

INDICIA OF MONEY LAUNDERING

1 Importance of the indicia

1.1 Financial intermediaries must observe the money-laundering indicia signalling business relationships or transactions involving increased risks that are listed below.

Taken separately, the indicia do not, in general, make it possible to justify a sufficient suspicion of the existence of a money-laundering transaction. However, a combination of several of these elements may indicate their presence.

1.2 The plausibility of the client's explanations of the economic background of such transactions must be verified. In this respect, it is important that the client's explanations should not be accepted without being examined.

2 General indicia

2.1 Transactions involve particular risks of money laundering:

2.1.1 when the manner in which they are constructed indicates an illicit purpose, when their economic purpose is not recognizable or when they even appear absurd from an economic viewpoint;

2.1.2 when the assets are withdrawn shortly after having been credited to the account (transit account), unless the client's business activity makes such an immediate withdrawal plausible;

2.1.3 when one does not manage to understand the reasons why the client has specifically chosen this bank or this branch for his business;

2.1.4 when they result in an account which had previously remained largely inactive becoming very active without one being able to detect a plausible reason;

2.1.5 when they are not compatible with the information and experience of the financial intermediary concerning the client or the purpose of the business relationship.

2.2 Furthermore, any client must be deemed suspicious if he/she provides the financial intermediary with false or fallacious information or if, without any plausible reason, he/she refuses to give it the necessary information and documents, which are accepted by the practices of the business concerned.

2.3 The fact that a client regularly receives bank transfers from a bank established in one of the countries deemed "high risk" or uncooperative by the "Financial Action Task Force (FATF)" or that a client repeatedly makes transfers to such a country, may constitute a ground for suspicion.

2.4 It may also be a ground for suspicion if a client repeatedly proceeds to make bank transfers to regions situated geographically near areas in which terrorist organizations operate.

- 3 Special indicia
 - 3.1 Cash transactions
 - 3.1.1 Exchanging a substantial amount of (Swiss or foreign) banknotes in small denominations for large denominations.
 - 3.1.2 Substantial foreign-exchange transactions which are not recorded on a client's account.
 - 3.1.3 Cashing cheques, including traveller's cheques, for substantial amounts.
 - 3.1.4 Purchase or sale of large quantities of precious metals by occasional clients.
 - 3.1.5 Purchase of bank-certified cheques for large amounts by occasional clients.
 - 3.1.6 Orders for transfers abroad by occasional clients without any apparent legitimate reason.
 - 3.1.7 Frequently conducting cash transactions involving amounts just below the limit above which client identification is required.
 - 3.1.8 Acquisition of bearer shares with physical delivery.
 - 3.2 Account or securities account transactions
 - 3.2.1 Frequent withdrawals of large amounts in cash, even though the client's business activity does not justify such operations.
 - 3.2.2 Use of financing means commonly employed in international trade, whereas the use of such instruments is not consistent with the client's known business activity.
 - 3.2.3 Accounts used intensively for payments whereas said accounts usually receive no, or few, payments.
 - 3.2.4 An economically absurd structure of the business relationship between a client and the bank (a large number of accounts held with the same bank, frequent transfers between different accounts, excessive liquidity, etc.).
 - 3.2.5 Provision of guarantees (pledges, sureties, etc.) by third parties unknown to the bank who do not appear to be closely related to the client or to have a plausible reason to provide such guarantees.
 - 3.2.6 Transfers to another bank without indicating the beneficiary.
 - 3.2.7 Acceptance of funds transfers from other banks without any indication of the name or account number of the beneficiary or the contracting party giving the order.
 - 3.2.8 Repeated transfers of large amounts abroad with the instruction to pay the beneficiary in cash.
 - 3.2.9 Substantial and repeated bank transfers to or from drug-producing countries.

- 3.2.10 Provision of bank sureties or guarantees as collateral for loans between third parties that are not in line with market conditions.
- 3.2.11 Cash payments by a large number of different persons on one and the same account.
- 3.2.12 Unexpected reimbursement without any convincing explanation of a non-performing loan.
- 3.2.13 Use of pseudonym or numbered accounts in the execution of commercial transactions by craft, commercial or industrial businesses.
- 3.2.14 Withdrawal of assets shortly after they have been credited to an account (transit account).
- 3.3 Fiduciary transactions
 - 3.3.1 Fiduciary loans (back-to-back loans) without any recognizable lawful purpose.
 - 3.3.2 Fiduciary holding of stakes in unlisted companies whose business activity cannot be determined by the financial intermediary.
- 3.4 Others
 - 3.4.1 Client's attempts to avoid personal contact with the financial intermediary.
 - 3.4.2 Client's refusal to collaborate with a clarification when there is already an indicium of money laundering.
 - 3.4.3 Request for publication of information under Art. 11a, para. 2 MLA by the Money Laundering Reporting Office.
- 4 Serious indicia
 - 4.1 Client's wish to close an account and to open new accounts in his/her name or in the name of certain members of his/her family without there being any trace in the bank's documentation (paper trail).
 - 4.2 Client's wish to obtain a receipt for cash withdrawals or deliveries of securities which have not actually been made or which have been immediately re-deposited with the same bank.
 - 4.3 Client's wish to make payment orders indicating an incorrect principal.
 - 4.4 Client's wish that certain payments be made not directly from his/her own account, but through a Nostro account of the financial intermediary or through the "Miscellaneous" accounts.
 - 4.5 Client's wish to accept or have documented loan guarantees that do not correspond to economic reality, or to grant loans in a fiduciary capacity on the basis of a fictitious guarantee.
 - 4.6 Criminal proceedings instituted against a client of the financial intermediary for crime, corruption, embezzlement of public funds or for a serious tax offence.