%		40.0%			50.0%	0.0%	60.7%
Securities trader	80.0%	50.0%	25.0%		100.0%	100.0%	40.0%	0.0%	100.0%	0.0%	33.3%
Currency exchange	100.0%	100.0%		33.3%				0.0%		0.0%	42.9%
Dealer										0.0%	0.0%
Loan, leasing, factoring and non-recourse financing	100.0%	90.9%	100.0%	100.0%	0.0%	50.0%	0.0%	28.6%	37.5%	15.4%	48.1%
Credit card company	100.0%	100.0%	66.7%	100.0%	95.5%	64.3%	100.0%	92.3%	94.4%	44.4%	86.2%
Attorneys and Notaries	80.0%	100.0%	69.2%	93.5%	75.0%	55.6%	60.0%	50.0%	80.0%	100.0%	79.3%
Commodity and precious metal trader	0.0%		0.0%	100.0%	33.3%	70.0%	100.0%	33.3%	0.0%	70.0%	55.3%
SRO		100.0%		100.0%			100.0%				100.0%
Fiduciary	91.9%	86.1%	79.3%	86.9%	70.8%	90.0%	77.6%	43.5%	52.4%	56.8%	74.7%
Other financial intermediary		0.0%	25.0%	100.0%	100.0%	100.0%	0.0%	60.0%	50.0%	35.0%	46.7%
Asset manager / Investment advisor	52.6%	83.3%	77.5%	92.6%	87.5%	84.9%	81.4%	88.9%	80.0%	87.0%	83.3%
Insurance	85.7%	70.0%	44.4%	60.0%	80.0%	78.9%	62.5%	46.7%	86.0%	15.8%	70.5%
Distributor of investment funds								100.0%		100.0%	100.0%
Money transmitter	60.5%	84.5%	81.4%	86.7%	81.2%	51.3%	51.9%	55.4%	31.5%	22.1%	69.1%
Total	80.9%	88.7%	86.5%	90.8%	86.0%	79.9%	73.9%	73.5%	71.5%	64.9%	76.6%

There are various reasons why the proportion of forwarded SARs is continuing to fall. Firstly, MROS has additional human resources and can therefore conduct more thorough analyses leading to a more efficient decision process. 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 by any deadlines for analysing SARs submitted under Article 305^{ter} paragraph 2 SCC 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 set aside cases that are insubstantial 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 should new factors arousing suspicion come to light. The same applies if MROS, due to pressure of legal deadlines, decides not to forward the case to prosecution authorities before its counterparts abroad 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 remains high.



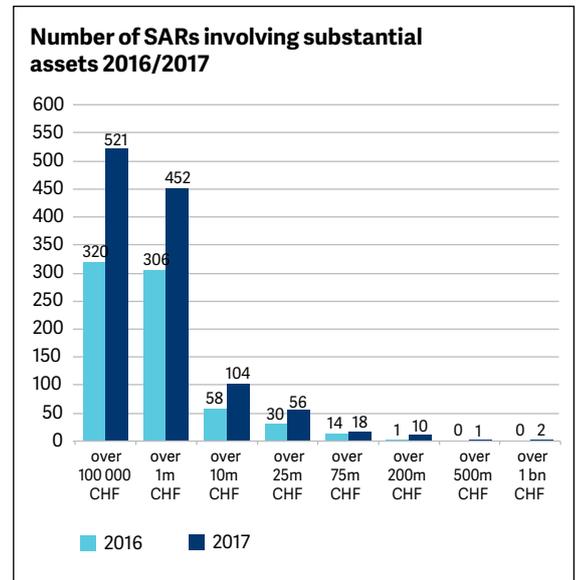
Twelve of the 31 SARs involving substantial assets were forwarded to the prosecution authorities in 2017.

The 31 SARs involving substantial levels of assets were triggered by various reasons. As in the previous year, bribery, embezzlement or money laundering was the suspected predicate offence named by financial intermediaries. Nineteen of the 31 SARs were submitted to MROS following media reports. Other SARs were triggered by third-party information or information from prosecution authorities, or from monitoring transactions. Of the 31 SARs, 19 were submitted under voluntary and 12 under mandatory reporting. All 31 SARs came from the banking sector. The SARs submitted in connection with the largest case cluster by value generated assets of more than CHF 7 billion.

2.2.5 SARs involving substantial levels of assets

The record number of SARs in 2017 impacted on the total asset value, which amounted to more than CHF 16.47 billion. This was over 300 per cent higher than in the record year of 2016 (CHF 5.32 billion). This increase can be explained by looking more closely at reporting volume and at SARs involving substantial levels of assets. In 2017, reporting volume increased by over 60 per cent. The rounded average of substantial assets involved in a SAR was almost double that of 2016 (CHF 3.5 million compared with CHF 1.8 million). In 2017, for the first time ever, two SARs involved assets of over CHF 1 billion each. One SAR accounted for assets of over CHF 500 million, and ten SARs related to amounts of over CHF 200 million. One SAR in 2016 generated assets worth more than CHF 200 million. In addition, there were 18 SARs in 2017 that involved sums greater than CHF 75 million (2016: 14 SARs).

The 31 SARs involving substantial assets amounted to more than CHF 10.6 billion, or almost two-thirds of the total asset value of the SARs received in 2017. At CHF 1.8 billion, the asset value of the 15 SARs from 2016 totalled more than a third of the total asset value of SARs in that year.



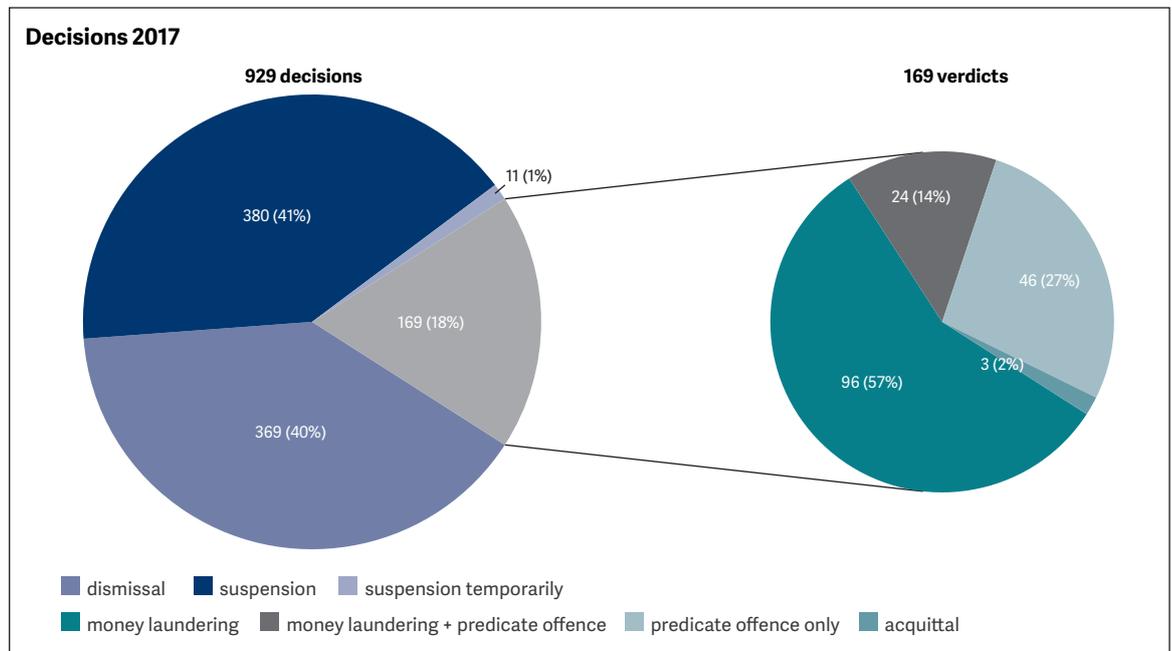
2.2.6 Decisions by the prosecution authorities and courts

The left-hand diagram below shows what decisions were taken by Swiss prosecution authorities on the SARs they received (e.g. suspension, dismissal, temporary suspension) and the number of verdicts in 2017. The right-hand diagram shows what the verdicts were.

In 2017, 929 decisions were taken on pending SARs. Eighteen percent were verdicts involving convictions and acquittals (which have become final). In 40 percent of the cases proceedings were dismissed.

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 involve an international element, which means that quite often criminal proceedings are conducted on the same matter in another country and lead to a conviction there. Where this happens, the foreign authorities dealing with the case are assisted by the Swiss authorities through mutual assistance,

and proceedings in Switzerland are suspended under the ne bis in idem principle (i.e. a man shall not be tried twice for the same crime). Similarly, Swiss prosecution authorities can request information on a case abroad by means of mutual assistance. Unfortunately, the chances of obtaining information from abroad are not the same for each country. Moreover, in the past, proceedings tended to be suspended more often because the network of global FIUs was limited and their powers regarding mutual assistance were more restricted than today, which made it more difficult to obtain hard evidence on predicate offences committed abroad. Furthermore, our statistics show that over 49 percent of SARs forwarded between 2008 and 2017 are still the subject to pending criminal proceedings. It should, however, be noted that prosecution authorities do not consistently report to MROS as is their duty under Article 29a para. 2 AMLA (see also chapter 2.5.12). It is of note that Switzerland is one of the leading countries with respect to convictions relating to money laundering and its predicate offences.



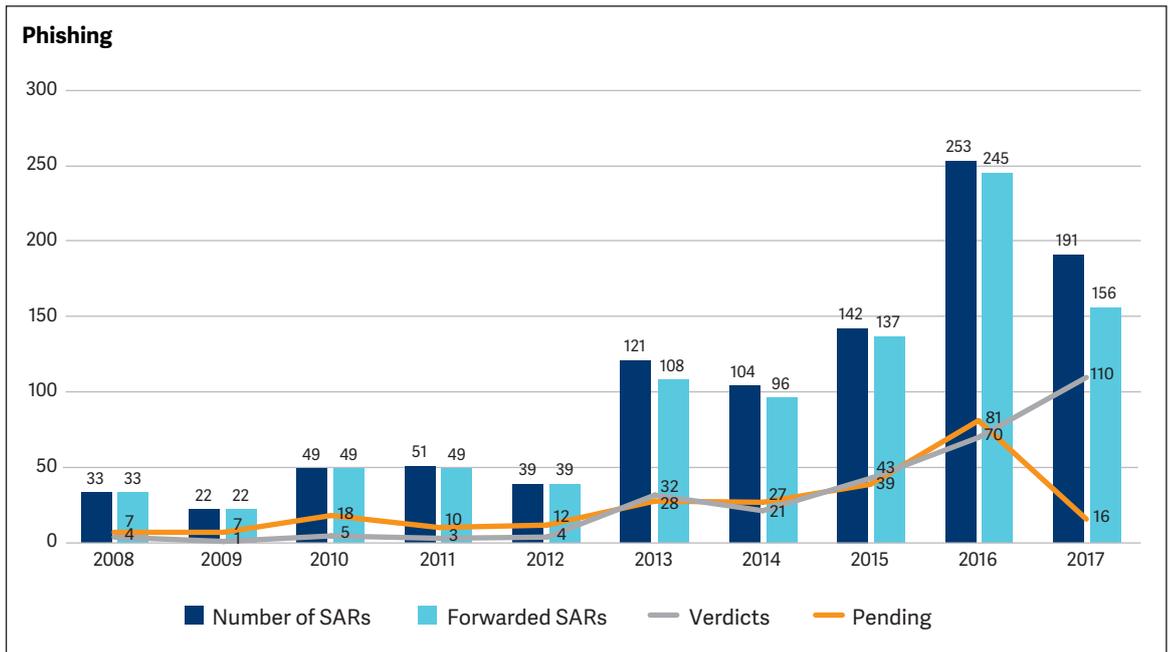
2.2.7 Phishing and money mules

In 2017, MROS received 191 SARs in connection with stolen computer data – i.e. involving the predicate offence of fraudulent misuse of a computer according to Article 147 SCC (2016: 253³ SARs). The 2017 figure represents a reduction compared with 2016. Most of the cases involving this type of fraud display a similar pattern (modus operandi):

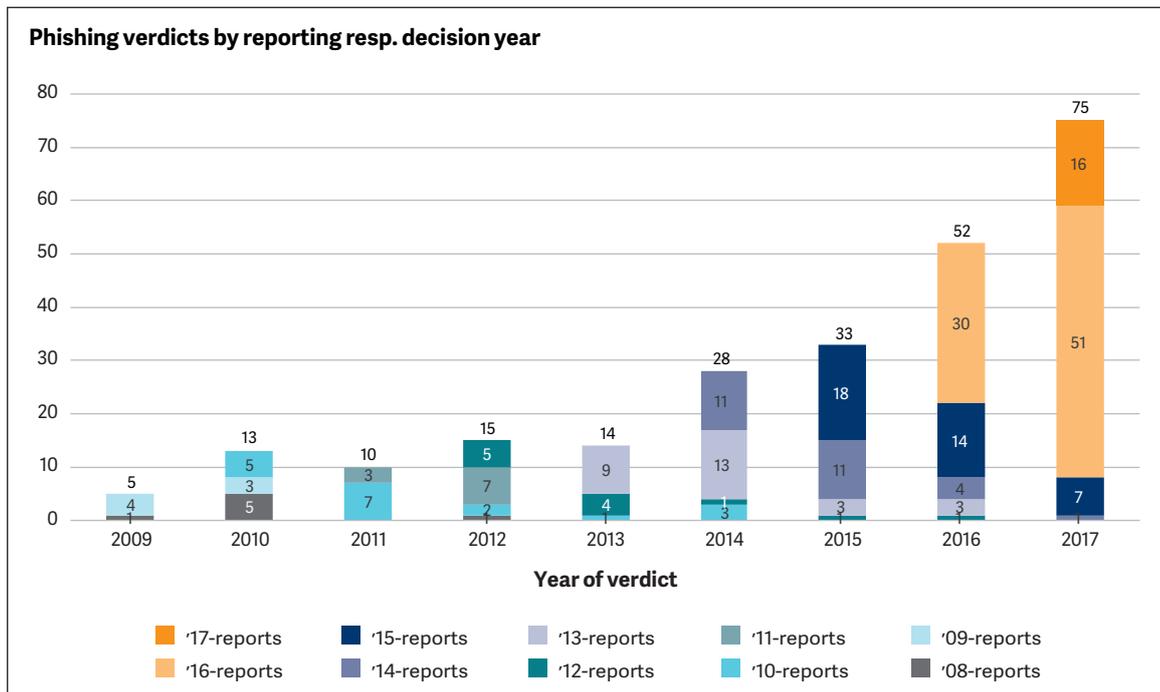
Typical Modus Operandi

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 is asked to make their bank account available for a 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 forwarded it either by post or through a money transmitter to a person whom he does not know personally. In return, the financial agent receives a commission. By 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).



³ The 2016 Annual Report shows a figure of 254 SARs. The reduction by one SAR can be explained by the fact that new information was obtained on this SAR in 2017, which had an impact on the 2016 statistics.



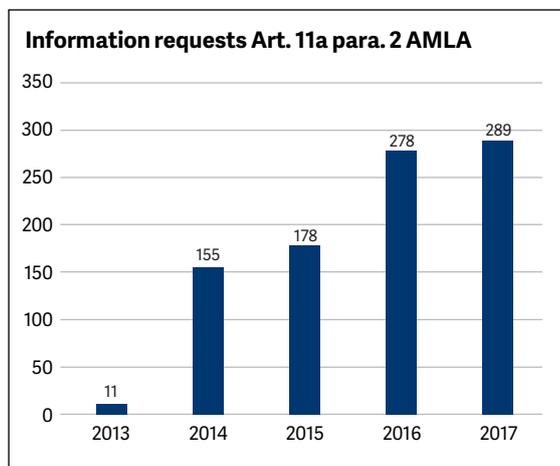
Of the 191 SARs submitted to MROS in 2017, 156 were forwarded to the prosecution authorities. During the period under review, a verdict was reached in 16 of the 156 cases. 110 cases are still pending. A further 30 cases were suspended, dismissed or temporarily suspended. The diagram (page 17) shows the total amount of processed SARs, the proportion of forwarded cases and the number of corresponding verdicts. Out of the 1,005 SARs received since 2008 in connection with this offence, 934 SARs (93 percent) were forwarded to the prosecution authorities. To date, 245 verdicts (just over 26 percent) have been reached in connection with the SARs forwarded. This figure may still rise, since 293 cases are still pending, 110 of which were forwarded to the prosecution authorities in 2017. The second diagram clearly shows that forwarded SARs do not always result in a verdict during the year under review. For example, of the 75 verdicts reached in 2017, only 16 related to SARs received in that year. 51 verdicts related to 2016, seven were from 2015, and one verdict related to a SAR received in 2014. This also explains the

changing nature of the curve depicting the number of verdicts per year.

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) and from financial intermediaries that have not submitted a SAR but are mentioned or involved 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 or business connections 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 the transaction. If there is evidence of wrongdoing obtained from a source other than a SAR

and its subsequent analysis, MROS is by law not permitted to request additional information from a third-party financial intermediary.⁴ In order to request such additional information, MROS uses specially compiled 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 its own specific reasons justifying this suspicion on the basis of elements at its disposal. Nevertheless, the financial intermediary cannot ignore the fact that its client is the subject of an information request from Switzerland's Financial Intelligence Unit, MROS, and that this information request arose in relation to a SAR submitted by

another financial intermediary. The third-party financial intermediary is therefore required to carry out additional investigations pursuant to 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 2017, MROS sent 289 requests for information by virtue of Article 11a paragraph 2 AMLA twelve more requests than in 2016. The third-party financial intermediary can comply with MROS's request by enclosing additional documents as part of a SAR if it has a well-founded suspicion. In 2017, MROS received 124 SARs from third-party financial intermediaries that were prompted to submit a report following a request from MROS for additional information under Article 11a paragraph 2 AMLA (2016: 42 SARs). Of these 124 SARs, 77 were forwarded to the prosecution authorities (2016: 34 of 42 SARs)⁵.



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 discontinue its analysis or forward the case to the prosecution authorities. The information MROS received in 2017 under Article 11a paragraph 2 AMLA often allowed it to shelve a case without taking any further action. Hence, the new provision is a further reason for the fall in the proportion of SARs forwarded to the prosecution authorities. Furthermore, the above-mentioned procedure promotes the contact between MROS and the financial intermediaries and the research triggered by the request for information can contribute to an ongoing intelligence gathering process.

⁴ See MROS Practice chapter 4.2 and MROS 2016 Annual Report (p.15) <https://www.fedpol.admin.ch/dam/data/fedpol/kriminaltaet/geldwaescherei/jabe/jb-mros-2016-e.pdf>

⁵ The 2016 Annual Report shows a figure of 34 SARs. The increase by one SAR can be explained by the fact that due to new information this SAR has been forwarded to the prosecution authorities in 2017, which had an impact on the 2016 statistics.

2.3 Information exchange with foreign Financial Intelligence Units (FIUs)

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

MROS and its international counterparts, i.e. foreign FIUs, may exchange information related to combating money laundering and its predicate offences, or to terrorist financing, by means of mutual administrative assistance. The 40 FATF Recommendations (see chapter 5.2) govern the exchange of information between agencies responsible for combating money laundering, its associated predicate offences, and the financing of terrorism. The basic idea behind the 40 Recommendations is to facilitate international cooperation, 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 Interpretative Note to the 40 Recommendations.

2.3.1 Inquiries from foreign FIUs

What the chart represents

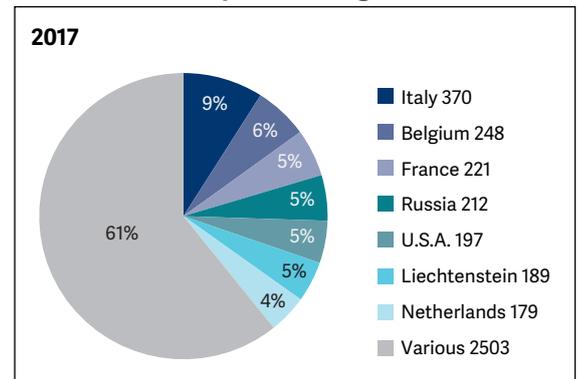
This chart shows which FIUs submitted inquiries to MROS. It also indicates how many natural persons and legal entities were mentioned in these inquiries.

Chart analysis

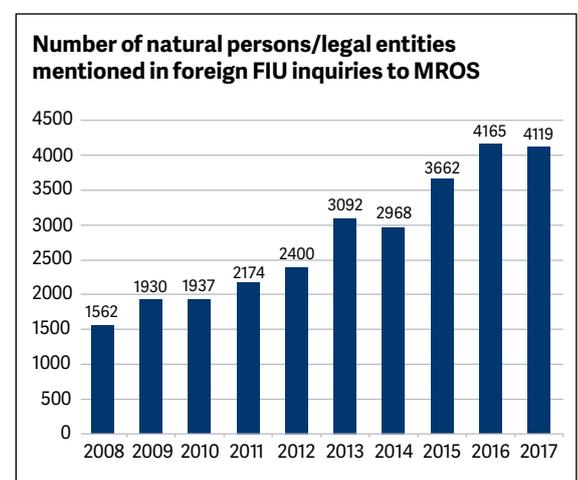
The number of natural persons and legal entities who were the subject of inquiries from foreign FIUs decreased slightly but continues to stay on a high level.

The number of natural persons and legal entities which were the subject of inquiries from foreign FIUs fell slightly by 46, to a total of 4,119. The continuing upward trend since 2008 in the number of inquiries from foreign FIUs has levelled off slightly, but still remains at a very high level. MROS replied to 711 inquiries from 94 countries in 2017. This was slightly fewer than in the previous year (2016: 722 inquiries from 94 countries).

2017: 4119 natural persons / legal entities



For comparison: 2008 to 2017



Since 2015, instances of ‘impromptu’ information have been shown separately. In 2017, MROS received 302 instances of impromptu information from 41 countries (2016: 230 instances from 40 countries) – an increase of 31 percent. Impromptu or spontaneous information is when a foreign FIU sends MROS information that requires no reply. If added to the aforementioned 711 inquiries, MROS was therefore approached 1,013 times by foreign FIUs (2016: 952 times). The growing number of requests can be ascribed to the international interlacing of financial flows as well as the continuously increasing list of members of the Egmont-Group.

MROS was not able to reply to nine inquiries from foreign FIUs for formal reasons, usually because no direct link to Switzerland could be established, even after MROS requested additional information. In 2016, this figure was ten inquiries. MROS responded to FIU inquiries within an average of 20 working days of receipt, as opposed to eleven days in 2016.

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

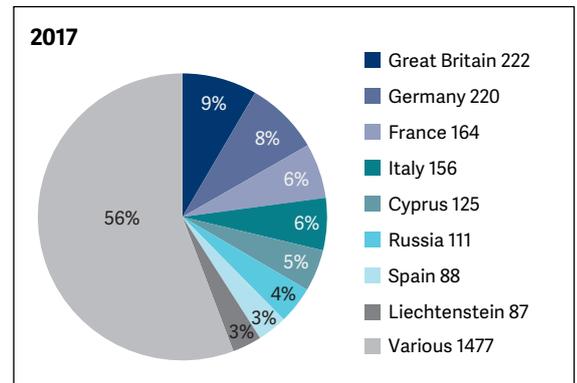
This chart shows the foreign FIUs to which MROS sent inquiries to obtain information about natural persons and legal entities. It also indicates the number of natural persons and legal entities mentioned in these inquiries.

Chart analysis

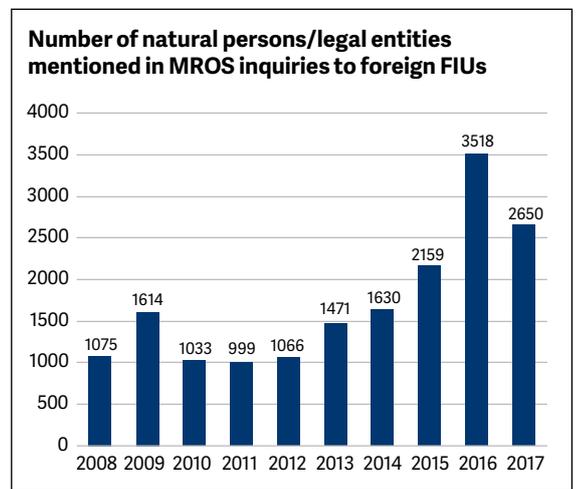
The number of natural persons and legal entities who were the subject of MROS inquiries to foreign FIUs fell in 2017.

In the 2017 reporting year, MROS sent 539 inquiries regarding 1,432 natural persons and 1,218 legal entities (2,650 subjects in total) to 92 foreign FIUs. In 2016, this figure was 758 inquiries regarding 1,806 natural persons and 1,712 legal entities (3,518 subjects in total) to 102 foreign FIUs. In addition to the aforementioned 539 inquiries, MROS also sent 151 instances of impromptu information to 49 countries (2016: 146 instances of impromptu information to 46 countries).

2017: 2650 natural persons / legal entities



For comparison: 2008 to 2017



The foreign FIUs took an average of approximately 27 working days to reply to each request (2016: 27 working days).

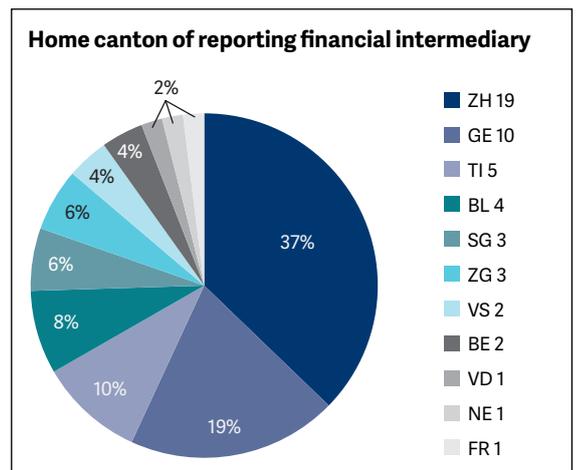
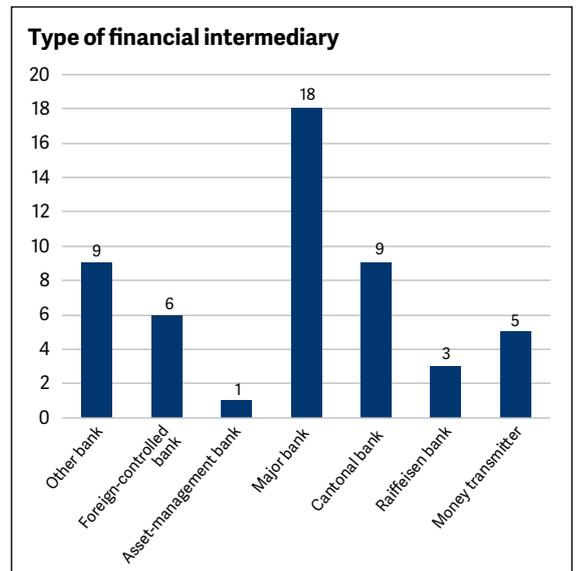
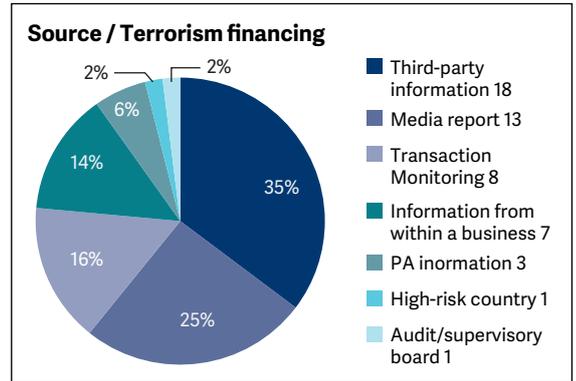
MROS's key partners in this respect were the FIUs in Germany, Britain, Italy and France. An average of 221 natural persons or legal entities each month were the subject of its inquiries to foreign FIUs (2016: 293).

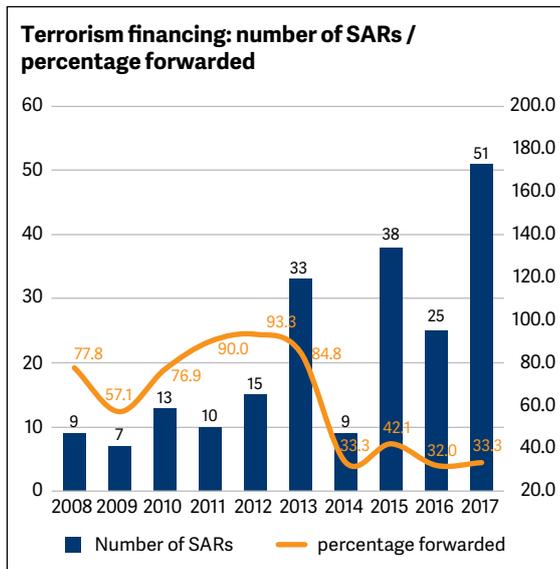
2.4 The search for terrorist funds

In 2017, MROS received 51 SARs involving the suspected financing of terrorism. This is an increase of 26 SARs over the previous year. In 2016, which was a fairly average year, the 25 SARs received related to 23 individual cases. In 2017, 37 of the 51 SARs received related to individual cases. In terms of asset value, 2017 was a relatively modest year at CHF 10.4 million (2016: over CHF 180 million, mainly as a result of one large case involving assets of over CHF 160 million). This sum is low, however, when compared to the asset value of SARs involving money laundering. It represents an average of CHF 0.2 million for each SAR relating to the suspected financing of terrorism in 2017.

Seven of the SARs submitted to MROS in 2017 revealed a connection to the OFAC (Office of Foreign Assets Control) List, issued by the export control authority of the U.S. 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.

One SAR concerned a person on the Taliban list. This list is based on U.N. Security Council Resolution 1267, which was passed in 1999 and has since been modified on several occasions. The sanctions it contains now are no longer directed against the Taliban as a group, but against specific natural persons and legal entities that have connections with Osama bin Laden, Al-Qaeda or the Taliban. As a U.N. member state, Switzerland is under an obligation to apply these sanctions. Seventeen SARs concerned the suspected financing of jihadist-motivated terrorism. This is ten SARs more than in 2016.





The SARs were submitted mainly based on information the financial intermediary had obtained from third parties (18 SARs). This includes the compliance databases of private providers, which are used by financial intermediaries to match clients. Newspaper reports (13 SARs) and transaction monitoring (8 SARs) were also frequent triggers.

Of the 51 SARs involving terrorist financing, 46 were submitted by banks. The remaining five SARs originated from money transmitters. To date, 17 of the 51 SARs have been forwarded to the prosecution authorities. Of these, five cases resulted in a decision to dismiss proceedings. The other twelve SARs are currently being processed by the prosecution authorities.

SARs involving the financing of terrorism are important not only because they may be forwarded and result in criminal proceedings. The information they contain also has other important repercussions, not least of a preventative nature. It is often made available to the appropriate agencies in Switzerland and abroad within a useful timeframe, even though this appears nowhere in the statistics.

Status of forwarded SARs in connection with the financing of terrorism (2008–2017)

Status	Total
Dismissal	34
Pending	61
Suspension	15
Temporary suspension	5
Conviction	1
Total	116

Year	Total	Number of SARs			Factors arousing suspicion				Asset value	
		Terrorist funding SARs	For-warded SARs	TF in % of total number of SARs	Bush list*	OFAC list**	Taliban list***	Other	TF in CHF	TF in % of total asset value
2008	851	9	7	1.1 %	0	1	0	8	1 058 008.40	0.06 %
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 %
2016	2 909	25	8	0.9 %	0	5	1	19	180 754 864.34	3.40 %
2017	4 684	51	17	1.1 %	0	6	1	44	10 484 989.81	0.06 %
Total	19 240	210	116	1.1 %	1	27	4	178	256 723 399.98	0.58 %

* 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>

*** https://www.seco.admin.ch/seco/de/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen/massnahmen-gegenueber-personen-und-organisationen-mit-verbinding.html

2.5 Detailed statistics

2.5.1 Home canton of reporting financial intermediary and dealer

What the chart represents

This chart shows the cantons in which the reporting financial intermediaries who filed SARs are based. This is in contrast to the Prosecution authorities chart (chapter 2.5.11), which indicates the cantons where the prosecution authorities receiving SARs are based.

Chart analysis

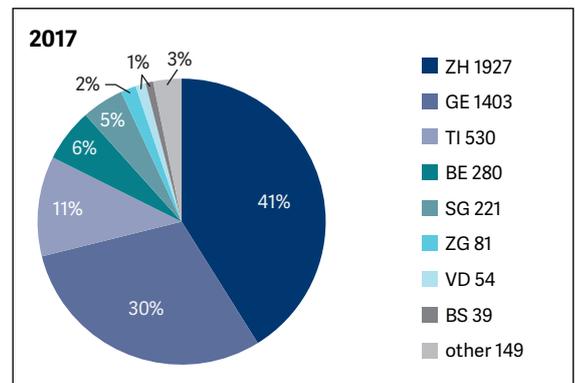
More than 90 percent of all SARs came from five cantons with a highly-developed financial services sector.

The majority of SARs in 2016 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 93 percent of overall reporting volume (i.e. 4,684 SARs) came from financial intermediaries from these five cantons, whereby most of them came from Zurich, where the number of SARs rose from 1,185 in 2016 to 1,927 in 2017. The number of SARs from financial intermediaries in Geneva also rose, from 713 in 2016 to 1,403 in 2017. Reporting volume from the canton of Ticino increased considerably, too, from 261 SARs in 2016 to 530 in 2017. There was also an increase in SARs from the cantons of Bern and St. Gallen. Reporting volume from the canton of Zug rose nearly fourfold, from 21 SARs in 2016 to 81 SARs in 2017.

MROS did not receive a single SAR from financial intermediaries in the cantons of Appenzel Outer-Rhodes, Obwalden or Nidwalden. This may be due, in part, to the centralisation of compliance centres (see chapter 2.5.2).

Legend

AG	Aargau	NW	Nidwalden
AI	Appenzel Inner Rhodes	OW	Obwalden
AR	Appenzel Outer Rhodes	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	Graubunden	VD	Vaud
JU	Jura	VS	Valais
LU	Lucerne	ZG	Zug
NE	Neuchatel	ZH	Zurich



For comparison: 2008–2017

Canton	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
ZH	295	310	426	793	720	530	703	1120	1185	1927	8009
GE	168	181	182	350	239	274	345	562	714	1403	4418
TI	96	97	237	146	200	177	182	187	261	530	2113
BE	96	123	158	156	203	199	201	175	235	280	1826
SG	110	99	61	78	87	104	189	171	217	221	1337
BS	49	36	28	29	49	48	77	49	61	39	465
ZG	7	8	6	20	28	15	13	14	21	81	213
VD	11	9	14	13	14	12	12	18	53	54	210
BL		1	2	3	1	2	1	21	49	31	111
GR	3		7	5	11	10	5	11	12	22	86
NE	6	7	12	4	4	6	5	9	7	14	74
FR			2	8	9	12	4	17	4	14	70
LU	1	5	7	5	7	6	2	2	8	22	65
AG	3	6	3	7	1	6	5	5	18	6	60
TG	1	2					3	2	32	6	46
SZ	1	3	7		5	2		1	5	5	29
VS					1	4	1	1	9	11	27
SO	1	1		1	1	2	3	1	4	4	18
SH		2	1	1	1	1	1		5	5	17
AI		1	3		2				3	3	12
JU	1	1	1	2	1				2	3	11
NW	1	2		3			1	1	3		11
GL	1	1							1	2	5
OW		1	2		1						4
AR				1		1					2
UR										1	1
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

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.

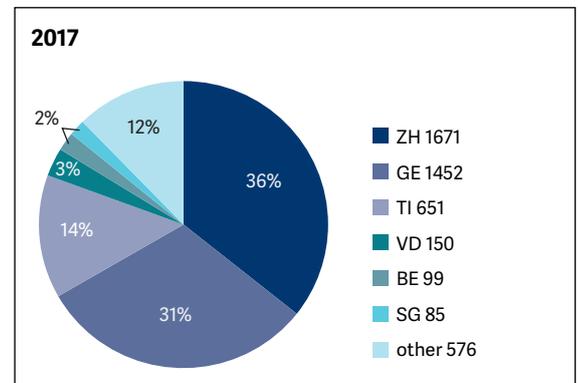
Chart analysis

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 centers that draft SARs to MROS. However, these SARs do not always only 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 Code⁶ jurisdiction for criminal justice is no longer connected to the location of the account or business relationship alone. This illustrated in the previous statistics on the home canton of reporting financial intermediary (chapter 2.5.1). Whereas in 2017 approximately 88 percent of SARs came from financial intermediaries with headquarters in the cantons of Bern, Geneva, Ticino and Zurich, only 83 percent of the reported business relationships were carried out in these cantons (as in the previous reporting year).

Legend

AG	Aargau	NW	Nidwalden
AI	Appenzel Inner Rhodes	OW	Obwalden
AR	Appenzel Outer Rhodes	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	Graubunden	VD	Vaud
JU	Jura	VS	Valais
LU	Lucerne	ZG	Zug
NE	Neuchatel	ZH	Zurich



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

For comparison: 2008–2017

Canton	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
ZH	215	243	318	483	559	430	520	899	953	1671	6291
GE	197	182	200	411	349	361	452	637	754	1452	4995
TI	128	167	295	231	294	256	312	305	356	651	2995
VD	32	17	27	78	36	61	57	99	105	150	662
BE	30	59	52	64	58	27	101	55	96	99	641
BS	27	26	54	61	64	51	38	48	119	77	565
SG	23	27	23	85	50	32	62	53	91	85	531
ZG	19	10	22	28	22	27	30	50	43	66	317
LU	47	18	39	22	26	24	30	24	37	48	315
AG	16	19	13	47	15	25	29	30	62	51	307
BL	23	21	24	14	8	13	8	34	50	49	244
FR	19	41	24	24	22	12	9	23	18	50	242
TG	7	18	3	5	10	9	23	17	60	35	187
VS	6	3	10	11	11	16	19	14	41	55	186
GR	5	5	9	16	19	15	19	32	22	32	174
NE	10	8	13	6	10	13	16	18	21	42	157
SO	20	12	9	13	7	20	15	10	22	17	145
SZ	4	4	9	3	10	5	2	6	20	15	78
SH	1	2	1	6	6	4	4	4	14	14	56
JU	5	2	3	2	3	3	1	2	8	8	37
GL	6	6	6	6		1	1	1	3	3	33
NW	3	2		6		4	3	2	3	1	24
OW	6	2	2	1	1	1		2	1	1	17
AR				1	3	1	1	1	4	6	17
AI		1	3	1	2				3	3	13
UR	2	1					1	1	3	3	11
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

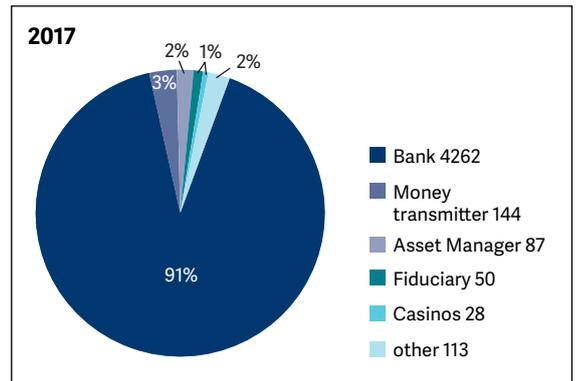
2.5.3 Professional category of reporting financial intermediaries and dealers

What the chart represents

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

Chart analysis

- 91 percent or 4,262 SARs were submitted by the banking sector.
- The number of SARs from the other sectors rose by nearly 4 percent (from 407 to 422 SARs).
- Reporting volume from insurance companies, credit card companies and attorneys fell, while the number of SARs from payment services providers, asset managers, fiduciaries, commodity and precious metal traders, securities traders, and casinos rose.
- For the first time MROS received a SAR from the category dealer.



For comparison: 2008–2017

Financial intermediary	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Bank	573	603	822	1080	1050	1123	1495	2160	2502	4262	15670
Money transmitter	185	168	184	379	363	74	107	57	129	144	1790
Fiduciary	37	36	58	62	65	69	49	48	45	50	519
Asset manager	19	30	40	27	49	74	40	45	64	87	475
Insurance	15	9	9	11	9	19	11	12	89	24	208
Credit card	2	10	9	10	22	14	9	13	21	14	124
Attorney	10	11	13	31	12	9	10	6	5	4	111
Casino	1	5	8	6	6	8	9	3	14	28	88
Other FI		1	4	2	4	1	3	5	21	21	62
Loan, leasing and factoring business	1	11	1	5	1	4	3	7	10	14	57
Securities trader	5	2	4		1	1	10	3	3	16	45
Commodity and precious metal trader	1		1	1	3	10	3	6	3	11	39
Foreign exchange trader		5	6	7		5			3	2	28
SRO		4		1			2				7
Currency exchange	1	1		3				1		1	7
Supervisory authority	1						2			2	5
Distributor of investment funds								1		3	4
Dealer										1	1
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.4 SARs from the banking sector

What the chart represents

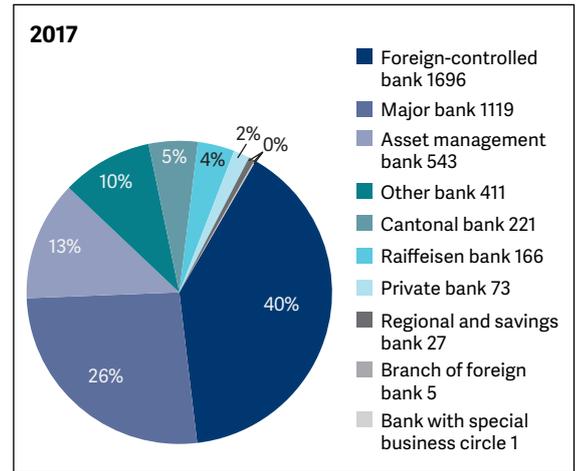
This chart shows the types of banks that submitted SARs to MROS.

Chart analysis

- The number of SARs from the banking sector remains very high and rose, once again, by 1,760 SARs over the previous reporting period.
- SARs from the banking sector made up 91 percent of total reporting volume, compared to 86 percent in 2016.
- SARs from major banks and foreign-controlled banks continue to dominate the statistics, together making up over 50 percent of total reporting volume from the banking sector.

MROS received 4,262 SARs from the banking sector in 2017. This is another new record level in the last ten years. In relative terms, SARs from this sector rose again to 91 percent, after having temporarily fallen to 86 percent in 2016.

There was an increase in SARs from all banking categories, except from regional and savings banks, which submitted fewer SARs in 2017 than in the previous reporting period. There was a ten-year record high in reporting volume from all categories, apart from the branches of foreign banks, and regional and savings banks.



Year	Total number of SARs	SARs from the banking sector	Proportion of SARs from the banking sector
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	2160	91 %
2016	2909	2502	86 %
2017	4684	4262	91 %

For comparison: 2008–2017

Type of bank	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Foreign-controlled bank	134	188	290	389	348	240	383	575	659	1696	4902
Major bank	196	167	214	310	308	324	474	763	779	1119	4654
Asset-management bank	55	72	55	156	127	114	159	303	309	543	1893
Other bank	16	14	99	27	42	230	214	213	323	411	1589
Raiffeisen bank	107	93	49	60	64	79	134	125	154	166	1031
Cantonal bank	47	46	79	75	80	72	75	125	190	221	1010
Private bank	5	8	7	26	60	52	39	38	57	73	365
Regional and savings bank	5	10	25	15	19	6	14	11	29	27	161
Branch of foreign bank	8	5	4	21	2	5	3	7	2	5	62
Bank with special business circle				1		1				1	3
Total	573	603	822	1080	1050	1123	1495	2160	2502	4262	15670

2.5.5 Factors arousing suspicion

What the chart represents

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

Chart analysis

- 66 percent of SARs were triggered by external indications and information (2016: 74 percent).
- Transaction monitoring was the factor arousing suspicion in 19 percent of SARs.
- MROS information triggered a total of 124 SARs, or 2.6 percent of all cases.

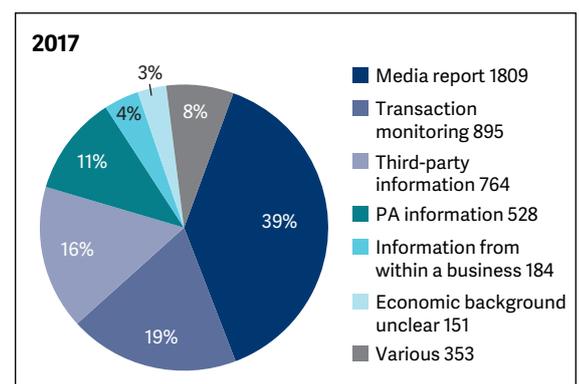
As in the previous year, the category media reports headed the statistics in 2017. With nearly 39 percent, this category once again triggered the most SARs (2016: 34 percent). Unlike in previous years, the category transaction monitoring was, for the first time, the second most frequent source triggering a SAR, with 19 percent of SARs in 2017 coming from this category (2016: 9 percent).

The category information from third parties triggered 16 percent of SARs. The proportion of SARs triggered by information from prosecution authorities, which is based either on disclosure orders, confiscation orders or other types of information from the authorities, fell again, from 14 percent in 2016 to 11 percent in 2017. Thus, these categories, which are considered external indications and information, continue to play a significant part in the reporting practices of financial intermediaries: together, they triggered 66 percent of total reporting volume in 2017 (2016: 74 percent).

The impact of the category MROS information (Art. 11a para. 2 AMLA), in effect for the fourth time in 2017 for the whole twelve months, is evident, culminating in 124 SARs in 2017 (2016: 42 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 or more of the people involved in a 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 its client's account.
Cash transactions	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: 2008–2017

Source	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Media report	192	219	378	483	455	457	497	815	988	1809	6293
Third-party information	218	267	257	391	414	368	515	578	763	764	4535
PA information	128	94	186	218	203	196	213	420	408	528	2594
Transaction monitoring						5	101	168	267	895	1436
Economic background unclear	108	80	147	145	152	124	125	73	92	151	1197
Cash transaction	103	70	67	172	178	106	84	82	134	50	1046
Information from within a business	23	36	24	26	25	50	34	34	88	184	524
Transitory account	13	29	16	16	33	23	22	23	25	24	224
MROS information (Art. 11a para. 2 AMLA)						2	24	28	42	124	220
Forgery (documents/money)	18	44	22	34	29	18	29	5	10	10	219
Various	8	3	9	14	31	10	28	27	9	44	183
Audit / Supervisory board		10	2			2	19	48	20	62	163
Opening of account	13	9	13	5	13	5	5	16	26	9	114
High-risk country	2	2	3	81	1	3	10	2	5	4	113
Currency exchange	9	9	23	14	16	10	13	6	3	3	106
Cheque transaction	1	7	4	20	18	11	9	9	11	7	97
Securities	13	12	4	2	4	11	14	19	9	2	90
Loan transaction	1	4	1	1	6	5	4	2	8	1	33
Smurfing			1	1	7		3	3			15
Precious metals		1	1	1		3	2	3		3	14
Life insurance			1				1	4	1	6	13
Non-cash cashier transaction				1		1	1	2		3	8
Trust activity	1					1				1	3
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

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 category money laundering includes cases where a variety of possible predicate offences are suspected, or where the reporting financial intermediary does not mention a specific predicate offence in the SAR.

Chart analysis

- *Proportion of SARs with bribery as the suspected predicate offence overtook the category fraud and heads the statistics once again, with the number of SARs in absolute terms rising from 640 in 2016 to 1,076 in 2017.*
- *Fraud as suspected predicate offence came in second place, with 984 SARs, or 21 percent of reporting volume.*
- *Money laundering was in third place, with 652 SARs.*
- *MROS received 427 SARs involving links to a criminal organisation.*
- *The volume of SARs involving the predicate offence embezzlement reached another record high, with 342 SARs.*
- *The number of SARs with criminal mismanagement as suspected predicate offence rose, again, by 157 SARs and made up 6 percent of total reporting volume.*
- *Aggravated tax offence, the new predicate offence to money laundering since January 2016, resulted in 201 SARs in 2017, an increase of 168 SARs over the previous reporting year.*

From 2008 to 2014, fraud was the most frequently suspected predicate offence. Since 2015, however, the categories fraud and bribery have alter-

nated in first place. In 2017, bribery once again overtook fraud as the most frequently suspected predicate offence, with 1,076 SARs or nearly 23 percent of total reporting volume. In fact, this category registered 436 SARs more than in the previous year, an increase of 68 percent. Of the 1,079 SARs from this category, 989 SARs came from the banking sector, 79 percent of which were submitted by major banks and foreign-controlled banks.

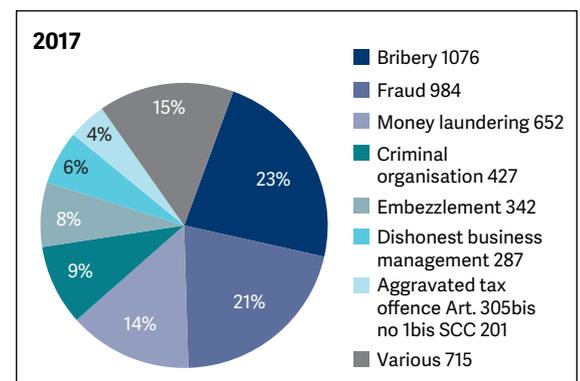
The largest case cluster of 2017 in terms of asset volume involved 116 SARs which generated a total of CHF 7 billion and cited bribery as the suspected predicate offence.

Fraud, in second place in 2017, was mentioned in 984 SARs (2016: 748 SARs), representing an increase of 236 SARs or 31.5 percent over 2016.

The category money laundering involves occurrences that neither MROS nor the financial intermediary concerned can directly associate with a particular predicate offence. In 2017, MROS received 652 SARs (2016: 442 SARs) relating to this category.

The number of SARs from the category criminal organisation rose from 99 SARs in 2016 to 427 SARs in 2017, making up nine percent of total reporting volume. The largest case cluster in this category involved 260 SARs.

There was a very noticeable increase in the number of SARs involving embezzlement as suspected predicate offence. Reporting volume in this category increased by 150 SARs to 342 SARs, an increase of 78 percent, making embezzlement the fifth most suspected predicate offence to money laundering in 2017.



The category criminal mismanagement also showed a significant increase in SARs. With 287 SARs in 2017, an increase of 157 over 2016, reporting volume from this category was even higher than in 2015 (221 SARs).

The predicate offence of aggravated tax offence, in force since 1 January 2016, registered 201 SARs (2016: 33 SARs).

For the eighth 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. Prior to this, SARs involving this category were registered under the category '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 2017, MROS received 191 SARs (2016: 253 SARs) concerning this category. This represents a decrease of nearly 25 percent.

For comparison: 2008–2017

Predicate offence	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Fraud	295	307	450	497	479	374	448	445	748	984	5027
Bribery	81	65	60	158	167	172	357	594	640	1076	3370
Money laundering	195	171	244	383	369	249	282	269	442	652	3256
Embezzlement	67	88	51	124	156	160	157	195	192	342	1532
Criminal organization	48	83	42	101	98	104	94	127	99	427	1223
Fraudulent misuse of a computer	33	22	49	51	39	121	104	142	253	191	1005
Dishonest business management	12	20	44	25	34	27	49	221	130	287	849
Drugs	35	32	114	161	97	52	39	54	65	77	726
Document forgery	22	37	28	56	38	15	45	42	36	69	388
Other property offences	22	36	10	7	34	41	20	76	44	21	311
Aggravated tax offence Art. 305^{bis} para. 1^{bis} SCC									33	201	234
Theft	3	4	12	19	7	7	53	36	60	28	229
Terrorism	9	7	13	10	15	33	9	38	25	51	210
Bankruptcy crime							5		28	73	106
Fraud in respect of payments and services Art. 14 para. 4 ACLA		5	7	3	5	4	12	7	26	36	105
Price manipulation						1	29	45	14	12	101
Insider trading						6	12	26	13	35	92
Other offences	3	5	5	3	7	7	11	6	22	22	91
Abuse of authority				4	2	19	2	24	13	27	91
Human trafficking / sexual offences	4	3	3	1	19	4	9	7	13	12	75
Blackmail	4	2	20	6	1	8	3	2	4	2	52
Arms dealing	8	3	4	9	12		2	1	1	6	46
Misconduct in public office (Art. 314 SCC)										28	28
Counterfeit consumer goods				4	2	1	4		2	12	25
Acts against life and limb	9		1	1		1	1	2		1	16
Robbery	1		2	1		1	1	1	3	2	12
Human trafficking				1	1	1	1	5	1	2	12
Product piracy		2			2	3	2				9
Counterfeit currency		4			1		2		1		8
Lack of due diligence in handling assets								2	1	2	5
Violation of copyright (Art 67 para. 2 CopA)										3	3
Unauthorised obtaining of data (Art. 143 SCC)										2	2
Profiteering (Art. 157 SCC)										1	1
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.7 Domicile of clients

What the chart represents

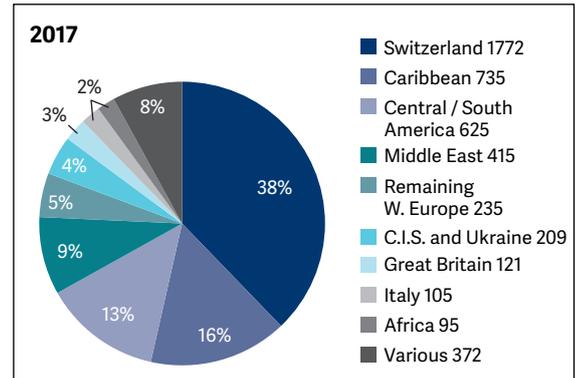
This chart shows the physical or corporate domicile of the financial intermediary's client at the time the SAR was submitted.

Chart analysis

Proportion of clients domiciled abroad rose once again, in contrast to those domiciled in Switzerland. In 2017, 1,772 SARs, or 38 percent, concerned clients domiciled in Switzerland (2016: 1,401 or 48 percent).

Legend

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



For comparison: 2008–2017

Domicile of clients	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Switzerland	385	320	517	660	661	646	872	923	1401	1772	8157
Central/South America	71	68	87	175	161	149	204	437	428	625	2405
Caribbean	79	97	80	184	150	109	149	378	313	735	2274
Remaining W. Europe	62	46	88	107	119	106	112	124	124	235	1123
Middle East	19	22	27	84	50	51	66	76	130	415	940
Italy	46	103	85	95	113	106	78	79	54	105	864
Great Britain	16	31	72	59	49	27	43	70	103	121	591
C.I.S. and Ukraine	13	15	9	21	27	35	42	49	86	209	506
Africa	11	16	22	66	47	45	31	55	59	95	447
Germany	51	34	54	40	37	37	35	26	33	45	392
North America	23	23	48	38	36	32	27	24	45	75	371
France	22	58	26	32	34	18	29	21	31	49	320
Asia	22	29	16	17	19	18	27	41	43	69	301
Australia/Oceania	13	17	5	17	21	14	15	32	26	67	227
Eastern Europe	10	10	11	17	39	11	18	24	27	42	209
Scandinavia	5	6	10	7	10	6	5	3	3	21	76
Unknown	3	1	2	6	12	1		5	3	4	37
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.8 Nationality of clients

What the chart represents

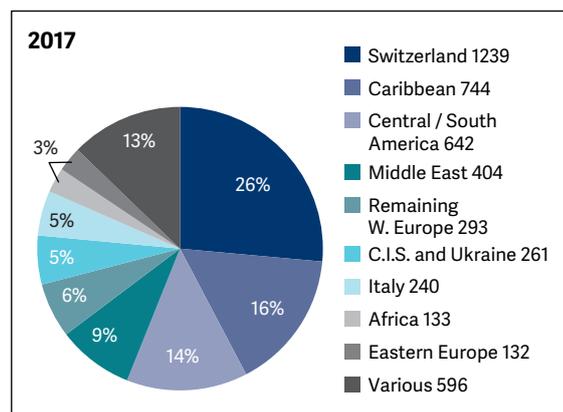
This chart shows the nationality of financial intermediaries' clients. While it is possible for a natural person's nationality to differ from their domicile, no such distinction exists between the nationality and domicile of a legal entity.

Chart analysis

- There was an absolute and relative increase in the number of SARs involving clients of foreign nationality (2017: 3,445 SARs or 74 percent, 2016: 1,984 SARs or 68 percent).
- SARs involving clients from the Caribbean were in second place, with 16 percent of total reporting volume.
- In third place were SARs involving clients from Central and South America with 14 percent, followed by clients from the Middle East with 9 percent.

Legend

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



For comparison: 2008–2017

Nationality of client	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Switzerland	271	196	257	320	405	403	575	686	925	1239	5277
Central/South America	68	71	92	172	156	145	207	453	436	642	2442
Caribbean	77	93	83	177	150	112	144	378	325	744	2283
Italy	72	147	122	123	176	168	152	148	204	240	1552
Remaining W. Europe	67	63	97	103	128	127	149	139	151	293	1317
Middle East	21	31	38	102	64	47	62	93	162	404	1024
Africa	37	35	63	212	115	88	84	72	90	133	929
C.I.S. and Ukraine	24	18	15	49	41	43	61	67	128	261	707
Germany	78	58	67	59	69	62	75	46	87	92	693
Eastern Europe	25	27	36	62	70	34	47	56	118	132	607
Great Britain	11	33	73	82	52	31	46	69	77	131	605
Asia	23	23	103	45	30	51	41	44	70	100	530
France	28	42	45	55	45	28	47	47	45	86	468
North America	24	29	48	37	39	46	37	25	53	82	420
Australia/Oceania	12	17	6	16	21	12	17	33	24	68	226
Scandinavia	10	11	12	10	13	13	8	8	11	33	129
Unknown	3	2	2	1	11	1	1	3	3	4	31
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.9 Domicile of beneficial owner

What the chart represents

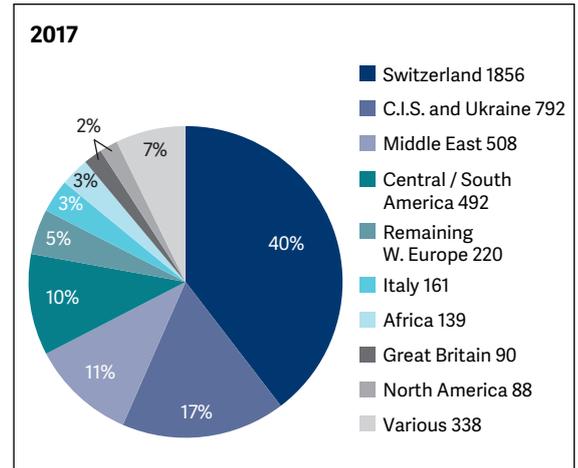
This chart shows the domicile of the natural persons or legal entities that were identified as the beneficial owner of assets at the time the SAR was submitted to MROS.

Chart analysis

- Proportion of Swiss-based beneficial owners fell again in 2017, to 40 percent (2016: 48 percent).
- Proportion of beneficial owners domiciled in the CIS countries/Ukraine was in second place, with 17 percent (2016: 8 percent).
- Proportion of beneficial owners from the Middle East was 11 percent (2016: 5 percent).
- Beneficial owners domiciled in Central and South America made up 10 percent (2016: 16 percent).

Legend

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



For comparison: 2008–2017

Domicile of beneficial owner	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Switzerland	358	320	494	634	664	608	838	894	1388	1856	8054
Central/South America	64	39	32	51	85	116	124	554	457	492	2014
C.I.S. and Ukraine	31	52	21	47	82	99	108	147	228	792	1607
Italy	83	127	161	187	191	175	153	118	91	161	1447
Remaining W. Europe	56	41	132	152	129	129	132	131	145	220	1267
Middle East	33	21	41	132	43	61	100	125	134	508	1198
Africa	22	19	24	100	46	25	34	78	73	139	560
Great Britain	19	31	41	86	41	26	40	57	86	90	517
Germany	67	45	69	49	43	54	50	28	49	61	515
North America	28	34	48	45	32	39	31	40	73	88	458
Asia	24	49	23	23	46	26	36	77	64	68	436
Eastern Europe	18	24	21	32	104	13	41	53	38	78	422
France	26	63	35	45	39	21	37	25	38	50	379
Caribbean	6	21	3	18	13	6	7	25	30	24	153
Scandinavia	5	7	12	12	19	11	22	8	5	45	146
Unknown	3	2	2	6	8	2		5	7	7	42
Australia/Oceania	8	1		6				2	3	5	25
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.10 Nationality of beneficial owner

What the chart represents

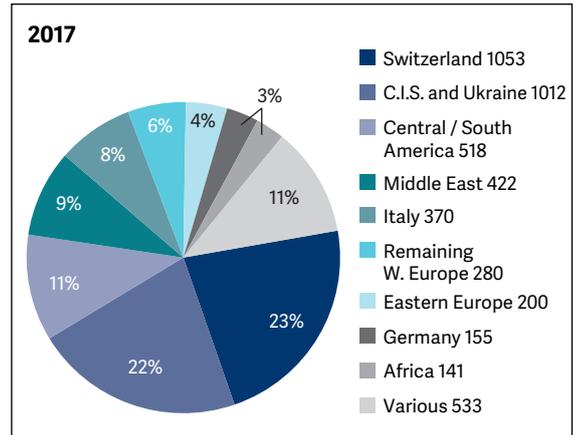
This chart shows the nationality of those individuals who were identified as the beneficial owners of assets at the time the SAR was submitted to MROS. No distinction is drawn between the nationality and domicile of legal entities. Often the identity and nationality of the actual beneficial owners of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

Chart analysis

- Proportion of SARs with Swiss nationals as beneficial owners was lower than in the previous reporting period (2017: 23 percent, 2016: 29 percent), but still reached a ten-year record high in absolute terms of 1,053 SARs.
- With 22 percent of reporting volume, (2016: 11 percent) nationals from the CIS countries/ Ukraine were in second place. The number of SARs from this category also rose significantly in absolute terms (2017: 1,012 SARs, 2016: 314 SARs).

Legend

Remaining Western Europe	Austria, Belgium, Spain, Liechtenstein, Greece, Luxembourg, Netherlands, Malta, Monaco and Portugal
Various	Asia, North America, Great Britain, France, Scandinavia, Caribbean, Australia/ Oceania and Unknown



For comparison: 2008–2017

Nationality of beneficial owner	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Switzerland	228	178	195	273	326	349	485	601	831	1053	4519
Italy	114	179	271	221	280	241	249	227	286	370	2438
C.I.S. and Ukraine	43	60	30	91	113	110	143	184	314	1012	2100
Central/South America	60	43	39	44	72	104	125	563	467	518	2035
Remaining W. Europe	57	53	88	87	139	144	174	150	154	280	1326
Middle East	28	29	46	145	68	51	80	121	159	422	1149
Africa	49	35	66	245	113	72	97	102	91	141	1011
Germany	94	75	92	90	88	90	94	64	118	155	960
Eastern Europe	35	42	56	81	145	39	76	87	131	200	892
Asia	33	44	110	51	54	59	56	82	103	128	720
France	36	43	57	69	50	34	59	60	62	116	586
North America	31	55	47	50	36	60	56	36	82	95	548
Great Britain	16	33	39	141	52	30	43	46	58	84	542
Scandinavia	12	12	14	19	25	20	11	16	14	60	203
Caribbean	5	9	6	14	11	6	2	21	28	37	139
Unknown	3	3	2	1	8	2	1	4	8	7	39
Australia/Oceania	7	3	1	3	5		2	3	3	6	33
Total	851	896	1159	1625	1585	1411	1753	2367	2909	4684	19240

2.5.11 Involved prosecution authorities

What the chart represents

This chart shows where MROS forwarded the SARs it received from financial intermediaries. The choice of prosecuting authority depends on the nature of the offence. Article 24 et seq. (federal jurisdiction) and Article 22 et seq. (cantonal jurisdiction) of the Criminal Procedure Code (CrimPC) serve as the frame of reference.

Chart analysis

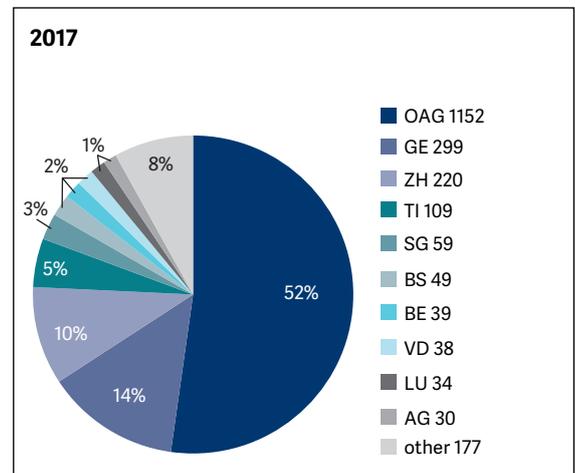
- Proportion of forwarded SARs fell again in 2017. It was down by 6.6 percent, to 64.9 percent.
- The number of SARs forwarded to the Office of the Attorney General rose sharply, so that this category remains in first place.

MROS received a total of 4,684 SARs in 2017 (2016: 2,909). After careful analysis it forwarded 2,206 SARs (2016: 1,878 SARs⁷) to a prosecution authority.

MROS forwarded 1,152 SARs or 52 percent (2016: 699 SARs⁸ or 37 percent) to the Office of the Attorney General of Switzerland (OAG). This represents a considerable increase over the previous reporting year and comes close to the record year of 2015, when 53 percent of all SARs were forwarded to OAG. The four largest case clusters of 2017, which together generated 940 SARs, involved circumstances that all fell under the jurisdiction of the OAG.

Legend

AG	Aargau	NW	Nidwalden
AI	Appenzel Inner Rhodes	OW	Obwalden
AR	Appenzel Outer Rhodes	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	Graubunden	VD	Vaud
JU	Jura	VS	Valais
LU	Lucerne	ZG	Zug
NE	Neuchatel	ZH	Zurich



⁷ In the 2016 Annual Report, the number of SARs forwarded to the prosecution authorities was given as 1,726 SARs. The increase of 152 SARs given in this report is explained by the fact that MROS gained new information in 2017 on these 152 SARs and therefore forwarded them to a prosecution authority. This is reflected in the present statistics.

⁸ In the 2016 Annual Report, the number of SARs forwarded to the OAG was given as 645. The increase of 54 SARs reported here is explained by the fact that MROS gained new information on these cases in 2017 and therefore forwarded them to the OAG. This is reflected in the present statistics.

For comparison: 2008–2017

Authority	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
CH	221	182	361	470	486	384	581	933	699	1152	5469
ZH	97	146	137	291	196	207	160	236	228	220	1918
GE	76	161	141	185	205	169	165	138	284	299	1823
TI	85	117	134	125	185	140	95	114	114	109	1218
BE	14	27	36	47	52	18	60	31	57	39	381
VD	25	13	27	69	28	27	33	46	59	38	365
SG	17	17	19	67	30	19	39	35	47	59	349
BS	19	20	35	50	36	25	15	23	63	49	335
AG	9	9	14	49	27	15	23	27	50	30	253
LU	25	11	13	9	15	17	23	18	27	34	192
ZG	38	9	16	19	8	14	17	26	22	15	184
SO	13	19	5	14	1	12	9	9	81	6	169
BL	18	13	13	8	17	9	6	27	29	28	168
TG	3	22	7	9	15	8	14	12	28	16	134
NE	8	8	7	10	8	8	12	19	17	20	117
VS	1	3	9	7	5	12	14	9	19	27	106
FR	2	5	5	10	16	6	3	11	12	25	95
SZ	2	5	8	9	8	7	2	9	15	11	76
GR	2	1	9	8	7	10	13	10	5	9	74
SH	1	1	2	8	5	7	4	2	9	7	46
JU	2	2	1	1	1	2	8		6	3	26
NW	3	2	1	5		4	1	2		1	19
AR			1	2	2	2	2	1	2	6	18
OW	6	3		1	3			2			15
UR	1						1		4		6
GL		1				1			1	3	6
AI			2	1	2						5
Total	688	797	1003	1474	1358	1123	1300	1740	1878	2206	13567

2.5.12 Present 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

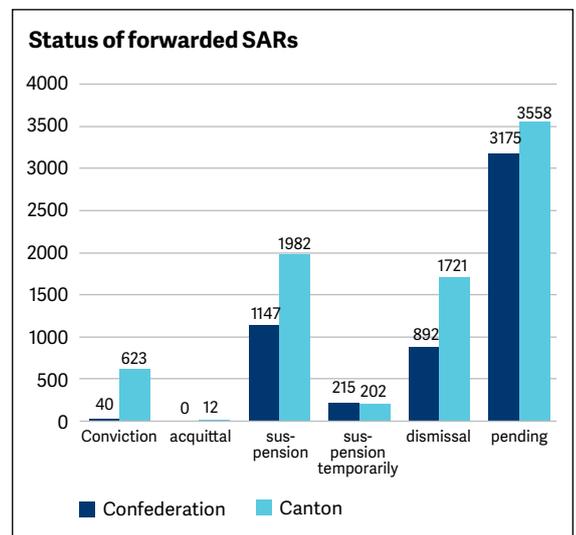
49.6 percent of all SARs forwarded to federal and cantonal prosecution authorities since 2008 were pending at the end of 2017.

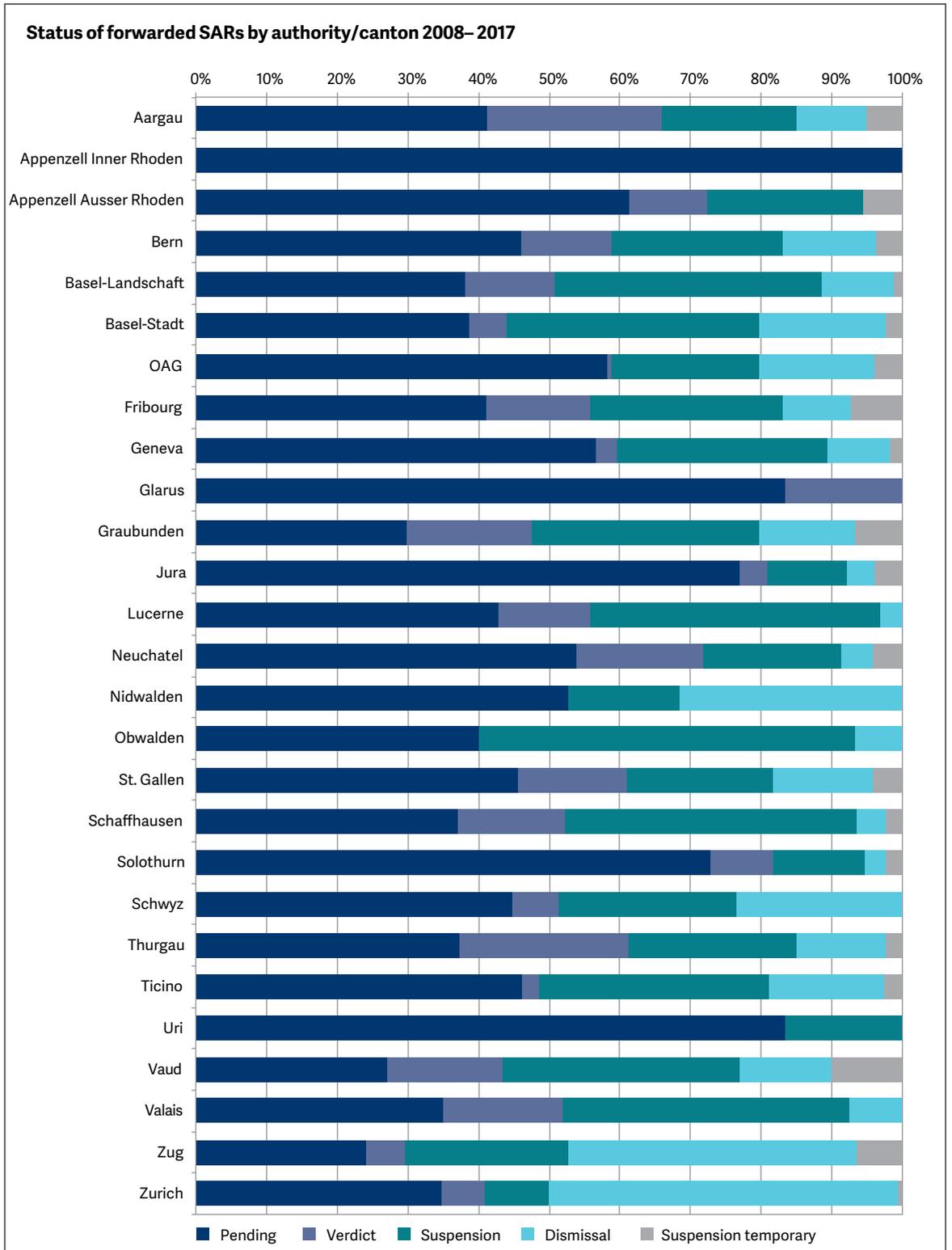
From 1 January 2008 to 31 December 2017, MROS forwarded a total of 13,567 SARs to the prosecution authorities. By the end of 2017, decisions had been reached in 6,834 cases (50.4 percent). These decisions are described below:

- In nearly 5 percent (675 cases) of all forwarded SARs, the courts delivered the following verdict: nine acquittals from the charge of money laundering, three acquittals from all charges apart from money laundering (these cases were not opened on account of money laundering), 459 convictions including money laundering, and 204 convictions for offences other than money laundering. Thus, there were convictions in 4.88 percent of all cases forwarded.
- In 23 percent (3,129 cases) of all forwarded SARs, criminal proceedings were initiated but later suspended after criminal investigations revealed insufficient evidence of wrongdoing.
- In 19 percent (2,613 cases) of all forwarded SARs, no criminal proceedings were opened in Switzerland following preliminary investigations.
- In three percent (417 cases) of forwarded SARs, 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 2017, 6,733 or 49.6 percent of forwarded SARs were pending (2016: 5,400 SARs or 45.6 percent). The reasons are due to a multifold of factors:

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





Status of forwarded SARs by authority/canton: 2008-2017

Canton	Pending		Dismissal		Suspension		Suspension-temporary		Verdict		Total	
AG	104	41.11%	25	9.88%	48	18.97%	13	5.14%	63	24.90%	253	100%
AI	5	100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	5	100%
AR	11	61.11%	0	0.00%	4	22.22%	1	5.56%	2	11.11%	18	100%
BE	175	45.93%	51	13.39%	92	24.15%	14	3.67%	49	12.86%	381	100%
BL	64	38.10%	17	10.12%	64	38.10%	2	1.19%	21	12.50%	168	100%
BS	129	38.51%	60	17.91%	120	35.82%	8	2.39%	18	5.37%	335	100%
CH	3175	58.05%	892	16.31%	1147	20.97%	215	3.93%	40	0.73%	5469	100%
FR	39	41.05%	9	9.47%	26	27.37%	7	7.37%	14	14.74%	95	100%
GE	1030	56.50%	160	8.78%	543	29.79%	32	1.76%	58	3.18%	1823	100%
GL	5	83.33%	0	0.00%	0	0.00%	0	0.00%	1	16.67%	6	100%
GR	22	29.73%	10	13.51%	24	32.43%	5	6.76%	13	17.57%	74	100%
JU	20	76.92%	1	3.85%	3	11.54%	1	3.85%	1	3.85%	26	100%
LU	82	42.71%	6	3.13%	79	41.15%	0	0.00%	25	13.02%	192	100%
NE	63	53.85%	5	4.27%	23	19.66%	5	4.27%	21	17.95%	117	100%
NW	10	52.63%	6	31.58%	3	15.79%	0	0.00%	0	0.00%	19	100%
OW	6	40.00%	1	6.67%	8	53.33%	0	0.00%	0	0.00%	15	100%
SG	159	45.56%	49	14.04%	72	20.63%	15	4.30%	54	15.47%	349	100%
SH	17	36.96%	2	4.35%	19	41.30%	1	2.17%	7	15.22%	46	100%
SO	123	72.78%	5	2.96%	22	13.02%	4	2.37%	15	8.88%	169	100%
SZ	34	44.74%	18	23.68%	19	25.00%	0	0.00%	5	6.58%	76	100%
TG	50	37.31%	17	12.69%	32	23.88%	3	2.24%	32	23.88%	134	100%
TI	561	46.06%	198	16.26%	399	32.76%	31	2.55%	29	2.38%	1218	100%
UR	5	83.33%	0	0.00%	1	16.67%	0	0.00%	0	0.00%	6	100%
VD	98	26.85%	47	12.88%	123	33.70%	37	10.14%	60	16.44%	365	100%
VS	37	34.91%	8	7.55%	43	40.57%	0	0.00%	18	16.98%	106	100%
ZG	44	23.91%	75	40.76%	43	23.37%	12	6.52%	10	5.43%	184	100%
ZH	665	34.67%	951	49.58%	172	8.97%	11	0.57%	119	6.20%	1918	100%
Total	6733	49.63%	2613	19.26%	3129	23.06%	417	3.07%	675	4.98%	13567	100%

3. Typologies (selection of cases from the 2017 reporting year)

The following typologies refer to SARs, which were received by MROS in the course of 2017. Through concrete examples, MROS points out some of the modus operandi, which aim at laundering funds of alleged criminal origin. The selection of cases reflects the diversity of predicate offences, as well as new trends and the approaches used to analyse these. The typologies serve as a reference for both, case studies and research purposes. Moreover, they contribute to sensitising financial intermediaries and point out the types of accounts, financial tools and behaviours which require special attention. Finally, MROS uses these examples to compile risk analyses, which indicate money laundering trends both, on a national and an international level.

3.1 Terrorist financing

3.1.1 International cooperation to avoid misunderstandings

Facts of the case

A bank client requested a wire transfer to an account which was held by a resident of a neighbouring state. When processing the payment order, the automatic payment transaction monitoring system delivered a hit: the name of the beneficiary matched a name on the OFAC Specially Designated Global Terrorist (SDGT) list, or rather one of the aliases used by a suspected terrorist. The financial intermediary therefore decided not to process the payment and to seek further clarification. It contacted the client and asked him to supply more information on the

beneficiary of the transaction, such as his address, date of birth, nationality, passport number and a copy of his passport. Rather than providing the requested information, the client opted to cancel the payment and withdraw the money in cash from an ATM using a debit card.

The financial intermediary analysed the transactions carried out by the client up to that point and noted that the events described above were unusual and did not match the habitual account activity. As it could not be ruled out, that the beneficiary was indeed the individual on the OFAC list and, given the client's uncooperative attitude, the cancellation of the payment order and the cash withdrawal of exactly the same amount as the planned transfer, the financial intermediary decided to exercise its right to report in accordance with Article 305^{ter} paragraph 2 SCC.

MROS analysis

MROS immediately took the necessary steps through international cooperation and asked its counterpart in the beneficiary's country of residence to confirm or rule out whether the two identities matched based on the date of birth. The foreign FIU notified MROS that it did not have any pertinent information on the identity of the beneficiary, but that it would inquire directly with the beneficiary's bank on the basis of the information provided by MROS (beneficiary name, IBAN number and bank name). At this point, MROS advised its foreign counterpart that due to a lack of specific legal bases in Switzerland, it would not be able to guarantee reciprocity. After just five working days, the foreign counter-

part received the requested information from the financial intermediary and forwarded it to MROS. The beneficiary's date of birth did not match that of the individual on the OFAC list. MROS was therefore able to rule out the possibility of a link between the client and the terrorist, and closed the case.

3.1.2 A well-organised network

Facts of the case

The client of a bank, X, contacted his advisor to let him know that he was planning to travel to countries in the Balkans and Middle East for an unspecified period of several months or even years. As the countries in question were known as jihadi recruitment hotbeds and for their proximity to the region ruled by the so-called Islamic State, this information set the financial intermediary's alarm bells ringing, so it decided to carry out checks on the client's account. The checks revealed that the client was particularly active in radical Salafist associations, that he was actually the head of one of these types of organisations, that he had already transferred small sums of money to countries bordering the area under Islamic State rule, and that he had also spent time there. A number of particularly frequent transactions that did not match the income he earned from his professional activity were also identified, flowing from and to another client of the same bank, Y, who was also one of the top figures at the same Salafist association. Suspecting terrorist financing, the bank submitted a SAR to MROS.

MROS analysis

On the basis of the documentation supplied by the financial intermediary, MROS was able to identify accounts at other banks which were also held by Y. It established that on the two accounts identified, Y had received donations from around thirty radicalised individuals, several of whom had a history of petty crime and all of whom were members of the association headed by X and Y, which specialised in spreading Islamic fundamentalism. The funds raised in this way were principally used to finance the association and its activities. But a portion of the money was

also specifically earmarked for Islamist preaching organisations in Middle Eastern countries. Moreover, several members of the association had expressed an intention to travel to these countries, some had already moved there and others had spent time there. A number of transactions consisted of payments to travel agencies specialising in the organisation of religious travel to these countries. The travel agencies were known to police and other national counterterrorism authorities for their potential links to jihad-motivated travellers.

MROS forwarded the analysis of above case file to the criminal prosecution authorities. It was thus possible to identify the members of an association with links to a terrorist organisation and to report them to the competent authorities. The initial suspicion was reinforced when a foreign FIU submitted a request for information to MROS linked to a transaction between a member of the afore-mentioned association and a suspected Islamist in the country that submitted the information request. The criminal proceedings relating to this case are still ongoing.

3.1.3 Close collaboration between national authorities

Facts of the case

A foreign financial institution, which operates in worldwide money transfer, informed its agent in Switzerland – a financial intermediary – about transactions potentially linked to a possible terrorism financing network. The Swiss financial intermediary identified two operations carried out from Switzerland, which could have been linked to the suspicious network in question. These operations involved a client of the Swiss financial intermediary, who transferred assets worth several thousand Swiss Francs abroad.

MROS analysis

Given that the information was held by a foreign financial institution, MROS did not have direct access to the documentation showing the full scale of the international transfers. Searches in the various databases that MROS has at its dis-

posal, failed to reveal any pertinent information regarding the individuals and companies mentioned in the SAR. However, thanks to close collaboration with other national counterterrorism authorities, MROS established that the sister of the individual who transferred the funds abroad, was being investigated for suspected support of a criminal organisation and for offences under the Federal Act on the Proscription of the Groups 'Al- Qaeda' and 'Islamic State' and Associated Organisations. On the basis of this new evidence, MROS forwarded the SAR to the competent prosecution authorities.

3.1.4 Lists of suspected terrorists

Facts of the case

A bank contacted MROS to report its business relationship with two domiciliary companies whose beneficial owner allegedly had contact to illegal operations potentially linked to the financing of terrorism. According to the financial intermediary, the beneficial owner of both business relationships and his brother were thought to have been sanctioned by country X due to their close links to the regime of country Y and their suspected support of Islamic State. They were also thought to be representing the financial interests of the government of country Y in their country of residence. In particular, they had been accused of acting as intermediaries for the purchase of a substance ordered by a former civil servant from country Y. However, the financial intermediary emphasised that the brothers did not feature on any international sanction list, notably the ones published by SECO. According to the financial intermediary's information, the transfers linked to the reported business relationships were made to cover the family's living expenses, the children's study costs and to carry out various investments. The financial intermediary had informed the competent authority in country X of these facts. However, the financial intermediary could not rule out the possibility that the funds, that had passed through the reported accounts, were of criminal origin or linked to the financing of potential activities associated with terrorism, which is why it reported the case to MROS.

MROS analysis

Searches conducted in the various databases available to MROS and in publicly available sources confirmed the information provided by the financial intermediary. The beneficial owner of the reported businesses and his brother had acted as intermediaries between country Y and a company in their country of residence with regard to the purchase of the abovementioned substance. MROS consulted fedpol experts regarding the possible uses of the substance. The checks revealed that it could be used to produce war material.

Analysis of the transactions failed to reveal any link to the purchase of the substance. As the financial intermediary had pointed out, the only payments carried out were to cover daily needs or to carry out fully transparent investments. No transactions demonstrated any kind of link with other individuals or legal entities sanctioned by country X. MROS did not find any evidence of funds coming from or going to country Y. On the basis of these elements, which were also shared with other national counterterrorism authorities, MROS decided to close the case.

3.2 Money laundering

3.2.1 Pricey cash-on-delivery parcels

Facts of the case

A financial intermediary was made aware of a business relationship, in the name of a charitable association, through a disclosure order issued by a cantonal public prosecutor. The cantonal public prosecutor had instituted criminal proceedings against unknown perpetrators on suspicion of fraud based on information supplied by an aggrieved party.

It would appear that the unknown perpetrators were sending cash-on-delivery parcels, for which the recipients had to pay a fee of between CHF 89 and CHF 139. The addressees were predominantly restaurants, bars and small to medium-sized companies. The parcels, which the recipients had not ordered, contained low-value items such as cheap penknives worth just a few francs. The people who received these deliveries

had no knowledge of the sender's identity or the contents of the delivery until after they had paid the fee.

Using the disclosure order, the public prosecutor ordered the financial intermediary to reveal the identity of the account holder to whom the fees from the deliveries had been credited.

Investigations by the financial intermediary showed that the fees had been credited to the account of the aforementioned charitable association. The public prosecutor's disclosure order and the probable fraudulent origin of the assets prompted the financial intermediary to report the suspect business relationship to MROS.

MROS analysis

The transaction analysis showed that a large number of cash-on-delivery payments had been made into the account since the business relationship had been established. The funds were subsequently withdrawn, predominantly in cash. The president of the association as authorised on the account had already had dealings with the police on several occasions. The media also reported that he had recently been arrested. The findings indicated that funds entering the reported association account had probably come from fraudulent transactions.

The suspicious activity report was forwarded to the cantonal prosecuting authorities, who had already initiated a criminal investigation into the president of the association. Proceedings are still ongoing.

3.2.2 One-day shoppers

Facts of the case

A casino reported several people of foreign origin to MROS. They had attracted attention because they had withdrawn cash at the cash desk of a casino using their credit cards. However, the money had not been used on the gaming tables or in the slot machines, as the casino staff had assumed it would be. The casino personnel responsible for video monitoring ascertained that the suspects had not spent the money, but left the casino after withdrawing the cash without engaging in gambling. In total, seven people had

obtained several tens of thousands of Swiss Francs from the cash desk.

The casino suspected that the credit cards used for these cash withdrawals had been forged or stolen.

MROS analysis

MROS investigations revealed that several of the suspects already had police records. It also discovered that the law enforcement agencies in the suspects' home countries were investigating a criminal group who were forging credit cards (by cloning or skimming). It appears that members of this criminal group travel to various European cities for the day in order to buy luxury articles (in particular expensive watches) using forged credit cards. Since the groups usually return to their home country the same day, the phenomenon is known as 'one-day shopping'. With the proceeds from the sale of the luxury watches, members of this group finance their lifestyles. However, directly withdrawing cash using the forged credit cards had not previously been the group's known modus operandi. Since these facts were already known to the cantonal prosecution authorities, MROS did not forward the SAR. However, it did pass on the facts outlined by the casino to the investigating authorities of the suspects' home country in the form of spontaneous information.

3.2.3 Sale of residence permits

Facts of the case

During an internal audit, the reporting financial intermediary became aware of business relationships with person X, a foreign lawyer. According to press reports, X - together with an official of his home country, had allegedly put aside several million Euros, which the two associates had supposedly accumulated through bribes and manipulated real estate deals.

According to a press report, the money had been invested in a property in Switzerland and was paid into the account of a Swiss-based firm. Based on its investigations, the reporting financial intermediary detected transactions linked to the purchase of a Swiss property and an

increased number of transactions of an unclear commercial nature, which is why it reported these business relationships to MROS.

MROS analysis

During its investigations, MROS came across various critical media reports relating to a programme set up in the official's home country enabling predominantly wealthy immigrants to acquire residence permits. A report from an anti-corruption organisation also led to the suspicion that this programme could only be serving to enrich politically influential people in the country in question.

The documented proximity of X to the controversial official and the negative reporting on X, according to which he was acting as a frontman for the dubious official, strengthened suspicions that X was profiting illegally from the programme, either independently or on behalf of someone else. The information available indicated that the official was abusing his position in order to achieve an unlawful advantage for himself, thereby raising the possibility that he had committed the criminal offence of misconduct in public office according to Article 314 of the Swiss Criminal Code. Moreover, it could not be ruled out, that the entities, which collaborated with the dubious official in connection with the above-mentioned programme, had acquired the relevant permits via acts of bribery.

The matter was passed on for further evaluation to the relevant prosecution authority, which ruled that no proceedings should be taken. Enquiries were also made at the financial intelligence units in the countries involved.

3.2.4 Criminal mismanagement

Facts of the case

During a general review, the reporting financial intermediary came across negative press reports that could have been connected to its client X. According to these reports, a European company A, at which X had held an executive position for 15 years, had been taken over by the state to save the business from insolvency. The resulting audit of company A revealed massive irregularities in

its accounting, which is why the government's restructuring agent filed criminal charges against officials from A's former executive board. During the resulting transaction analysis, the reporting financial intermediary noticed a payment of over one million euros to the account of a domiciliary company by another firm (B). X and an additional person Y were listed as the beneficial owners of the domiciliary company. According to a contract which was submitted to MROS together with this SAR, this transfer was based on an 'advisory agreement' between the domiciliary company and company A. This advisory agreement in turn, was connected to a property deal between company B as the buyer and company A as the seller. Since the financial intermediary could not rule out the possibility that the background to this payment was potential mismanagement by X in his capacity as a board member of company A and/or a presumed act of bribery by company B, it reported the business relationships in question for further evaluation.

MROS analysis

An analysis of the business relationships in question revealed that X had received funds for consultancy services he had supposedly provided in connection with one of company A's business dealings. This money was transferred to an account in the name of the domiciliary company for which X, together with Y, was listed as the beneficial owner. Internet research showed that Y might also be a former senior employee of company A.

It seemed very suspect that X, as a board member of company A, had received money for consultancy services he had supposedly provided in connection with a business deal of company A. Moreover, it was not possible to determine from the advisory agreement whether company A, the counterparty, was aware that X was behind the questionable domiciliary company. MROS could therefore not exclude the possibility of criminal mismanagement. MROS also ascertained that X had transferred millions of euros to his spouse within a short period of time. The background of this transfer to the spouse was unclear and MROS could not exclude the possibility, that it served

as a tool to conceal the money's origin and make it more difficult for the authorities to detect the assets' whereabouts. In parallel to the MROS analysis, a query was sent to the FIU in the European country involved. Their prompt reply revealed that proceedings for abuse of trust in business dealings, forging certificates and money laundering were underway in that country against some of the people featuring in the query, and that the competent law enforcement authorities of the country in question were very interested to collaborate with the Swiss authorities on this matter. MROS forwarded the SAR to the relevant Swiss prosecution authority. Shortly after the SAR was forwarded, it emerged from various media reports that X together with other former board members of company A had been arrested for suspected financial offences, obtaining unlawfully acquired assets and additional crimes.

3.2.5 Ostensible virtual currency or pyramid fraud?

Facts of the case

Alerted by its automatic transaction surveillance system, a financial intermediary noticed a large number of cash deposits on the account of its client X, followed by money transfers to different entities located abroad. Over a period of several months, X's account was credited with tens of thousands of Swiss Francs in cash, with some of this amount being paid in by the account holder himself and the remainder by a third party Y. The financial intermediary contacted X to clarify these transactions. X claimed that the cash credits came solely from his savings, which he kept at home and at the home of his friend Y. X also explained to the financial intermediary that he had previously been the victim of identity fraud and had since then been afraid that a third party could use his account without his knowledge. Lastly, X elaborated that he had made some international transfers to private parties and also for third parties, in order to invest in a virtual currency. The financial intermediary then carried out some investigations and discovered numerous press articles highlighting the poor reputation of the virtual currency in which X claimed he was

investing. The creators of this currency were suspected by the authorities in several European countries of having established a scam and pocketed hundreds of millions of euros. In view of the allegations in the press, the financial intermediary decided to alert MROS.

MROS analysis

The MROS analysis revealed that the virtual currency mentioned by X had already been detailed in several SARs forwarded to the prosecution authorities and that it was possibly relating to a huge pyramid scam. Furthermore, the ostensible virtual currency had been blacklisted by the financial market supervisory authorities in several countries. MROS decided to forward the case to the prosecution authorities.

3.2.6 Much ado about a theft

Facts of the case

A financial intermediary discovered in the press that a lawyer had recently been convicted by the Swiss authorities for obstructing criminal proceedings and for money laundering in a case involving loot theft. The lawyer in question was believed to have hidden the keys to a safe containing some of the loot, worth several million CHF. The Swiss press did not reveal the identity of the convicted lawyer. However, an article published abroad named the lawyer and provided the information needed to establish, that the lawyer in question had the same name as client (X) of the financial intermediary. Following a transaction analysis, the financial intermediary noted that X had been late with his mortgage repayments in the months prior to the loot theft. X then repaid the majority of his debt by redeeming two insurance policies he had taken out several years before. Moreover, since the loot theft, the financial intermediary had recorded several payments into X's account. These came from other accounts, which X held with various third party banks. In view of the potential conviction of its client, the financial intermediary was unable to rule out the possibility that the credits to X's account were linked to the loot theft, and therefore reported this to MROS.

MROS analysis

MROS' analysis confirmed that X was indeed the lawyer convicted by the Swiss authorities for his involvement in the loot theft. X was found guilty of handling stolen goods (Art. 160 SCC) and obstructing criminal proceedings (Art. 305 SCC). MROS also learned that X was facing new criminal proceedings for breach of trust (Art. 138 SCC), being accused of having misappropriated funds belonging to one of his clients. The prosecution authority undertaking the criminal proceedings against X was unaware of the account reported to MROS. The report was therefore forwarded to the relevant prosecution authority.

3.2.7 The fake American colonel**Facts of the case**

A Swiss woman met a man on Facebook who claimed to be a lieutenant colonel in the US Army. The pair exchanged messages for several months without ever meeting in person and gradually built up a virtual friendship. Having won over the woman's trust, the supposed lieutenant colonel asked her to become administrator for the assets of an African prince. The woman had no knowledge of investments or financial products. Nevertheless, she accepted the proposition and travelled to Africa to incorporate a trading company and open a bank account in the firm's name. The woman was listed as the company's co-proprietor and was required to contribute some of the initial capital by transferring several thousand euros to the firm's account in Africa. In order to obtain the funds needed, the woman returned to Switzerland, sold the shares she held and immediately transferred the proceeds from the sale to Africa. Several months later, the woman received a letter from the purported Ministry of Economy and Finance of a country in West Africa saying that the company's account had been blocked and that it could only be unblocked if she carried out certain payments. The woman, encouraged by the supposed lieutenant colonel, followed the instructions and transferred thousands of dollars to Africa.

Eventually the woman received a cheque for the work carried out. However, noticing that the cheque was fake, the woman asked her bank to return the funds transferred a year earlier. The financial intermediary carried out investigations and noticed that the payments to Africa took place straight after cash deposits had been made to their client's account. This modus operandi caused the financial intermediary to have doubts, so it decided to report the case.

MROS analysis

MROS's searches in police databases failed to return any information. However, publicly available information revealed a link between the supposed African prince and a multi-million dollar fraud. MROS therefore had reason to believe that the woman had been a victim of a scam affecting several countries. However, there was no adequate explanation for the cash deposits, and the possibility that the woman was acting as a money mule could not be excluded. This theory could only be ruled out following the woman's hearing, which was carried out by the public prosecutor on the basis of the SAR.

3.2.8 Drug money stashed away in children's accounts**Facts of the case**

Based on a disclosure order issued by a Swiss prosecution authority in connection with criminal proceedings for suspected drugs offences, a financial intermediary decided to investigate other accounts to which those involved in the case had access. This revealed several accounts held by school-age children for which their parents had power of attorney. Further investigation by the financial intermediary indicated that at the time of the crimes, the parents made several cash deposits each worth several thousand CHF into the children's accounts. In previous years, only small amounts had been paid into the accounts in question. Consequently, the financial intermediary could not exclude the possibility that the amounts paid into the children's accounts were at least in part the proceeds of

drug dealing and that the parents had stored the funds there to conceal them from the authorities.

MROS analysis

MROS's investigations revealed that the children's father, originally from Eastern Europe, had several previous convictions, not only for drugs offences, but also for document forgery. Despite the lucrative trade in hard drugs, the family had significant financial problems and had already been subject to debt recovery proceedings. The couple therefore decided to leave the country and to leave their children with their grandparents in Switzerland.

The SAR for suspected money laundering and drugs offences was forwarded to the competent prosecution authority.

3.2.9 Illegal sale of premium TV services

Facts of the case

During transaction monitoring, a client attracted the attention of a Swiss bank. Numerous small amounts (two and three-figure sums) had been paid into the individual's account from Switzerland and abroad within a short space of time. In many cases, the payments featured certain references that suggested the client was selling TV subscriptions or similar. At the same time, the client was receiving regular unemployment benefits. Although there were no clear grounds to suspect that an offence had been committed, the financial intermediary decided to submit a SAR to MROS on account of the total number of suspicious payments.

MROS analysis

The investigation by the MROS revealed that while the reported individual did not have a criminal record, he was experiencing financial difficulties and had concealed his supplementary income from the unemployment insurance fund. Since becoming unemployed, the client had set up his own business specialising in IPTV (television via the internet). He had also been receiving unemployment benefits for some of this time. His Facebook page indicated that he offered services to unlock TV stations, which otherwise would

have had to be assigned to chargeable PayTV. It appeared to MROS that the client was acting illegally as a so called "card sharer"; a person selling chargeable PayTV services to third parties without authorisation. The SAR was therefore submitted to the competent authorities for suspected copyright infringement (Art. 67 para. 2 CopA) and fraud (Art. 146 SCC).

3.2.10 An external asset manager uses devious means

Facts of the case

A law firm alerted a bank to one of its clients (X), a Swiss national working as an external asset manager, who was believed to have obtained funds fraudulently. When X's bank account was originally opened, he had indicated that he was expecting to receive a six-figure sum as a gift from an old woman (Y) who, he claimed, had no heirs. In their letter to the financial intermediary, the law firm warned that the gift might have been a fictitious transaction for the purpose of tax evasion in a foreign state. Acting as their asset manager at the time, X had allegedly offered Y and her husband, to manage their funds deposited on a Caribbean account via his own account. After the death of her spouse however, Y decided to regularise her tax situation and to make a voluntary disclosure. Using a third-party law firm, she requested that the X returned the funds, which she believed were merely held in trust. This resulted in unsuccessful arbitration proceedings between the two parties. The bank carried out an investigation in accordance with Article 6 AMLA, in which it noted that the X's asset management company was in severe financial difficulty and that the majority of the dubious assets had already been transferred to third party banks. The bank could not rule out the possibility that its client had proposed the gift to the couple with intent to defraud and for financial gain.

MROS analysis

During its investigations, MROS learned, that the apparent victim Y was the widow of a wealthy businessman from a European country. Further research also showed, that X had used the funds

allegedly entrusted to him for private purposes, such as buying a top-of-the-range vehicle and carrying out stock exchange transactions on his own account. Information provided by third party banks by virtue of Article 11a paragraph 2 & 3 AMLA revealed additional pertinent facts. Based on all the available evidence, MROS decided to forward the SAR for suspected fraud (Art. 146 SCC) to the competent prosecution authorities.

3.2.11 Life insurance

Facts of the case

A number of Swiss and international public sources mentioned a Swiss dual national (X) who had previously been resident abroad and who had decided to hide in Switzerland to escape legal proceedings in his country of origin. X – a business executive in the field of public procurement – had been accused of corruption and money laundering by the public prosecutor in his country of origin. Other public sources indicated that he had also been accused of drug trafficking in another country.

Based on this information, various Swiss financial intermediaries decided to report business relationships in which X was listed as a contractual partner and/or beneficial owner and/or authorised signatory. The SARs forwarded to MROS by the financial intermediaries (in this case banks) revealed, that as well as having a significant securities portfolio, the client had invested in real estate and had purchased properties with mortgages directly and in his own name in different parts of Switzerland. In addition, MROS received a SAR from an insurance company specialising in life insurance. The client in question had decided to take out several insurance policies, some of which were financed by a public limited company.

MROS analysis

The transfers made by the public limited company into these insurance policies aroused suspicion and prompted MROS to ask the financial intermediary – in this case the insurance company – to supply further information. The documents supplied by the financial intermediary revealed that the public limited company in question was

a company under Swiss law that owned a complex of rental properties. The documents also contained a share purchase agreement, which listed the buyer as the client's wife and the seller as a Swiss fiduciary already known to MROS as an insurance broker. It was through this broker that the client had taken out the life insurance policies that triggered the SAR from the insurance company. MROS thus learned that the client had acquired a number of investment properties in the name of his wife using a domiciliary company active in the real estate sector and in so doing, attempted to avoid being linked to these properties and appearing in the commercial register as their proprietor.

MROS handled the various SARs as one case, and this facilitated analysis of the information provided by the different financial intermediaries. MROS also requested information from its counterpart in the client's country of origin where he lived before fleeing to Switzerland. This information confirmed that there were indeed criminal proceedings under way against the client and that he was wanted by the police after initially being placed on remand for various offences, in particular corruption and document forgery. MROS was therefore able to confirm the financial intermediaries' suspicions of money laundering and passed the case on to the competent prosecution authorities in Switzerland who launched an investigation. It also put them in touch with the prosecution authorities in the client's country of origin, thereby establishing the basis for mutual legal assistance.

3.2.12 Minister, domiciliary companies and corruption

Facts of the case

During a periodic inspection of open risk relations on its books, a financial intermediary noticed that one of its clients, a former minister, was the subject of negative press articles in his home country. The client - beneficial owner of a bank account opened in the name of domiciliary company A registered in a Caribbean jurisdiction - was accused of having received bribes from an international company in order to obtain

public contracts linked to various construction projects. The press also mentioned the name of domiciliary company B, registered in another country in the same region, into whose account the bribes were supposedly paid. This led the financial intermediary to inform MROS of the business relationships of this politically exposed person.

MROS analysis

The transaction analysis carried out by MROS did not show any funds being paid in from company A. However, a regular flow of large payments was noticed originating from a third-party domiciliary company whose beneficial owner was also the former minister. They were transferred from an account opened in a European country. The reason given for these transfers was the centralisation of the fortune amassed by this politician in his private business activities as a construction consultant. MROS sent a request for information to its counterpart in the country in which the account was opened. The counterpart confirmed that some of the sums credited to this business relationship had been transferred from one of A's accounts in a foreign country in a manner that indicated they could be the bribes disclosed in the press. MROS therefore forwarded the file to the criminal prosecution authorities. Just as the criminal prosecution authorities were opening proceedings for money laundering, the press announced that the former politician had been arrested by the authorities in his country.

3.2.13 The gold ingot affair

Facts of the case

X, a client of a bank, called on his advisor to deposit in his account the equivalent value of gold ingots stored in one of the bank's safe-deposit boxes. This unusual request prompted the financial intermediary to review their business relationship with X. Subsequent research revealed, that X was suspected of corruption involving the purchase of fighter aircraft, sold to the armed forces of a European country by a company managed by X. This information from the media, plus the fact that gold had been deposited in the

safe-deposit box, raised the financial intermediary's suspicions, and it therefore reported the case to MROS.

MROS analysis

A thorough examination of the account statements brought to light unexplained credits from a foreign bank. Moreover, while consulting the databases to which it had access, MROS noted that the suspected corruption linked to the sale of fighter aircraft by X's company had already been the subject of a police request for information addressed to Switzerland by the country in question. Doubts emerged regarding the legality of several contracts for secondary activities by X's company that were not linked to the fighter aircraft case and did not seem to fit with the company's specialist field. It subsequently appeared that these contracts had been drawn up to account for outflows of money which were in fact intended to be used to bribe civil servants in the foreign country in order to win the contract for the sale of aircraft. The report was sent to the relevant prosecution authority, which opened proceedings against X. MROS also sent the information it had at its disposal to its counterpart in the country purchasing the aircraft.

3.2.14 Consultancy or bribery?

Facts of the case

During a routine check, the financial intermediary's attention was drawn to a politically exposed person (X), a former minister for energy in his country A. X had in fact been reported by publicly available sources as potentially being involved in a corruption scandal. According to these press articles, he was supposed to have received bribes from a European company in order to award it a contract worth over a billion euros to supply power to the capital city of A. This induced the financial intermediary to report the case to MROS.

MROS analysis

During its investigations, MROS noted payments originating from a company D already known to MROS, and whose accounts showed transac-

tions from the incriminated European company. These credits were presented as consultancy services provided by company D to the European company. The sum of these credits was equal to approximately three percent of the alleged billion euros contract which company B allegedly secured by bribing X. Given X's political position and his role in awarding public contracts won by the European company, such payments seemed to reinforce the suspicions publicly voiced against him, and the report was therefore forwarded to the relevant prosecution authorities, who opened proceedings against X.

**3.2.15 The legal professional –
Developments in a previous case**

In the 2016 Annual Report, MROS introduced the case of a corporate lawyer who, taking advantage of one of her elderly clients limited facultative abilities, extorted/embezzled bearer stocks worth several hundred-thousand CHF. The shares had been placed in various Swiss bank accounts opened in the name of several domiciliary companies registered in exotic jurisdictions, for which the beneficial owners predominantly were close family members of the suspected law-

yer. These domiciliary companies and those for which the lawyer in question was the beneficial owner were holders of numerous bank accounts both in Switzerland and abroad, between which the shares had been moved on numerous occasions.

Thanks to several requests for information addressed to its foreign counterparts, MROS was able to pass the precise details of these accounts to the Swiss prosecutor in charge of the criminal proceedings opened for the case. This prompted intense collaboration between MROS and the Swiss public prosecutor concerned. In complying with the policies regarding the international exchange of information between FIU's, MROS informed its foreign counterparts of these criminal proceedings, thereby facilitating the freezing of the incriminating accounts abroad. Thanks to the responses from its foreign counterparts, MROS also helped to substantiate the requests for mutual assistance addressed formally by the Swiss prosecutor to the legal authorities in three other countries, two of which have opened criminal proceedings for money laundering against the main suspect,. The suspected corporate lawyer has since been remanded in custody in Switzerland.

4. MROS practice

4.1 Disclosure orders and MROS status

Requests or orders to disclose documents which criminal prosecution authorities issue to financial intermediaries may result in SARs. MROS has stated in the past⁹ that a disclosure order (or an order to produce documents) does not, in itself, constitute a justified suspicion. Rather, the order should result in further enquiries on the part of the financial intermediary in accordance with Article 6 paragraph 2 AMLA. To avoid duplication, the financial intermediary should ensure, that the SAR to MROS does not contain documents which have already been surrendered to the prosecuting authorities on the basis of a disclosure order.

As illustrated by the number of SARs resulting from a disclosure order (more than 2,500, or around 13 percent of all SARs over the past ten years), financial intermediaries often find that, in addition to the accounts of interest to a prosecutor, there are other accounts or transactions which they believe to be suspicious. Interestingly, MROS forwards a large number of this type of SAR to the criminal prosecution authorities. Indeed, over the past ten years, 91 percent of these SARs have been forwarded. The reason that so many of these reports are passed on is a procedure for collaborating with the Office of the Attorney General of Switzerland in which MROS shares any new evidence it has received. In such cases, MROS and the prosecutors work together very closely.

⁹ On this topic, please refer to the MROS Annual Report for 2007, p. 84.

For MROS to be able to analyse SARs, it must be aware of what initially prompted the financial intermediary to undertake the enquiries that resulted in the SAR: the prosecutor's disclosure order. Generally speaking, according to the various cantonal public prosecutors' offices and the Office of the Attorney General, a disclosure order prohibits either 'anyone' or 'the client and all third parties' of being notified. Some financial intermediaries interpret this ban of informing third parties as referring to MROS. This can create a paradox in which financial intermediaries communicate their suspicions, stating that they are based on a disclosure order from a public prosecutor's office, but do not enclose the order concerned. It is important to note, that MROS can only commence with the analysis of a case, when the complete file with all required documents has been received. Not receiving the complete dossier results in delays and unnecessary additional expenditure of time and expenses. MROS has discussed the situation with the public prosecutors' offices, which agree that the ban on notification contained in disclosure orders does not apply to MROS. Thus, when submitting a SAR which originates from a disclosure order, financial intermediaries must enclose the disclosure order in question for the attention of MROS.

4.2 Criticism from the FATF and strengthening of MROS powers

The revised AMLA, which entered into force on 1 November 2013, conferred new competencies on MROS, specifically the power to require

financial intermediaries to provide information on the grounds for an existing SAR (Art. 11a para. 2 AMLA). Without this capacity, MROS was limited to analysing only the report that it had received. It was not able to examine how the transactions in question might be linked with other financial intermediaries. There were even situations in which MROS passed cases on to the prosecuting authorities, which then commenced proceedings, only to find, that the flow of funds to or from another financial intermediary was entirely justified. The new powers thus enable MROS to conduct more extensive investigations, and avoid unsustainable cases of being referred to prosecutors. This strengthens MROS's role as a filter. However, the need for MROS to receive a SAR before it can act limits its requests for support from the financial sector to those cases in which financial intermediaries have become suspicious and actually submitted a SAR. If MROS receives a spontaneous tip-off, or a request from a foreign counterpart, but does not find any corresponding SAR in its database, it is not permitted to use the information that has come into its possession, even though this might be reliable information on serious violations of the law, such as terrorism financing, organised crime or international corruption. Applying Egmont Group standards, MROS is still not permitted to forward information received from a foreign counterpart to a prosecutor in Switzerland without the prior consent of the foreign counterpart in question. The current Article 11a paragraph 2 AMLA thus prevents equal treatment being accorded to a national-level SAR and to information received from a foreign FIU. This difference in treatment contravenes the standards of both the FATF and the Egmont Group¹⁰. In its December 2016 evaluation, the FATF stated that MROS "can only send requests to financial intermediaries

¹⁰ According to the interpretive note (A5) to FATF Recommendation 40: "Competent authorities should be able to conduct enquiries on behalf of a foreign counterpart, and exchange with their foreign counterparts all information that would be obtainable by them if such enquiries were being carried out domestically." Meanwhile, the Egmont Group stipulates that "FIUs should be able to conduct queries on behalf of foreign FIUs, and exchange with these foreign FIUs all information that they would be able to obtain if such queries were carried out domestically". The Egmont Group, Principles for Information Exchange between Financial Intelligence Units (C 16).

who have either filed an STR with MROS in the same matter, or who present a link with an STR from another Swiss financial intermediary". It continued by saying that "there is no guarantee that this procedure will give MROS access to the information requested by a foreign counterpart, whereas MROS has such an access to information required to analyse an STR sent to MROS".

The Federal Council's preliminary draft of 21 June 2017

In its preliminary draft bill, which went into consultation on 21 June 2017, the Federal Council proposes responding to FATF's criticism, and address the needs that have emerged in practice with regard to MROS, by adding a new paragraph to Article 11a AMLA. Paragraph 2bis would give MROS the power to approach financial intermediaries on the basis of a report received from abroad. Consultation proceedings raised some important questions regarding the position of MROS in the process of information exchange with international sources. For instance, should MROS's only be authorised to request information relating to predicate offences to money laundering under Swiss law? And does the sharing of information with foreign FIUs bare the risk of providing information to jurisdictions, which might not meet Swiss democratic standards?

- I. Restricting MROS powers only to requests concerning predicate offences under Swiss law

This proposal would be the equivalent of applying the principle of dual criminality to relations between MROS and its foreign counterparts. It would, however, run counter to Egmont Group practice. Indeed, in an unpublished decision which was taken in March 2010, the Egmont Group's Legal working group stated that information-sharing between FIUs should function according to the "principle of availability". It is not necessary at this stage to be aware of a predicate offence. The question about any such offence becomes relevant only when information is passed on to a criminal prosecution authority. The Egmont Group position is shared by the

Federal Council which, in its dispatch on the revision of the Anti-Money Laundering Act of 27 June 2012, stated: "According to FATF requirements, FIUs are responsible at a national level for receiving and analysing SARs from financial intermediaries and must share information in the context of mutual assistance in administrative matters (see chapter 1.1.2). The Egmont Group has underscored the principle of availability by calling in its core documents for available information to be shared efficiently and informally, in the interests of group solidarity and reciprocity. [...] This means that the Reporting Office is already able to share the information that it holds – indeed, it must".¹¹

The principle of availability in exchange with foreign counterparts is also laid down in Article 30 AMLA, which does not determine any particular conditions for that exchange. Reflecting the legal practice of the Egmont Group, Article 30 paragraph 4 letter b AMLA provides that MROS may authorise a foreign counterpart to pass on information to a third authority provided the information is not used to prosecute offences, which are not considered predicate offences to money laundering according to Swiss law (principle of "dual criminality").

In response to the above, MROS would like to point out, that it supplies information rather than evidence. To obtain the latter, the foreign authorities must go through the channels of international mutual assistance in criminal matters. Furthermore, MROS believes that the above proposal would be difficult to implement from the practical perspective, because requesting FIUs are not always aware of a predicate offence. FIUs take different forms, and their working methods vary from country to country. Thus, unlike MROS, which has an initial indication from the financial intermediary's SAR that a predicate offence has been committed, other foreign counterparts – especially those units which are purely administrative in nature – are not always aware of such offences. These FIUs analyse unusual transactions and, in the case of a link with Switzerland, request information from MROS. Just like

MROS's own analyses, those by foreign counterparts may also result in referral to the criminal prosecution authorities, or to an internal filing. They would be nonetheless incomplete without the information supplied by MROS.

In view of the above, it must be concluded that requiring the condition of dual criminality to be fulfilled at the stage at which information is shared between FIUs not only contravenes the principles laid down by the FATF and the Egmont Group, but would also require an amendment to Article 30 AMLA. The provision is well established, however, and any such amendment would be a step backwards and draw international criticism.

II. Sharing of information with FIUs in countries which might not meet democratic standards.

Certain stakeholders have raised the issue of MROS sharing information with Egmont Group member countries that may not satisfy Swiss democratic standards. This concern has been raised in the past, during the various discussions, which MROS held with key players in the Swiss financial sector as part of the work to revise the AMLA in 2012. Under discussion at the time was whether MROS should have the power to share financial information with its foreign counterparts (now Art. 30 para. 2 AMLA). MROS responded to this concern by stating that the Ordinance on the Money Laundering Reporting Office Switzerland (MROSO¹²) already provides that no information may be shared if it would be contrary to an overriding public or private interest. For example, no information concerning asylum-seekers may be forwarded without prior consultation with the Federal Office for Migration¹³ (Art. 26). The Swiss parliament upheld this approach by introducing a mandatory law clause in the AMLA (Art. 31 let. c) which states that MROS will not provide information to foreign counterparts if "national interests or public security and order is prejudiced". This mandatory law clause is not

¹¹ Dispatch on the revision of the Anti-Money Laundering Act (12.065) of 27 June 2012, p. 6459.

¹² 955.23

¹³ Now known as the State Secretariat for Migration.

specific to Switzerland. Other jurisdictions also apply it in connection with information-sharing between their FIUs¹⁴ and foreign counterparts. Article 31 letter c AMLA represents a key provision in the day-to-day work of MROS. It should be noted that FIUs exchange operational information for the sole purpose of combating money laundering and terrorism financing. The Egmont Group comprises FIUs of 156 countries. This does not mean, however, that MROS shares information unconditionally with all of these FIUs. All items of information that are forwarded to a foreign authority undergo a thorough advance check. MROS will not, for example, send information about political opponents to countries or regimes, which persecute dissidents. All information is forwarded in accordance with strict conditions, which comply with the principles of the Swiss rule of law, as laid down in Article 31 letter c AMLA and Article 26 MROSO. Where MROS receives a request from an FIU for the first time, it will - before responding - consult foreign counterparts, which have already had dealings with the FIU in question. It will also contact the FIU to gain an idea of the legal framework within which information will be used. No information is sent until MROS is certain that the FIU is trustworthy. The work of MROS is guided at all times by the principles of the rule of law. The applicable legal framework prevents MROS from providing information to counterparts in countries which might use it in a way that violates these principles.

4.3 Additional information relating to a SAR, already submitted to MROS

Sometimes financial intermediaries submit a SAR and continue to send MROS information on the same case after its submission. The information may be brief and simply refer to the first SAR. MROS must then decide whether to treat the information as a new SAR or as an addition to the existing one. MROS may even contact the financial intermediary and ask him to prepare a detailed analysis. This can cause delays, however,

¹⁴ On this topic, please refer to Art. L561-29-1, I, b. of the French *code monétaire et financier* [Monetary and Financial Code]. Please also see § 35(7) of the German *Geldwäschegesetz* [Money Laundering Act].

since MROS only confirms receipt of the SAR once it is complete.

In order to facilitate collaboration with financial intermediaries with respect to information sent to MROS about a SAR that has already been submitted, MROS specifies the following:

- If MROS has analysed the SAR and has already informed the financial intermediary of its decision under Article 23 paragraphs 5 and 6 AMLA, all information and documents sent afterwards constitute a new SAR. As such, the financial intermediary must carry out a thorough analysis and send it to MROS with the usual accompanying documents. The financial intermediary may summarise the information contained in the first SAR, but merely referring to the first SAR is not sufficient.
- If MROS has not yet finished analysing the original SAR and the new information concerns the same people and the same factual situation, the financial intermediary does not have to submit a new SAR. In this case, MROS treats the additional information as a supplement to the original SAR, and the financial intermediary may simply refer to that SAR.
- If MROS has not yet finished analysing the original SAR, and the new information does not concern the same people or the same factual situation although there is a link to the original SAR, the financial intermediary must submit a new SAR to MROS.

The situation is different when MROS requests information under Article 11a paragraph 2 AMLA. Indeed, sometimes a financial intermediary submits a SAR to MROS following such a request for information. When this happens, MROS must always treat the SAR as a new case and carry out a thorough analysis.

It is important to remember that financial intermediaries are an integral part of Switzerland's anti-money laundering and counter-terrorist financing strategy. As such, they have an obligation to clarify the situation and substantiate the SARs they submit to MROS.

5. International scene

5.1 The Egmont Group

MROS is a member of the Egmont Group, a network of central intelligence units – also known as Financial Intelligence Units (FIUs), which specialises in the detection and combating of money laundering, its predicate offences and terrorist financing. The Egmont Group regards itself as a non-political, international forum consisting of independent, operational FIUs. The group's objectives are:

- Creating the conditions necessary for a systematic and reciprocal international exchange of information.
- Assisting FIUs in improving their efficiency by expanding available training and encouraging knowledge transfer by means of staff exchange programmes.
- Ensuring a high level of security within the scope of international exchange of information between FIUs by using relevant technologies such as stand-alone internet connections.
- Encouraging the operational independence of FIUs.
- Supporting the establishment of centralised intelligence units.

In late January/early February 2017, the heads of the FIUs, the Egmont Committee and the various working groups met. The Egmont Group's plenary session took place in July 2017. MROS hosted three meetings in Switzerland. The first two sessions were held in Geneva in May and June, with the Egmont Committee and the group

of French-speaking FIUs, respectively. The third was held in Zurich in June, with the group of German-speaking FIUs. In July 2017, the head of MROS ended his two-and-a-half-year term as co-chair of the EUROPE II Regional Group, and handed the baton to the heads of the FIUs of Liechtenstein and the Isle of Man.

During the year under review, MROS attended meetings of the Egmont Committee, the plenary session, and the Information Exchange and Policy and Procedures working groups. Project work in 2017 continued to focus on combating the financing of terrorism and of the so-called Islamic State. Meanwhile, the highlight of the year was the approval of the Egmont Centre of FIU Excellence and Leadership (ECOFEL), which will meet the need for technical support, training and advice to increase the impact of the work of FIUs. In July 2017, the Egmont Group gained a new Chair in Hennie Verbeek-Kusters, head of the FIU of the Netherlands. She is the successor Sergio Espinosa, (deputy head of the FIU of Peru) and is the first woman to ever head the Group. 156 jurisdictions are currently members of the Egmont Group, with Kuwait and Sudan having joined in 2017. Since its establishment in 1998, MROS has been a member of the Group. According to the 2012 revision of the Financial Action Task Force (FATF) recommendations (published in 2016), membership of the Egmont Group is a critical factor in establishing a well-functioning money laundering and terrorism financing combating system. As members, FIUs are required to comply with the requirements of the Egmont Group Statement of Purpose and the Principles

for Information Exchange Between Financial Intelligence Units for Money Laundering and Terrorism Financing Cases. MROS believes that direct contact and exchange with its counterparts is crucial. The entry into force on 1 January 2016 of the new Federal Act on Implementation of the Revised FATF Recommendations of February 2012 has again extended MROS's mandate by expanding the list of predicate offences to money laundering. This legislative amendment has allowed MROS to widen its analytical scope and has strengthened the international exchange of information.

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 the FATF Recommendations.

In February 2012, the FATF published the latest version of its recommendations, which establishes 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 mutual evaluations, both the level of technical compliance and the recently introduced criteria of effectiveness will be tested.

As part of these evaluations, the FATF produces two public documents assessing the level of compliance of certain non-member countries. The first 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 called Improving Global AML/CFT Compliance: On-going Process. It 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.

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 recurring patterns and features associated with money laundering and the financing of terrorism 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 terrorist attacks of the last few years continue to influence the work of the FATF. During 2017, a survey was carried out on how the delegations shared the information in the 2016 confidential report on identifying terrorist-financing high-risk indicators with financial centers. MROS gave various talks on the subject in all its national languages and in English, beginning in autumn 2016 and continuing throughout 2017.

MROS was involved in the Best Practices Paper on Domestic Information Sharing, which was completed and published in 2017. A further project in which MROS participated in 2017 was on beneficial ownership. The corresponding report should be completed in 2018 and will be submitted to the Plenary meeting for approval.

6. Internet links

6.1 Switzerland

6.1.1 Money Laundering Reporting Office Switzerland

www.fedpol.admin.ch

Federal Office of Police fedpol

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.foreignbanks.ch

Association of Foreign Banks in Switzerland

www.svv.ch

Swiss Insurance Association

6.1.4 Self-regulating organisations (SRO)

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 General Self-regulatory Association

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-treuhandsuisse.ch

SRO Schweizerischer Treuhänderverband (STV)

www.vsv-asg.ch

Swiss Association of Asset Managers (SAAM)

www.vqf.ch

Verein zur Qualitätssicherung von Finanzdienstleistungen (VQF)

www.sro-svv.ch

Self-regulation organisation of the Swiss Insurance Association (OAR-ASA)

www.sfama.ch

Swiss Funds & Asset Management Association SFAMA

www.svig.org

Swiss Association of Investment Companies (SAIC)

6.1.5 Others

www.ezv.admin.ch

Federal Customs Administration

www.snb.ch

Swiss National Bank

www.bundesanwaltschaft.ch

Office of the Attorney General of Switzerland

https://www.seco.admin.ch/seco/de/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos.html

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

www.bstger.ch

Federal Criminal Court

6.2 International

6.2.1 Foreign reporting offices

<https://www.egmontgroup.org/en/membership/list>

List of all Egmont members, partially with link to the website 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

<https://www.europol.europa.eu/>
Europol

www.fincen.gov/
Financial Crimes Enforcement Network, USA

www.fbi.gov
FBI-Federal Bureau of Investigation, USA

http://www.zoll.de/DE/Der-Zoll/FIU/fiu_node.html
FIU Germany

