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Risk of Money Laundering through Financial Instruments

Risk of Money Laundering through Financial Instruments, Users and Employees of Financial Institutions

English Version 1

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Non-official translation

UNODC
Calle 102 No 17 A - 61
Bogotá - Colombia
Phone: (+57 1) 6467000
Fax: (+57 1) 6467000 Ext: 337
E-mail: laplac@unodc.org
www.unodc.org

Version design:
Diana Guayara V.

Print edition by:
Alvi Impresores Ltda.
Phone: 250 1584

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INTRODUCTION

Dear Reader,

The document before you was first prepared in Spanish by the Legal Assistance Programme for Latin America and the Caribbean (LAPLAC) of the United Nations Office on Drugs and Crime (UNODC) in 2006, with support from the British Embassy in Bogota, Colombia. This, the first English version, was made possible thanks to UNODC's Global Programme against Money Laundering (GPML) and the Government of the United States of America.

Credit for this publication is due to the main author Mr Luis Eduardo Daza Giraldo (a former Deputy Director of Operation, FIU, Colombia) and the other experts from the private as well as the public sector who collaborated on the document: Mrs. Ira Morales (Administrative Director, Milersen Compliance & Consulting LLC, EEUU), Mr. Michel Diban (Lawyer, Chile), Professor Isidoro Blanco (Universidad de Vigo, Spain) and Mr. Joaquín Giménez, Magistrate (Supreme Court, Spain). The work of Ms. Mónica Jiménez (UNODC Financial Expert) also has to be recognized. Without her, we would not have had an English edition. But now that we do, we hope that the document will find much wider use across the world. So feel free to use it.

The document is of course intended to address the need expressed by our main beneficiary (i.e. justice sector) of improving their economic, financial and accounting preparation to investigate, prosecute and adjudicate money laundering cases. The brief description of the instruments, their underlying documentation and red flags (451 in total) should become a reference guide in day-to-day casework. Our experience does, however, indicate that others will find it relevant too (e.g. regulatory bodies, Financial Intelligence Units and the private sector). UNODC is in fact using this publication in cross-fertilization work between the public (justice) and private (financial and commerce) sector, see www.negociosresponsablesyseguros.org.

A second Spanish version is expected to be ready in July 2010. It will contain new financial and commercial instruments such as e-banking, loans and invoices. We also hope to make the second edition available in English. We would welcome your comments and suggestions at laplac@unodc.org in order to prepare the best possible product.

Kristian Hölge

Regional Legal Advisor

Legal Assistance Program in Latin America and the Caribbean (LAPLAC)

United Nations Office on Drugs and Crime (UNODC)

E-mail: kristian.hoelge@unodc.org

May 2010

PART I

KNOWN FINANCIAL INSTRUMENTS

1. CHECKING ACCOUNT

A checking account is a financial product, typical of commercial banks. Normally, checking accounts are opened in domestic currency; nevertheless, in some countries they can be opened in foreign currency, most often in United States Dollars.

1.1 Description

A checking account is a contract through which an individual or a company, known as the account holder, deposits, withdraws or consigns money to a bank in order to make use of its balance. The account holder, or owner of the checking account, may dispose of the money in the account either partially or in full through writing checks or through other instruments provided by the bank, such as debit cards.

The bank gives the checking account holder a checkbook. The checking account holder, or depositor, writes checks when he/she needs to make a payment to a third party or withdraw cash. The checks then become payment orders for the bank, payable to the beneficiary of the check.

In general, deposits to the checking account are made either in cash or through checks, local and international transfers received, interest and other deposits or credit notes.

Withdrawals or charges to the checking account are generally made by checks payable in cash or through clearing[1], ordering of local or international wire transfers, cash withdrawals through automatic teller machines, cash withdrawals through the use of a debit card, through the purchase of cashier's check[2], charges for services or purchases paid for through the debit card in commercial establishments, charges for electronic transactions (payment of public services, loans, credit cards) commissions or other debit notes.

1 The process that a bank carries out to collect from another party checks deposited in the checking accounts of its clients. This process is known as clearing.

2 A check drawn by a bank on its own funds, signed by the bank's cashier, and purchased by the client.

Many people find it safer to tender or write a check than to carry cash to pay bills. Moreover, it is more convenient when making purchases or payments to third parties to use a debit card, or withdraw cash from automatic tellers than ordering transfers or money orders.

The bank establishment is responsible for handling and managing the money in the checking account, offering immediate availability even in an amount that surpasses availability; that is, through a temporary overdraft quota available in such cases when the payment is greater than the balance in the checking account.

Some banks offer electronic transaction and information services, through which one can consult the checking account balance and make payments, electronic wire transfers or transfers between the same holder's accounts. Some banks, in addition, offer liquid interest rates on the daily balance or average presented in the checking account.

1.2 Documents of interest

The documents that identify the operations and features of a checking account are; the application for opening an account, the form for recording authorized signatures, the bank statements or extracts, deposit slips, checks and transfers.

1.2.1 Application for opening an account

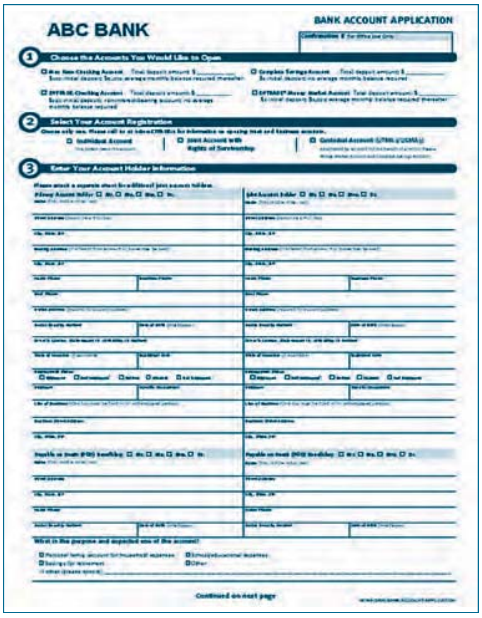
The application for opening an account contains information on the account holder, whether this is a natural person or a legal entity.

This document, together with others required by the bank (i.e. copies of personal identity documents, certificates issued by the Chamber of Commerce or other regarding the type of economic activity, financial statements, tax declarations), are mainly requested so bank supervisors can comply with their legal obligations, establish such aspects as identification, location, economic activity, income and expenditures, assets, liabilities and capital, commercial or personal references, and the account holder's main clients or suppliers.

Bearing in mind the degree of technological progress attained by some banks, it is possible for client applications to be processed through direct, electronic means (not necessarily hard copy). Even in this manner, the client features and information previously indicated can be uploaded to the application.

Image Number 1

Application form for opening account


ABC BANK

BANK ACCOUNT APPLICATION

1 Choose the Accounts You Would Like to Open

2 Select Your Account Registration

Individual Account

Joint Account with Rights of Survivorship

3 Enter Your Account Holder Information

(This study’s own source)

This document is exceedingly important to financial analysis and legal investigations as it supplies information that allows for the identification or confirmation of associations, in addition to financial aspects regarding the checking account holder, the location and economic activity of the latter, and more.

1.2.1.1 Warning signs during opening and management of checking account

1. Opening of several checking accounts under one or more names, all with the same person authorized to sign checks.
2. Opening of company checking accounts with common partners, managers, administrators or legal representatives.
3. Consecutive opening of several accounts under different names though sharing similar characteristics (age, economic activity, location, family relationship), people who give the appearance of not knowing one another.
4. Refusal to fully fill out the paperwork to open the checking account, or attempt to bribe or threaten bank officers for this same purpose or to get the bank officer to accept partial or false information.
5. Natural persons or legal entities showing ample financial solvency though appearing to falter at providing information regarding commercial references or a co-signer or guarantor at the time of filling out the application form for a checking account.

6. Persons who at the time of opening the checking account record the address and/or telephone number of other individuals to whom they appear to have no apparent relationship.
7. Persons who frequently change their personal information, such as address, telephone number, occupation, with no apparent justification.
8. Persons who deliberately fill out the application forms required to open an account in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.
9. Persons who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the application forms that are required when opening a checking account.
10. Persons applying to open a checking account that appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing when asked for the information needed to open said checking account.
11. Persons opening a checking account at a bank office, with no apparent justification, whose location is different or far away from the location where the client carries out his/her business or economic activity. If the client in question is a natural person (individual) on salary, question the lack of an explanatory relationship regarding either the employer's location or the place of residence of the client.
12. Checking account applicants who by virtue of age, experience or economic activity have no prior record regarding financial products in the sector and cannot account for such when requested.
13. Checking account applicants who are designated on national[3] or international[4] lists as being terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or individuals wanted by the authorities.
14. Checking account applicants who demand to deal with a specific bank account executive, manager or officer, or who show a marked preference for dealing with a specific employee.
15. Checking account holders who refuse to justify a transaction or update the basic information provided at the time the application was submitted to the bank.

3 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

4 Lists published by diverse entities such as the FBI http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

16. Checking account holders who ask to be exempted from supplying or confirming certain information on the grounds that they have been recommended by another of the bank's clients or by another banking institution.

17. Persons or entities that with frequency unjustifiably close and then open new checking accounts at the same bank or at other neighboring branches.

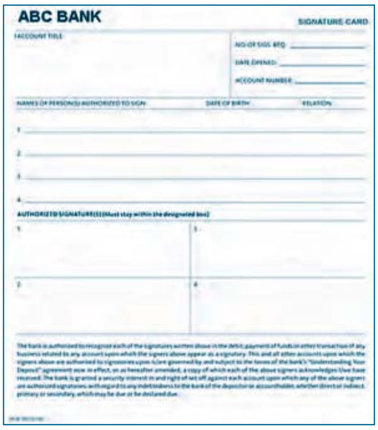
18. Checking account applicant who has been classified as a Politically Exposed Person (PEP)[5] and attempts to avoid the full and diligent completion of application forms or does not adequately justify the origin of the money associated to his/her person.

1.2.2 The recording of authorized signatures

The form used to record signatures provides information on the people authorized to handle the checking account. This information generally includes name, identification supplied, level of authorization (the level of independence granted by the account holder for handling of the account, pursuant to the instructions given) and sometimes fingerprint.

Image Number 2

The recording of authorized signatures


ABC BANK
SIGNATURE CARD
ACCOUNT TITLE
NO OF SIGS. REQ
DATE OPENED:
ACCOUNT NUMBER
NAMES OF PERSON(S) AUTHORIZED TO SIGN
DATE OF BIRTH
RELATION
AUTHORIZED SIGNATURE(S) (Must stay within the designated box)

(This study's own source)

This document is important for financial analysis and legal investigations for it supplies information that identifies or confirms the association between the persons authorized to handle the checking account and the checking account holder and provides sample signatures.

5 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf.

1.2.2.1 Warning signs during the recording of authorized signatures for checking account

1. Persons authorized for the financial management of the checking account when there is no direct association or apparent justification regarding said persons and their relationship to the account holder.
2. A given person who is authorized to sign and handle numerous checking accounts simultaneously for different individuals or companies with no clear justification to do so.
3. Person who has been authorized to sign and manage several checking accounts in which this person's relationship to the holder of the accounts is inexplicable or inconvenient. For example, an external auditor who has been authorized to manage the audited client's account.
4. Persons who have been registered, or attempted to do so, as being authorized to handle one or more checking accounts that have been designated on national[6] and international[7] lists as terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or wanted by the authorities.
5. Persons considered being Politically Exposed Persons (PEP)[8] who are authorized, or attempt to secure authorization, for handling one or more checking accounts for third parties, with no clear association or justification.

1.2.3 Account statement

An account statement is the periodic report of the credit and debit transactions of a checking account. The bank prepares a detailed monthly report in chronological order of all operations pertaining to the checking account, and totals all the incoming and outgoing money in the report summary.

6 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

7 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

8 The European Union, in its third directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (Directive 2005/60/CE of October 26, 2005) has placed special emphasis on the need to determine not only the identity and business profile of all clients, but also on the need to establish particularly rigorous procedures for the identification of the client and proof of identity when dealing with business relations with persons occupying or who have occupied important high public positions, especially when coming from countries where corruption is widespread. These associations may expose financial institutions to considerable risk, particularly as regards their reputation and legal risks.

The information contained in a checking account statement serves to establish on a monthly basis the number and type of transactions that increase (origin or source) the amount of money available, and at the same time the number and type of operations that reduce (destination or use of) the balance available.

Image Number 3

Account statement

ABC BANK

Account Statement

BRANCH : CENTRAL COMMERCIAL BRANCH [illegible] PAGE 1
BIC : [illegible] IBAN : [illegible]
TYPE : [illegible] FOCUS RESEARCH & MARKETING LIMITED 22 SEP 08

DATE	DESCRIPTION	WITHDRAWALS	DEPOSITS	BALANCE
	NEW ACCOUNT			NIL.
21 SEP 07	FOCUS RESEARCH & M FOCUS MONIES		24,000.00	24,000.00
26 SEP 07	FOCUS RESEARCH & M	24,000.00		NIL.
2 OCT 07	FOCUS RESEARCH & M FOCUS MONIES		5,000.00	5,000.00
6 OCT 07	UNTAXED INTEREST		9.64	5,009.64
6 NOV 07	UNTAXED INTEREST		10.20	5,019.84
15 NOV 07	FOCUS RESEARCH & M	5,019.00		0.84
5 DEC 07	UNTAXED INTEREST		4.58	5.42
30 JAN 08	FOCUS RESEARCH & M higher interest		29,025.79	29,031.21
5 FEB 08	UNTAXED INTEREST		9.82	29,041.03
5 MAR 08	UNTAXED INTEREST		54.77	29,095.80
10 MAR 08	FOCUS RESEARCH & M FOCUS MONIES		16,277.58	45,373.38
4 APR 08	UNTAXED INTEREST		76.80	45,450.18
7 APR 08	FOCUS RESEARCH & M FOCUS MONIES		8,487.25	53,937.43
6 MAY 08	UNTAXED INTEREST		90.43	54,027.86
21 MAY 08	FOCUS RESEARCH & M FOCUS MONIES		11,185.18	65,213.04
5 JUN 08	UNTAXED INTEREST		104.59	65,317.63
4 JUL 08	UNTAXED INTEREST		102.16	65,419.79
7 JUL 08	FOCUS RM LTD	10,000.00		55,419.79
9 JUL 08	FOCUS RESEARCH & M FOCUS MONIES		8,000.00	63,419.79
5 AUG 08	UNTAXED INTEREST		109.03	63,528.82
11 AUG 08	ANNUAL BONUS		25.00	63,553.82
5 SEP 08	HMRC VAT REPAY		4,004.41	67,558.23
5 SEP 08	UNTAXED INTEREST		106.47	67,664.70
10 SEP 08	FOCUS RESEARCH & M A T		4,000.00	71,664.70

(This study's own source)

This document is exceedingly important to financial analysis and legal investigations as it supplies information that allows for the identification or confirmation of the origin and destination of the money in a checking account and the various manners in which funds are transferred. It is also a key record to assist in identifying patterns of transactions.

1.2.3.1 Warning signs for the monthly checking account statement

1. Cash credit and debit transfers and operations indicating fractioning[9], approaching the established limits and controls.
2. Checking accounts that initially register transactions in low amounts of money that soon increase to large amounts of money.
3. Carrying out multiple cash operations at the same branch office or at others in the same or different cities with no apparent justification or link to the checking account holder's economic activity.

9 Money laundering typology that consists in carrying out multiple operations, generally in amounts lower than but approaching the limit established as control for cash transactions. This modality has been identified on numerous occasions in the regional GAFISUD typologies document (http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf).

4. Checking accounts that register multiple transfers, both in number or in value, to other cities or countries and addressed to various beneficiaries, or operations in quantities or value that are not in keeping with the account holder's economic activity.
5. Checking account holders who suddenly change the type of transactions they customarily use and the manner in which they receive or transfer money.
6. Large sums of money that are withdrawn from the checking account immediately or over a very short period of time.
7. Checking accounts that have been inactive that suddenly receive one or more deposits, followed by multiple cash withdrawals until the balance is depleted.
8. Checking accounts that register only deposits over a period of time, which then reach a considerable balance, and suddenly the balance is withdrawn in one single day or over a very short period of time.
9. Checking accounts that handle high sums of money, in which transactions are primarily undertaken through electronic transfers or the use of automatic tellers.

1.2.4 Deposits

Deposit slips for checking accounts generally contain information on the date, amount, type of operation (cash or check), bank office where the operation takes place, depositor, and a minimum of information, perhaps telephone number, on the depositor.

Image Number 4

Deposits


ABC BANK

Deposit slip
Depositostrokie

Deposit to
Deponeer aan

2 8 1 6 5 0 4 9 7

Depositor's name or reference. These details will appear on the accountholder's/beneficiary's statement
Naam van deponeerder of verwysing. Hierdie besonderhede sal op die rekeninghouer/bedeelde se staat verskyn

0725585201

Notes / Note

Coins/Munte

Postal/Money order / Posorders / -wissels

Total cash and postal/money orders
Totale kontant en posorders en-wissels

Cheques deposited (Drawer's name) / Tjeks gedeponeer (Trekker se naam)

1

2

3

4

Total cheques
Totale tjeks

Total
Totale

R

Conditions

Voorwaardes

(This study's own source)

These documents are important for financial analysis and legal investigation, for they supply information that leads to the identification or confirmation of the origin of the money in a checking account and some features regarding the depositors of the funds.

1.2.4.1 Warning signs for deposits to checking account

1. Deposits through different bank branches of the same city or country, on the same day, in which the depositor (an apparent client of the checking account holder) has no business or agency.
2. Cash deposits that indicate possible fractioning[10], because the amount is lower than and approaching the control limit established, done through different bank branches on the same day or consecutively over a few days.
3. Deposits of large amounts of money into checking accounts that have been or are inactive.
4. Deposits made by natural persons to a checking account whose holder is a company unrelated in business matters to said depositors.
5. Simultaneous deposits by one same person to several checking accounts held by different companies under the same "financial group".
6. Frequent cash deposits of high sums of money to a company checking account that by virtue of its commercial activity is not associated with nor normally receives this type of operation.
7. Frequent deposits of high sums of cash, wrapped in paper bands provided by other banks, with no apparent justification.
8. Frequent cash deposits of rounded amounts of money, made with high or low denomination bills, even when the checking account holder, based on his/her economic activity does not make sales that involve money of this nature.

1.2.5 Checks

Checks written on and paid by a checking account contain information on the date, amount, type of payment (cash or through another bank), branch where the operation took place, initial beneficiary, final beneficiary, identification and in some cases the telephone numbers of the beneficiaries.

10 Some typologies and operations related to this modality can be consulted at http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf.

Image Number 5

Checks

(This study's own source)

This document is exceedingly important to financial analysis and legal investigations as it supplies information that allows for the identification or confirmation of the destination of the money in a checking account and some of the characteristics of the initial and end beneficiaries of the funds. Endorsements on the back of a check can provide important additional information for investigators.

1.2.5.1 Warning signs for checks written against a checking account

1. Checks payable to different people for similar amounts, ultimately cashed by one single person.
2. Checks written in amounts lower than the control limit established and paid in cash.
3. Checks payable to the same beneficiary on the same day.
4. Checks written by a company for high amounts of money that are paid in cash to the manager or an officer of the same company.
5. Checks payable to different people that are paid in cash to other people whose biographical traits are similar to those on the endorsement.
6. Checks paid in cash, endorsed so illegibly that it is not possible to verify the identity of the end beneficiary.
7. Checks payable to an individual but paid to or deposited in the account of another individual with a similar name.
8. Checks payable to beneficiaries considered Politically Exposed Persons (PEP), with no clear or justified association.
9. Checks paid bearing symbols, seals or annotations (such as initials) either on the front or the back.

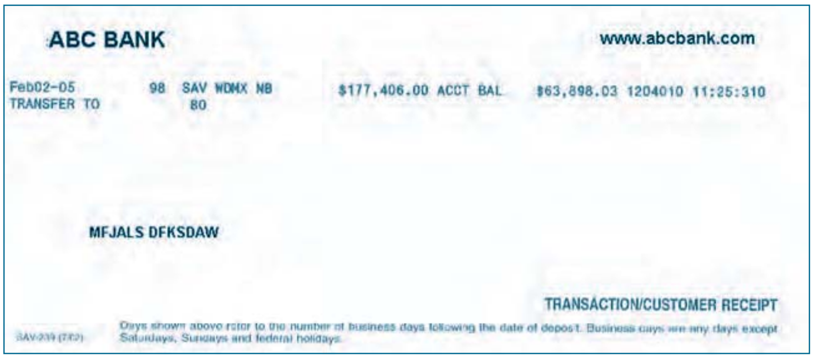
UNODC
United Nations Office on Drugs and Crime

1.2.6 Transfers

Local or international transfers from or to a checking account contain information such as date, amount, remitter, intermediary banks or participants and in some cases additional information on addresses and telephone numbers.

Image Number 6

Local transfer



ABC BANK
www.abcbank.com

Feb02-05 98 SAV WDMX NB $177,406.00 ACCT BAL $63,898.03 1204010 11:25:310
TRANSFER TO 80

MFJALS DFKSDAW

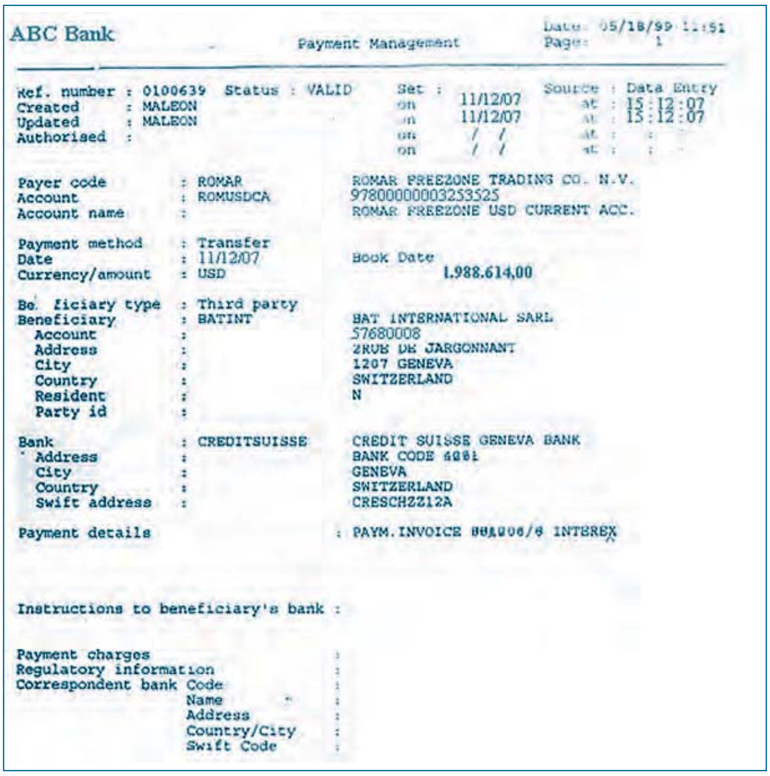
TRANSACTION/CUSTOMER RECEIPT

SAV-239 (7/02) Days shown above refer to the number of business days following the date of deposit. Business days are any days except Saturdays, Sundays and federal holidays.

(This study's own source)

Image Number 7

International transfer



ABC Bank
Payment Management
Date: 05/18/99 11:51
Page: 1

Ref. number : 0100639 Status : VALID Set : Source : Data Entry
Created : MALEON on 11/12/07 at : 15:12:07
Updated : MALEON on 11/12/07 at : 15:12:07
Authorised : on / / at : :
on / / at : :

Payer code : ROMAR ROMAR FREEZONE TRADING CO. N.V.
Account : ROMUSDCA 97800000003253525
Account name : ROMAR FREEZONE USD CURRENT ACC.

Payment method : Transfer
Date : 11/12/07 Book Date
Currency/amount : USD 1.988.614,00

Be. ficiary type : Third party
Beneficiary : BATINT BAT INTERNATIONAL SARL
Account : 57680008
Address : 2RUE DE JARGONNANT
City : 1207 GENEVA
Country : SWITZERLAND
Resident : N
Party id :

Bank : CREDITSUISSE CREDIT SUISSE GENEVA BANK
Address : BANK CODE 4081
City : GENEVA
Country : SWITZERLAND
Swift address : CRESCHZZ12A

Payment details : PAYM.INVOICE 00A006/8 INTEREX

Instructions to beneficiary's bank :

Payment charges :
Regulatory information :
Correspondent bank Code :
Name :
Address :
Country/City :
Swift Code :

(This study's own source)

This document is exceedingly important to financial analysis and legal investigations as it supplies information that allows for the identification or confirmation of the origin or destination of money going into or coming from a checking account and some information regarding the people involved in the transfer of funds.

1.2.6.1 Warning signs for transfers from or to a checking account

1. Checking account that registers multiple local or international transfers for large sums of money, to different cities or countries, when the account holder has no known clients or business in those locations that might justify said operations.
2. Effecting local or international transfers to localities distant from and other than the one of the business headquarters of the checking account holder.
3. Checking account that takes international transfers for exported goods to countries other than the country of origin of the transaction.
4. Checking account that orders international transfers for imports to countries other than the destination country of the transaction.
5. International transfers from or to a checking account in high sums of money, bearing instructions to be paid in cash only.
6. Local transfers in the name of one same person or on behalf of third parties in large amounts that indicate fractioning; that is, amounts just below the established control limit for cash transactions.
7. Electronic transfers received in a checking account or ordered from one in which the money is immediately withdrawn, or very shortly after deposited, through checks written out to third parties, through automatic tellers or transfers to other beneficiaries.
8. Checking account that is the recipient of many local transfers of small amounts of money that is immediately transferred to another account in another city unrelated to the account holder's economic activity.
9. Local or international transfers to beneficiaries considered Politically Exposed Persons (PEP), with no clear or justified association.

1.3 Risk of money laundering through checking account

The checking account can be one of the financial instruments at highest risk for money laundering operations.

The characteristics of checking account operations, the information on and behavior of the checking account holder and the results obtained from analyses of the aforementioned documents may coincide with some of the money laundering typologies identified in the regional document GAFISUD.

According to this document, a checking account may be used in such typologies as fictitious export of services, import-export of fictitious goods, fictitious foreign investment in a local company, international foreign currency trading (arbitrage) through the transportation of money obtained illicitly, exploitation of insurance company products, trade in products in differentiated markets, as in a company created to swindle people through the pyramid system.

2. SAVINGS ACCOUNT

A savings account is a financial product offered by commercial banks and some other financial institutions. Savings accounts are usually held in local currency, though in some countries they can be opened in foreign currency, generally United States Dollars.

2.1 Description

A savings account is a contract by means of which a person, either natural or legal, known as the saver, either delivers, orders or deposits sums of money to a financial entity in order to make use of the balance. The saver, or savings account holder, may partially or fully withdraw money either through a passbook (cash or check), a debit card at the financial institution or at automatic tellers machines, and debit card payments at commercial establishments.

The bank or financial institution gives the savings account holder a passbook to record deposits and withdrawals and/or a debit card for electronic transactions. The savings account holder, or saver, fills out the passbook when making a deposit or withdrawal.

Generally speaking, deposits to savings accounts come from either cash or check deposits, local or international transfers, interest and other deposits or credit notes.

Withdrawals or charges to the savings account are generally effected through withdrawal slips through cash or check used at the financial entity office, withdrawals in cash or check through the use of the debit card, cash withdrawals through automatic tellers machines, local or international wire transfers, purchase charges through cashier checks[11], charges for services or purchases made with the debit card in commercial establishments, payment of electronic transactions (public services, loans, credit cards) commissions or other debit notes.

The financial entity is in charge of the administration and management of the saving account holder's money, providing it immediatly available backed by the balance of the account.

Some of these financial entities offer electronic transaction and information services through which the holder can consult the balance available and make payments, electronic wire transfers or transfers between accounts held by the same holder. In like manner, others offer liquid interest rates on the daily balance or average in the savings account.

2.2 Documents of interest

Documents that identify the operations and characteristics of a savings account (similar to those of a checking account) include; the application form for opening an account, the recording of signatures, account statement or bank summary, deposit slips, withdrawal slips and transfer forms.

2.2.1 Application for opening account

The application form for opening a savings account contains information on the applicant, whether this is an individual or a company.

This document, together with others required by the bank (i.e. copies of personal identity documents, certificates issued by the Chamber of Commerce or other regarding the type of economic activity, financial statements, tax

11 A check drawn by a bank on its own funds, signed by the bank's cashier, and purchased by the client.

declarations), mainly requested so bank supervisors can comply with their legal obligations, establish aspects such as identification, location, economic activity, income and expenditures, assets, liabilities and capital, commercial or personal references, and the account holder's main clients or suppliers.

Bearing in mind the degree of technological progress attained by some banks, it is possible for client applications to be processed through direct, electronic means (not necessarily hard copy). Even so, it is possible to secure the abovementioned information and client characteristics.

This document is very important for the purposes of financial analysis and legal investigations, as it supplies information that allows for the identification or confirmation of the financial associations of the savings account holder, location and economic activity, among other information.

2.2.1.1 Warning signs during opening and management of savings account

1. Opening of several checking accounts under one or more names, all with the same person authorized to handle the account.
2. Opening of several savings accounts with common partners, managers, administrators or legal representatives or authorized signatures.
3. Consecutive opening of several savings accounts under different names though sharing similar characteristics (age, economic activity, location, family relationship), people who give the appearance of not knowing each other.
4. Consecutive opening of several savings accounts with the same initial amount, in the names of different people who apparently do not know each other.
5. Consecutive opening of several savings accounts in the name of different people to whom the financial institution gives debit cards for handling of the account to the same person or that are used to carry out simultaneous transactions.
6. Refusal to fully fill out the paperwork to open the savings account, or attempt to bribe or threaten bank officers for this same purpose or to get the bank officer to accept partial or false information.
7. Natural persons or legal entities showing ample financial solvency though appearing to falter at providing information regarding commercial references or a co-signer or guarantor at the time of filling out the application form for a checking account.

8. Persons who at the time of opening the savings account record the address and/or telephone number of other individuals to whom they appear to have no apparent relationship.

9. Persons who frequently change their personal information, such as address, telephone number, occupation, with no apparent justification.

10. Persons who deliberately fill out the application forms required to open an account in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.

11. Persons who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the application forms that are required when opening a savings account.

12. Persons applying to open a savings account that appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing when asked for the information needed to open said savings account.

13. Persons opening a savings account at a bank office, with no apparent justification, whose location is different or far away from the location where the client carries out his/her business or economic activity. If the client in question is a natural person (individual) on salary, question the lack of an explanatory relationship regarding either the employer's location or the place of residence of the client.

14. Savings account applicants who by virtue of age, experience or economic activity have no prior record regarding financial products in the sector and cannot account for such when requested.

15. Savings account applicants who are designated on national[12] or international[13] lists as being terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or individuals wanted by the authorities.

16. Savings account applicants who demand to deal with a specific bank account executive, manager or officer, or who show a marked preference for dealing with a specific employee.

17. Savings account holders who refuse to justify a transaction or update the basic information provided at the time the application was submitted to the bank.

12 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

13 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

18. Savings account holders who ask to be exempted from supplying or confirming certain information on the grounds that they have been recommended by another of the bank's clients or by another banking institution.

19. Persons or entities that with frequency unjustifiably close and then open new savings accounts at the same bank or at other neighboring branches.

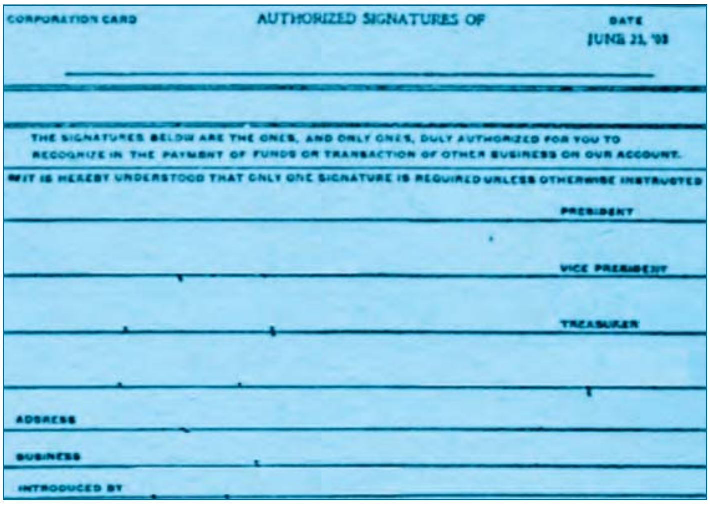
20. Savings account applicant who has been classified as a Politically Exposed Person (PEP[14]) and attempts to avoid the appropriate and full completion of application documents, or does not fully justify the origin of the money with which he/she is associated.

2.2.2 The recording of authorized signatures

The form used to record signatures provides information on the people authorized to handle the savings account. This information generally includes name, identification supplied level of authorization (the level of independence granted by the account holder for handling of the account, pursuant to the instructions given) and sometimes fingerprint.

Image Number 8

Recording of authorized signatures



CORPORATION CARD
AUTHORIZED SIGNATURES OF
DATE
JUNE 23, '98

THE SIGNATURES BELOW ARE THE ONES, AND ONLY ONES, DULY AUTHORIZED FOR YOU TO RECOGNIZE IN THE PAYMENT OF FUNDS OR TRANSACTION OF OTHER BUSINESS ON OUR ACCOUNT.

*IT IS HEREBY UNDERSTOOD THAT ONLY ONE SIGNATURE IS REQUIRED UNLESS OTHERWISE INSTRUCTED

PRESIDENT

VICE PRESIDENT

TREASURER

ADDRESS

BUSINESS

INTRODUCED BY

(This study's own source)

14 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

This document is important for financial analysis and legal investigations for it supplies information that identifies or confirms the association between the persons authorized to handle the checking account and the savings account holder and provides sample signatures.

2.2.2.1 Warning signs for the recording of authorized signatures for savings account

1. Persons authorized for the financial management of the savings account when there is no direct association or apparent justification regarding said persons and their relationship to the account holder.
2. A given person who is authorized to sign and handle numerous savings accounts simultaneously for different individuals or companies with no clear justification to do so.
3. Person who has been authorized to sign and manage several savings accounts in which this person's relationship to the holder of the accounts is inexplicable or inconvenient. By way of example, an external auditor who has been authorized to manage the audited client's savings account.
4. Persons who have been registered, or attempted to do so, as being authorized to handle one or more savings accounts, who have been designated on national[15] or international[16] lists as terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or wanted by the authorities.
5. Persons considered being Politically Exposed Persons (PEP) who are authorized, or attempt to secure authorization, for handling one or more savings accounts for third parties, with no clear association or justification.

2.2.3 Account statement

An account statement is the periodic report of the credit and debit transactions of a savings account. In some cases this statement is quarterly and in others monthly.

15 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

16 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

The bank drafts a detailed monthly report in chronological order of all operations pertaining to the savings account, and totals all the incoming and outgoing money in the report summary.

The information contained in a savings account statement suffices to establish on a monthly basis the number and type of transactions that increase (origin or source) the amount of money available, and at the same time the number and type of operations that reduce (destination or use of) the savings account balance

Image Number 9

Account statement

ABC Bank

page 2 of 7

Date	Description	Amount	Account Balance
3/31/08	GAS	$34.14	$7.16
3/31/08	Unexpected Bill	$12.53	($5.37)
3/31/08	Unexpected Bill	$18.80	($24.17)
4/1/08	Overdraft Fee	$35.00	($59.17)
4/1/08	Overdraft Fee	$35.00	($94.17)
* 4/2/2008	Overdraft Fee	$35.00	($129.17)
4/3/08	Negative Balance Fee	$8.00	($137.17)
4/4/08	Negative Balance Fee	$8.00	($145.17)
4/5/08	Negative Balance Fee	$8.00	($153.17)
4/6/08	Negative Balance Fee	$8.00	($161.17)
4/7/08	Negative Balance Fee	$8.00	($169.17)
4/8/08	Just For Fun Fee	$35.00	($204.17)
4/8/08	Negative Balance Fee	$8.00	($212.17)
4/9/08	Negative Balance Fee	$8.00	($220.17)
4/10/08	Negative Balance Fee	$8.00	($228.17)
4/11/08	Negative Balance Fee	$8.00	($236.17)
4/12/08	Negative Balance Fee	$8.00	($244.17)
4/13/08	Negative Balance Fee	$8.00	($252.17)
4/14/08	Negative Balance Fee	$8.00	($260.17)
4/15/08	Just For Fun Fee	$35.00	($295.17)
4/15/08	Negative Balance Fee	$8.00	($303.17)
4/16/08	Negative Balance Fee	$8.00	($311.17)
4/17/08	Negative Balance Fee	$8.00	($319.17)
4/18/08	Negative Balance Fee	$8.00	($327.17)
4/19/08	Negative Balance Fee	$8.00	($335.17)
4/20/08	Negative Balance Fee	$8.00	($343.17)
4/21/08	Negative Balance Fee	$8.00	($351.17)
4/22/08	Just For Fun Fee	$35.00	($386.17)
4/22/08	Negative Balance Fee	$8.00	($394.17)
4/23/08	Negative Balance Fee	$8.00	($402.17)
4/24/08	Negative Balance Fee	$8.00	($410.17)
**4/25/2008	ATM Deposit PENDING	$411.00	$0.83
4/25/08	Negative Balance Fee	$8.00	($7.17)
4/26/08	Negative Balance Fee	$8.00	($15.17)
***4/27/2008	Cash Deposit PENDING	$15.17	$0.00

(This study's own source)

This document is exceedingly important for financial analysis and legal investigations as it supplies information that allows for the identification or confirmation of the origin and destination of the money in a savings account and the various manners in which funds are transferred.

2.2.3.1 Warning signs regarding periodic withdrawals from savings account

1. Cash, credit and debit transfers and operations indicating fractioning[17], approaching the established limits and controls.
2. Savings accounts that initially register transactions of low amounts of money that soon increase to large amounts of money.
3. Savings accounts that register simultaneous debt and credit transactions (same date, branch office, city, automatic teller machine) of the same or similar amounts of money with no apparent justification.
4. Carrying out multiple cash operations at the same branch office or at others in the same or different cities with no apparent justification or link to the saving account holder's economic activity.
5. Savings accounts that register multiple transfers, both in number or in value, to other cities or countries and addressed to various beneficiaries, or operations in quantities or value that are not in keeping with the account holder's economic activity.
6. Savings account holders who suddenly change the type of transactions they customarily use and the manner in which they receive or transfer money.
7. Large sums of money that are withdrawn from the savings account immediately or over a very short period of time.
8. Savings accounts that have been inactive and suddenly receive one or more deposits, followed by multiple cash withdrawals until the balance is depleted.
9. Savings accounts that register only deposits over a period of time, reach a considerable balance, and then the balance is withdrawn in one single day or over a very short period of time.
10. Savings accounts that handle high sums of money, in which transactions are primarily undertaken through electronic transfers or the use of automatic tellers machines.

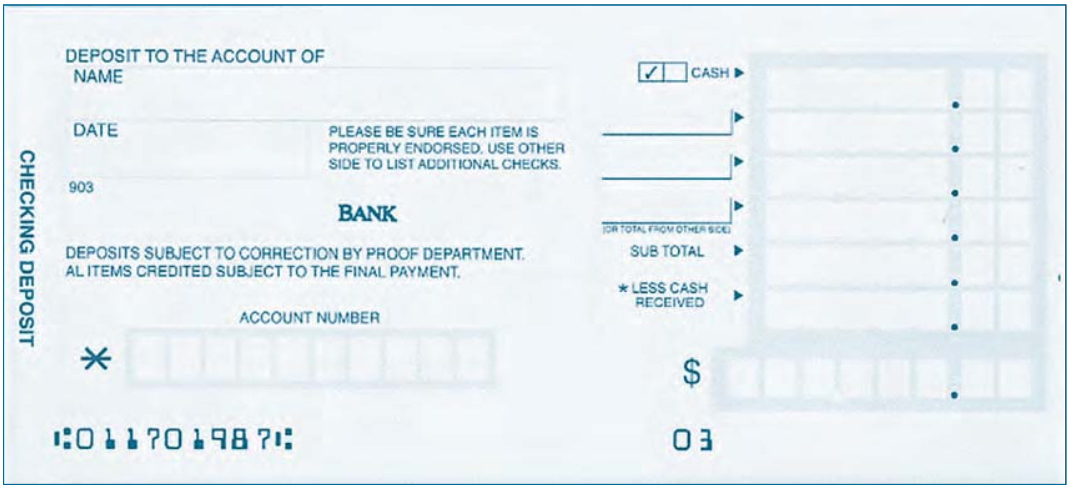
17 Money laundering typology that consists in carrying out multiple operations, generally in amounts lower than but approaching the limit established as control for cash transactions. This modality has been identified on numerous occasions in the regional GAFISUD typologies document (http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf)

2.2.4 Deposits

Deposit slips for savings accounts generally contain information on the date, amount, type of operation (cash or check), bank office where the operation takes place, depositor, and a minimum of information, perhaps telephone number, on the depositor.

Image Number 10

Deposits


CHECKING DEPOSIT
DEPOSIT TO THE ACCOUNT OF
NAME
DATE
PLEASE BE SURE EACH ITEM IS PROPERLY ENDORSED. USE OTHER SIDE TO LIST ADDITIONAL CHECKS.
903
BANK
DEPOSITS SUBJECT TO CORRECTION BY PROOF DEPARTMENT.
AL ITEMS CREDITED SUBJECT TO THE FINAL PAYMENT.
ACCOUNT NUMBER
CASH
(OR TOTAL FROM OTHER SIDE)
SUB TOTAL
★ LESS CASH RECEIVED
$
⑆011701987⑆
03

(This study's own source)

These documents are important for financial analysis and legal investigation, for they supply information that leads to the identification or confirmation of the origin of the money in a savings account and some features regarding the depositors of the funds.

2.2.4.1 Warning signs regarding deposits to savings account

1. Deposits through different bank branches of the same city or country, on the same day, in which the depositor (an apparent client of the savings account holder) has no business or agency.
2. Cash deposits that indicate possible fractioning[18], because the amount is lower than and approaching the control limit established, done through different bank branches on the same day or consecutively over a few days.
3. Deposits of large amounts of money into savings accounts that have been or are inactive.

18 Typologies or operations related to this modality can be consulted at http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf

4. Deposits made by natural persons to a savings account whose holder is a company unrelated in business matters to said depositors.

5. Simultaneous deposits by one same person to several savings accounts held by different companies under the same "financial group".

6. Frequent cash deposits of high sums of money to a company savings account that by virtue of its commercial activity is not associated with nor normally receives this type of operation.

7. Frequent deposits of high sums of cash, wrapped in paper bands provided by other banks, with no apparent justification.

8. Frequent cash deposits of rounded amounts of money, made with high or low denomination bills, even when the savings account holder, based on his/her economic activity does not make sales that involve money of this nature.

2.2.5 Savings account withdrawal slips

Savings account withdrawal slips contain information on the date, amount, type of payment (cash or check), branch office where the operation took place, identification of the account holder, or beneficiary of the check requested and on occasion the telephone numbers of said beneficiaries.

Image Number 11

Savings account withdrawal slips

Transfer to: Bank Account

Total Amount: -21,273.20 PHP

From amount: -$520.00 USD
To amount: 21,273.20 PHP
Exchange Rate: 1 U.S. Dollar = 40.9100 Peso

Date: Jan. 29, 2008
Time: 15:54:47 PST
Status: Pending

Subject: Bank Account
Transfer to: ABC bank XXXXXX

(This study's own source)

This type of document is very important for the purposes of financial analysis and legal investigation; it provides information that allows us to identify or confirm the destination of money withdrawn from a savings account and some characteristics regarding the initial beneficiary of the funds.

2.2.5.1 Warning signs regarding savings account withdrawal slips

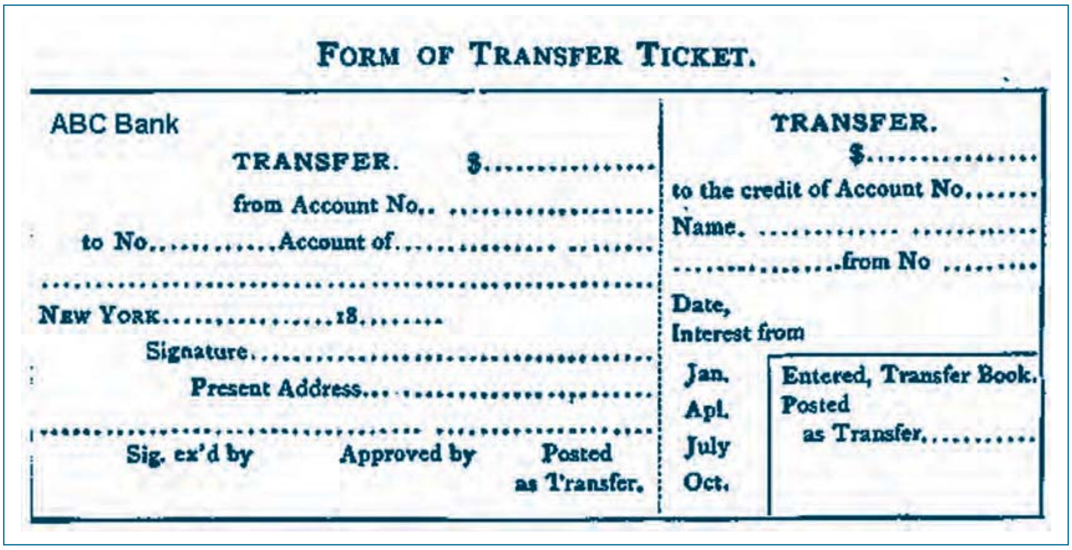
1. Withdrawal slips for cash withdrawals by the savings account holder on the same day or in a very short period of time, the amounts of which are lower though approaching the control limit established for cash transactions.
2. Withdrawal slips for checks written by the savings account holder, for the same or similar amounts, payable to different people, though ultimately cashed by one single person.
3. Withdrawal slips for checks, written out by the savings account holder in amounts lower than though approaching the established control limit, payable to different people, though ultimately paid in cash.
4. Multiple withdrawal slips through checks, written by the savings account holder, payable to the same beneficiary either on the same day or in a very short period of time, with no apparent justification.
5. Withdrawal slips for checks, in which the savings account holder is a company, for high sums of money that are paid in cash by the manager or other officers of the same financial institution.
6. Withdrawal slips for checks written by the savings account holder, payable in cash or transfer to other people whose endorsement signatures show graphological traits similar to those of the account holder.
7. Withdrawal slips for checks written by the savings account holder, so illegibly endorsed that it is not possible to identify the end beneficiary, and collected in cash.
8. Withdrawal slips for checks written by the savings account holder, payable to an individual but paid to or deposited in the account of another individual with a similar name.
9. Withdrawal slips for checks written by the savings account holder later paid by the financial institution, despite bearing symbols, seals or annotations (such as initials) either on the front or the back of said checks.

10. Withdrawal slips for checks payable to beneficiaries considered to be Politically Exposed Persons (PEP), written by the savings account holder, though there is no clear or justified relationship to the beneficiaries.

2.2.6 Transfers

Local or international transfers from or to a savings account contain information on the date, amount, the originator, the beneficiary, intermediary banking institutions or participants, and in some cases additional information such as addresses or telephone numbers.

Image Number 12
Transfers


FORM OF TRANSFER TICKET.

ABC Bank
TRANSFER. $................
from Account No.. ....
to No............Account of............... ....
....
NEW YORK...............18.........
Signature.....................................
Present Address..........................
....
Sig. ex'd by Approved by Posted as Transfer.

TRANSFER.
$................
to the credit of Account No.......
Name. ....
...............from No ....
Date,
Interest from
Jan.
Apl.
July
Oct.
Entered, Transfer Book.
Posted
as Transfer...........

(This study's own source)

This type of document is very important for the purposes of financial analysis and legal investigation; it provides information that allows us to identify or confirm the origin or destination of money going from or to a savings account and some characteristics regarding the people involved in the transfer of funds.

2.2.6.1 Warning signs regarding local and international transfers to or from a savings account

1. Savings accounts that register multiple local and international transfers for high amounts of money to different cities or countries, when the account

holder has no clients or business in said locations that might justify said operations.

2. Local or international transfers to locations that are other than or distant from the business headquarters of the savings account holder.

3. Savings account that receives international transfers for exports to countries other than the one where the transaction originated.

4. Savings account from which international transfers are ordered for imports to countries other than the one where the transaction originated.

5. International transfers from or to a savings account of high sums of money, bearing instructions to pay in cash only.

6. Local transfers to or from a savings account payable to the same person or to several persons, in amounts that show evidence of fractioning; that is, amounts lower than, though approaching, established control limits for cash transactions.

7. Electronic transfers received by or ordered from a savings account, from which the money is immediately withdrawn, or very shortly thereafter, through automatic teller machines.

8. Savings account that receives many local transfers in small amounts of money, which are immediately transferred to another account in another city in which the account holder's economic activity does not provide an apparent justification.

9. Savings account through which many local or international transfers are sent or received, payable to beneficiaries considered to be Politically Exposed Persons (PEP), without the benefit of a clear and justified association.

2.3 Risk of money laundering through savings account

A savings account, as well as a checking account, can be one of the riskiest financial instruments for money laundering operations given the ease with which it can be opened and operated.

The nature of the account holder's operations, information and behavior, together with the results of analysis of the aforementioned documents could coincide with some of the typologies of money laundering as indicated in the regional GAFISUD document.

According to this document, a savings account could be used in identified typologies such as the fictitious exportation of services, the fictitious exportation or importation of goods, fictitious foreign investment in a local company, international currency trading (arbitrage) through the transportation of unlawful money, the use of insurance company products, trading products with differential markets, and through a company created to embezzle third parties through a pyramid system.

3. CERTIFICATE OF DEPOSIT

A Certificate of Deposit (CD) or Time Certificate of Deposit (TCD), is a financial investment product, generally short-term, offered by commercial banks and other financial institutions. CDs are normally in local currency, but in some countries they can be set up in foreign currency, generally in US Dollars.

3.1 Description

A Certificate of Deposit (CD) is a time deposit that produces interest. This time deposit is issued by a bank or other financial institution when the client delivers a sum of money to the bank for the purpose of accruing interest over a pre-determined period of time.

In general terms, CDs are set up over a 30, 60, 90, 180 or 360 day periods. Nevertheless, some countries offer some savings instruments whose term is less than a month or over one year in duration.

These time deposits are payable to the legitimate beneficiary[19] and cannot be redeemed before their maturity date. Nonetheless, if the holder needs to cash it in before the stipulated term expires; it is negotiable on the secondary securities market. In some cases the time deposit can be cashed in before maturity through cancelling the CD and losing the interest accrued.

Financial institutions normally establish minimum amounts when setting up this type of time deposit; interest rates are determined by the term chosen. The interest paid can be either anticipated or upon maturity, periodically or at the end of the term.

19 Contingent on the type of security and the characteristics of the laws for circulation in each country. CDs are generally negotiable securities, meaning that they can be negotiated or endorsed, and the legitimate beneficiary is the one who figures on the official records of the security issuer.

There are different options for establishing or buying a CD, the most common being: cash, through a personal or cashier's check, charged to a checking account, charged to a savings account or charged to any other financial product of the same institution (or another, where possible).

In addition, there are several ways to redeem or cash a CD at maturity: cash payment, payment through check, deposit to checking account, deposit to savings account, or deposit to any other financial product at the same institution (or another, where possible).

The bank or financial institution delivers to the buyer of the Certificate of Deposit a certificate indicating the amount of money received, as proof of the investment; this certificate also shows information on the issuing office or financial institution, the date the CD was acquired, the maturity date, the term (days or months), the nominal rate and/or effective amount agreed on, the issuer's authorized signatures and some kind of seal or other security feature.

The financial institution will be in charge of registering the holders and/or endorsees as well as the control and payment of the interests and principal of the Certificate of Deposit.

Some financial institutions offer additional services such as the custody and management of the CD, including the option to carry out transfers or automatic charges to accounts or financial products held by the same person or with third parties as beneficiaries.

3.2 Documents of interest

Documents that identify the operations and features of a Certificate of Deposit (CD) include: the application form for opening a CD, the proof of purchase of a CD (receipt), the issuance or renewal of a CD and proof of redemption of the CD.

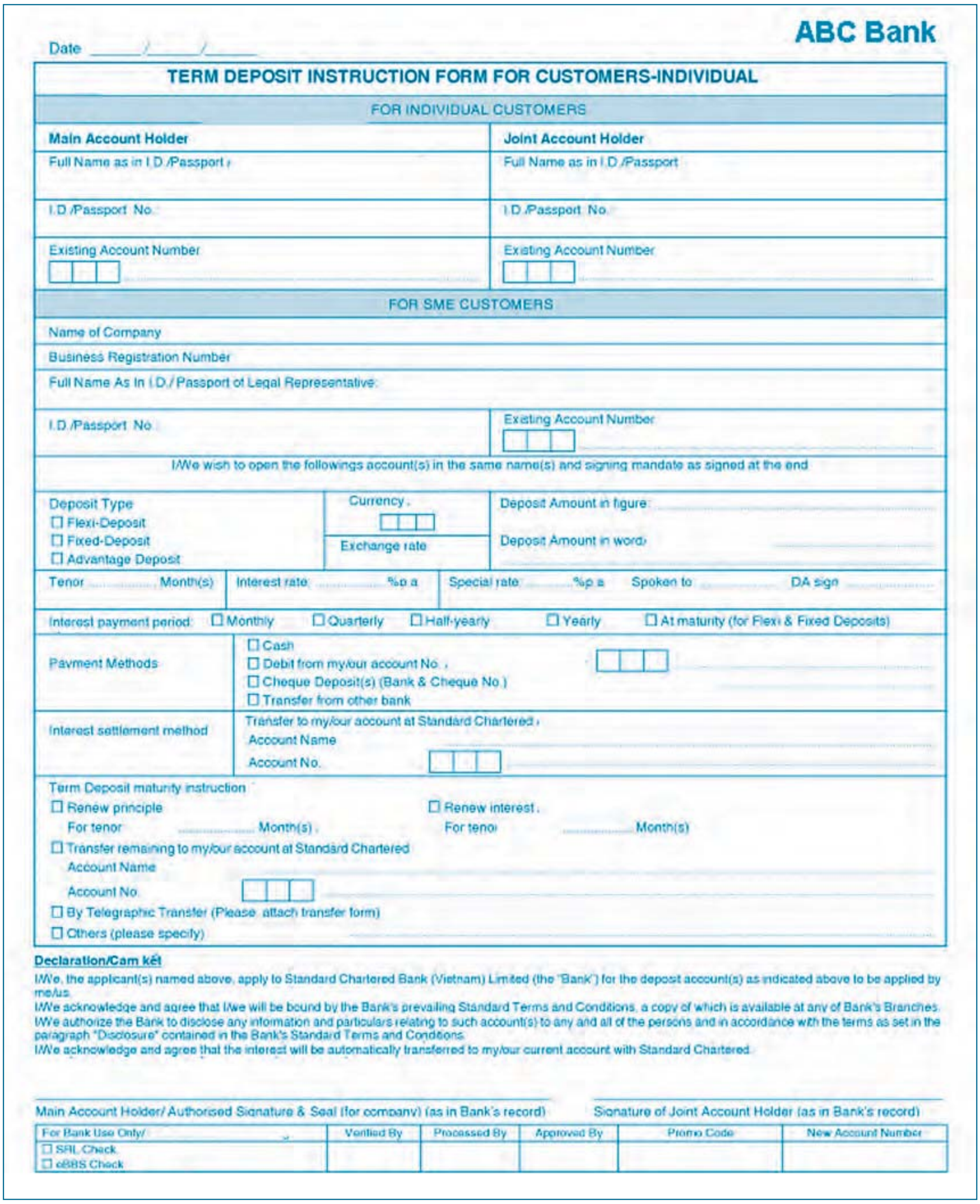
3.2.1 Application to open a Certificate of Deposit CD

The application to open or set up a Certificate of Deposit contains information regarding the account holder, either an individual or a company. There are now several financial institutions who have designed one single application for their clients, which is subsequently complemented with additional information, according to the type of financial product desired.

This document, together with others required by the bank (i.e. copies of personal identity documents, certificates issued by the Chamber of Commerce or other regarding the type of economic activity, financial statements, tax declarations), mainly requested so bank supervisors can comply with their legal obligations, establish aspects such as identification, location, economic activity, income and expenditures, assets, liabilities and capital, commercial or personal references, and the origin or source of the funds.

Image Number 13

Application form for a Certificate of Deposit



Date ____/____/____

ABC Bank

TERM DEPOSIT INSTRUCTION FORM FOR CUSTOMERS-INDIVIDUAL

FOR INDIVIDUAL CUSTOMERS

Main Account Holder	Joint Account Holder
Full Name as in I.D./Passport	Full Name as in I.D./Passport
I.D./Passport No.	I.D./Passport No.
Existing Account Number	Existing Account Number

FOR SME CUSTOMERS

Name of Company

Business Registration Number

Full Name As In I.D./Passport of Legal Representative

I.D./Passport No. | Existing Account Number

I/We wish to open the followings account(s) in the same name(s) and signing mandate as signed at the end

Deposit Type
☐ Flexi-Deposit
☐ Fixed-Deposit
☐ Advantage Deposit

Currency

Exchange rate

Deposit Amount in figure

Deposit Amount in words

Tenor .... Month(s) | Interest rate .... %p.a | Special rate .... %p.a | Spoken to .... | DA sign

Interest payment period: ☐ Monthly ☐ Quarterly ☐ Half-yearly ☐ Yearly ☐ At maturity (for Flexi & Fixed Deposits)

Payment Methods
☐ Cash
☐ Debit from my/our account No.
☐ Cheque Deposit(s) (Bank & Cheque No.)
☐ Transfer from other bank

Interest settlement method
Transfer to my/our account at Standard Chartered:
Account Name
Account No.

Term Deposit maturity instruction
☐ Renew principle
For tenor .... Month(s)
☐ Renew interest
For tenor .... Month(s)
☐ Transfer remaining to my/our account at Standard Chartered
Account Name
Account No.
☐ By Telegraphic Transfer (Please attach transfer form)
☐ Others (please specify)

Declaration/Cam kết

I/We, the applicant(s) named above, apply to Standard Chartered Bank (Vietnam) Limited (the "Bank") for the deposit account(s) as indicated above to be applied by me/us.
I/We acknowledge and agree that I/we will be bound by the Bank's prevailing Standard Terms and Conditions, a copy of which is available at any of Bank's Branches.
I/We authorize the Bank to disclose any information and particulars relating to such account(s) to any and all of the persons and in accordance with the terms as set in the paragraph "Disclosure" contained in the Bank's Standard Terms and Conditions.
I/We acknowledge and agree that the interest will be automatically transferred to my/our current account with Standard Chartered.

Main Account Holder/ Authorised Signature & Seal (for company) (as in Bank's record)

Signature of Joint Account Holder (as in Bank's record)

For Bank Use Only/	Verified By	Processed By	Approved By	Promo Code	New Account Number
☐ SRL Check ☐ eBBS Check					

(This study's own source)

This document is very important for financial analysis and legal investigations because it supplies information that allows for the identification or confirmation of associations and financial aspects of the CD buyer, location and economic activity and more.

3.2.1.1 Warning signs regarding opening a Certificate of Deposit

1. Opening of several Certificates of Deposit in the name of one or more persons, with the same person registered as co-holder for all of them.
2. Opening of several Certificates of Deposit in different company names, all of which share the same partners, managers, administrators, legal representatives or authorized signatures.
3. Consecutive opening of several Certificates of Deposit in different names of individuals with similar characteristics (age, economic activity, location, relatives) who apparently do not know one another.
4. Consecutive opening of several Certificates of Deposit with the same initial amount in the name of different individuals who apparently do not know one another.
5. Refusal to fully fill out the paperwork to open the Certificate of Deposit, or attempt to bribe or threaten bank officers for this same purpose or to get the bank officer to accept partial or false information.
6. Natural persons or legal entities showing ample financial solvency though appearing to falter at providing information regarding commercial references or a co-signer or guarantor at the time of filling out the application form for opening one or more Certificates of Deposit.
7. Persons who at the time of opening one or more CD's record the address and/or telephone number of other individuals to whom they appear to have no apparent relationship.
8. Persons who frequently change their personal information, such as address, telephone number, occupation, with no apparent justification on the official registration form for the CD issuer.
9. Persons who deliberately fill out the CD application forms in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.
10. Persons who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the application forms that are required when opening a CD.

11. Persons applying to open a CD who appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing when asked for the information needed to open said CD.

12. Persons opening a CD at a bank office whose location is different or far away from the location where the client carries out his/her business or economic activity, with no apparent justification. If the client in question is a natural person (individual) on salary, question the lack of an explanatory relationship regarding either the employer's location or the place of residence of the client.

13. CD applicants who by virtue of age, experience or economic activity have no prior record regarding financial products in the sector and cannot account for such when requested.

14. CD applicants who are designated on national[20] or international[21] lists as being terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or individuals wanted by the authorities.

15. CD applicants who demand to deal with a specific bank account executive, manager or officer, or who show a marked preference for dealing with a specific employee.

16. CD holders who refuse to justify a transaction or update the basic information provided at the time the application was submitted to the bank.

17. CD holders who ask to be exempted from supplying or confirming certain information on the grounds that they have been recommended by another of the bank's clients or by another banking institution.

18. Applicants opening a CD in a large amount of money that is not in keeping with the socioeconomic information provided and who have no apparent justification for said amount.

19. Companies applying for a CD in a large amount that is not in keeping with their low capital stock, operating income or resources available through their treasury departments, and/or companies of very recent creation.

20. CD applicants who invest large sums of money with no interest in learning of the profitability of the instrument or feigning ignorance regarding the market.

21. CD applicant who does not define a specific economic activity or does so using the term "independent", whose investment is a high figure.

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20 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

21 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

22. CD applicant whose investment is a high figure and who identifies him/herself with a document that is difficult to verify or is expired (i.e. foreigners, tourists, non-residents, minors).

23. CD applicant whose investment is a high figure one and who is a Politically Exposed Person (PEP[22]) and attempts to avoid the full and diligent completion of application forms or does not adequately justify the origin of the money.

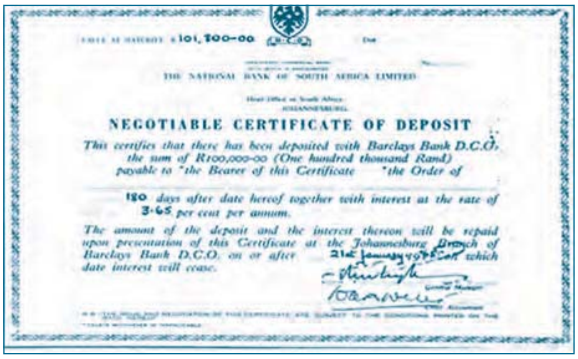
24. CD holders who frequently cancel them shortly after they have been issued or endorse them to third parties, who also cancel them in order to recover the capital invested.

3.2.2 Certificate of deposit purchase receipt

A CD purchase receipt contains information on the date, amount, type of operation (cash, check, charged to an account or other financial product), branch office of the financial institution where the operation took place, name or identification of the holder or purchaser of the CD, telephone number and additional information.

Image Number 14

Certificate of deposit purchase receipt



R101,100-00

THE NATIONAL BANK OF SOUTH AFRICA LIMITED

NEGOTIABLE CERTIFICATE OF DEPOSIT

This certifies that there has been deposited with Barclays Bank D.C.O. the sum of R100,000-00 (One hundred thousand Rand) payable to *the Bearer of this Certificate *the Order of

180 days after date hereof together with interest at the rate of 3·65 per cent per annum.

The amount of the deposit and the interest thereon will be repaid upon presentation of this Certificate at the Johannesburg Branch of Barclays Bank D.C.O. on or after 21st January 19[illegible] on which date interest will cease.

(This study's own source)

This CD purchase receipt is important for financial analysis and legal investigations as it provides information that allows for the identification or confirmation of the origin of money for the CD and some other features regarding the originator of the investment.

22 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

3.2.2.1 Warning signs regarding purchase receipts or applications for a CD

1. Opening a CD with cash at a branch office in the city or in a country in which the holder has no business, agencies or apparent justification to do so.
2. Opening several CDs with cash in amounts that indicate fractioning[23], that is lower than but approaching the established control limit.
3. An individual opening a CD in cash in the name of a company with whom said individual has no business relationship or apparent justification.
4. The same individual opening several CDs in the names of various companies belonging to the same "financial group".
5. Frequent opening of CDs through high sums of cash in the name of a company whose commercial activity is not normally associated to this type of operation.
6. Setting up CDs in high amounts of cash, wrapped in paper bands stamped with the name of other banking entities with no apparent justification.
7. Opening CDs in high sums of money through one or more checks that, based on the information regarding the checking account holders, are unrelated to the economic activity of the holder or the justification is not found satisfactory by the issuer.
8. Opening CDs in high sums of money through one or more transfers from accounts belonging to the same holder, of either the same banking institution or another, with no apparent justification.
9. Opening CDs in high sums of money through one or more transfers from accounts belonging to a third party, of either the same banking institution or another, with no apparent justification.

3.2.3 Issuance or renewal of a CD

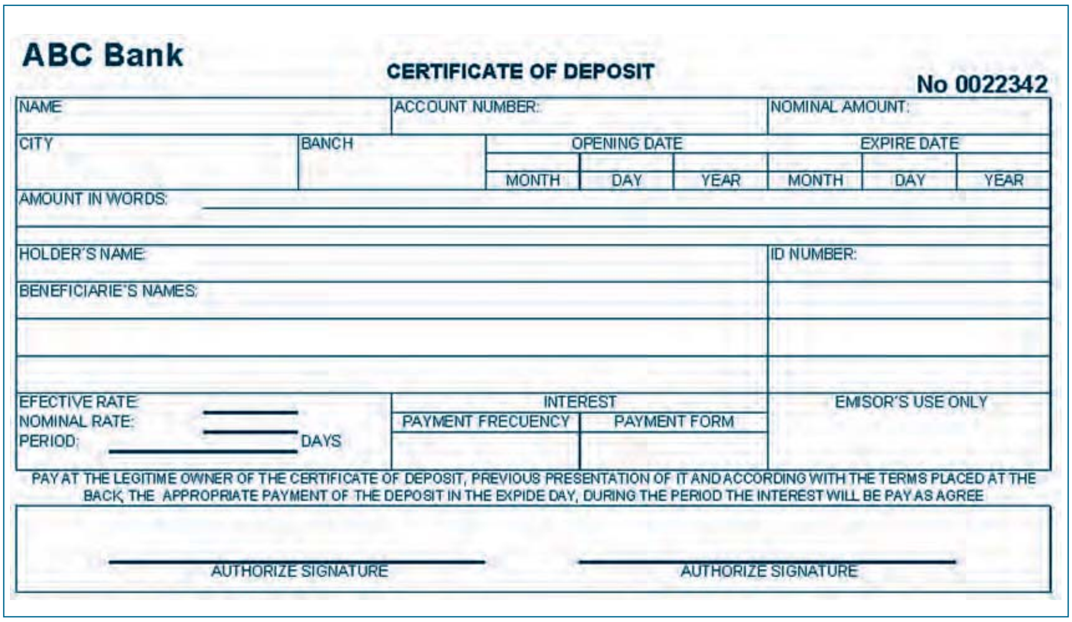
The certificate issued for the CD (Certificate of Deposit) deposited at the banking institution contains information related to the issuance date, amount, branch office of the issuing financial institution, name and identification of holder or holders who are the CD beneficiaries, authorized signatures of the

23 Typologies or operations related to this modality can be consulted at http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf

issuing entity and signature of the beneficiary of the CD (as well as some basic information such as identification, address, etc.).

Image Number 15

Issuance or renewal of a certificate of deposit



ABC Bank

CERTIFICATE OF DEPOSIT

No 0022342

NAME | ACCOUNT NUMBER: | NOMINAL AMOUNT:

CITY | BANCH | OPENING DATE: MONTH DAY YEAR | EXPIRE DATE: MONTH DAY YEAR

AMOUNT IN WORDS:

HOLDER'S NAME: | ID NUMBER:

BENEFICIARIE'S NAMES:

EFECTIVE RATE:
NOMINAL RATE:
PERIOD: DAYS

INTEREST: PAYMENT FRECUENCY | PAYMENT FORM

EMISOR'S USE ONLY

PAY AT THE LEGITIME OWNER OF THE CERTIFICATE OF DEPOSIT, PREVIOUS PRESENTATION OF IT AND ACCORDING WITH THE TERMS PLACED AT THE BACK, THE APPROPRIATE PAYMENT OF THE DEPOSIT IN THE EXPIDE DAY, DURING THE PERIOD THE INTEREST WILL BE PAY AS AGREE

AUTHORIZE SIGNATURE

AUTHORIZE SIGNATURE

(This study's own source)

The original security and some copies that do not have commercial value that the issuer uses for purposes of control are important documents for financial analysis and legal investigations because they supply information that allows the identification or confirmation of aspects such as the participation of different persons as beneficiaries, liaisons between the people whose names appear on the securities, features regarding the amounts or issuance dates of the CDs, fractioning operations in favor of new beneficiaries.

3.2.3.1 Warning signs regarding issuance of a Certificate of Deposit certificate

1. A CD issued in the name of a person other than the buyer.

2. Consecutive issuance of multiple CDs in high amounts, equal or similar, to one single person or several persons.

3. Addition or change of one or more persons designated as beneficiaries at the time of issuance of the CD, name(s) other than that of the buyer.

4. Securities that are initially issued in small amounts favoring the same beneficiary but that shortly thereafter, or upon maturity, have large sums of money added to them.
5. Multiple endorsements, especially for CD's for large amounts, by various beneficiaries with similar characteristics (companies belonging to the same "financial group", relatives, people who have commercial links to one another), who are registered before the issuer of the CD.
6. A CD holder who submits a request to fraction a CD[24] into several other certificates in the names of different natural or legal entities (individuals or companies) with no apparent relationship between these and the initial beneficiary or justification for doing so.
7. Issuance, renewal, endorsement or fractioning of a large-amount-CD in which one or more persons considered to be Politically Exposed Persons (PEP) takes part.
8. Use of a CD originally set up through a large sum of cash and registered before the issuer as collateral on a loan.
9. Multiple endorsements of a large-amount-CD, that have not been registered in timely manner before the issuer of the certificate, and which are made known only at the time of renewal or redemption.

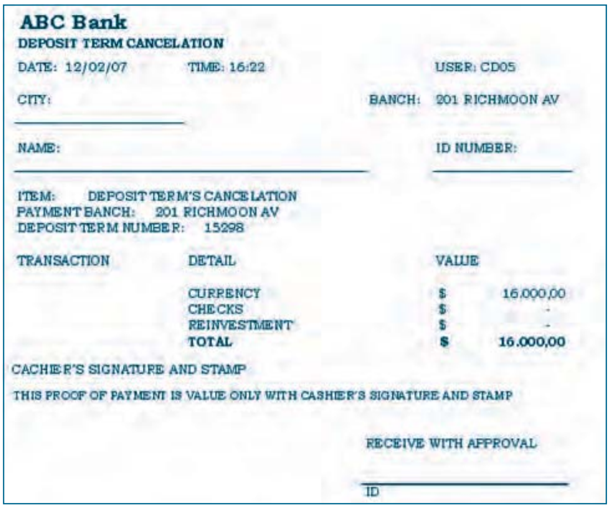
3.2.4 Redemption receipts for Certificate of Deposit

The redemption receipt for a CD contains information on the date of the payment, the gross amount and net payment, type of payment (cash, checks, credited to an account of another financial product), bank branch through which the payment operation took place, name and identity of the CD holder at the time of maturity, name and identification of the CD payment beneficiary, telephone and additional information of the person who collects on the certificate.

24 Through this financial modality, known as fractioning of a security, the issuer divides the value of the CD into various equivalent amounts, under the same conditions as the initial security, in the name of the same or different, new beneficiaries according to the instructions of the legitimate holder. It is important to clarify that, in this case, fractioning does not refer to the typology employed in money laundering that goes by the same name, but rather to an operational process that issuers of securities frequently use.

Image Number 16

Redemption receipt for a Certificate of Deposit



ABC Bank
DEPOSIT TERM CANCELATION
DATE: 12/02/07 TIME: 16:22 USER: CD05
CITY: BANCH: 201 RICHMOON AV
NAME: ID NUMBER:
ITEM: DEPOSIT TERM'S CANCELATION
PAYMENT BANCH: 201 RICHMOON AV
DEPOSIT TERM NUMBER: 15298

TRANSACTION	DETAIL	VALUE	
	CURRENCY	$	16.000,00
	CHECKS	$	-
	REINVESTMENT	$	-
	TOTAL	$	16.000,00

CACHIER'S SIGNATURE AND STAMP
THIS PROOF OF PAYMENT IS VALUE ONLY WITH CASHIER'S SIGNATURE AND STAMP
RECEIVE WITH APPROVAL
ID

(This study's own source)

The CD redemption receipt is important for financial analysis and legal investigations because it provides information that allows for the identification or confirmation of the destination of the money from the CD upon maturity, in addition to other characteristics regarding the beneficiaries collecting on the investment.

3.2.4.1 Warning signs for redemption receipts for a CD

1. Redemption of a CD in cash, by the beneficiary of said security, when the amount is lower than, though approaching, the control limit established for cash transactions.
2. Redemption of several CDs in cash on the same day or within a very short period of time, issued initially to different beneficiaries, collected on by one single person.
3. Redemption of multiple CDs in cash that have been issued in the name of different companies, and are collected on by one single person acting as the legal representative, holding power of attorney or as legitimate beneficiary.
4. Redemption of several CDs in cash, issued to different persons that present themselves as a group to collect on these CDs securities.
5. Redemption of CD through a check to the beneficiary of the CD, in which the amount is lower than, though approaching, the control limit established for cash transactions.

6. Redemption of a high-amount-CD issued to a beneficiary through several checks whose individual amounts are lower than, though approaching, the limit established for cash transactions payable to the holder him/herself or to different beneficiaries.
7. Redemption of several CDs through checks payable to different beneficiaries, which upon endorsement (and occasionally showing similar graphological traits), are cashed by one single person.
8. Redemption of a CD whose holder and beneficiary is a company that requests payment through several checks in smaller amounts, though approaching the control limit established for cash transactions, payable to the same holder or to different people.
9. Redemption of a high-amount-CD whose holder is a company that requests payment through a check, which is subsequently collected on in cash by the manager or other bank officer.
10. Redemption of a CD through a check illegibly endorsed and collected on in cash in such a manner that the identity of the end beneficiary cannot be verified.
11. Redemption of a CD through a check payable to the beneficiary of the CD subsequently collected on by a person with a similar name.
12. Redemption of various CDs through checks payable to different people or companies as beneficiaries of the securities, on which there are symbols, seals, or annotations (such as initials) written on the front or back of said checks when presented for payment.
13. Redemption of one or more CDs through local transfers (or international transfers where possible), to different cities (or countries) when the holder has no clients or business dealings in those locations to justify said operations.
14. Redemption of one or more CDs through local transfers (or international where possible) to localities that are different and distant to the beneficiary's business headquarters, with no apparent justification.
15. Redemption of one or more CDs through transfers, with instructions to pay them only in cash.
16. Redemption of one or more CDs through local transfers, payable to one single person or to several persons, in amounts lower than, though approaching, the control limit established for cash transactions.
17. Redemption of one or more CDs through transfers to checking accounts, savings accounts or other financial instruments, upon which the money

is immediately or very shortly thereafter withdrawn through automatic teller machines.

3.3 Risk of money laundering through Certificates of Deposit

Certificates of deposit can be one of the highest risk financial instruments used in money laundering operations.

The characteristics of their establishment, endorsement, fractioning (division of securities), renewal and cancellation of CDs, as well as analysis of pertinent documents, information and the behavior of their holder may coincide with some of the typologies used in money laundering as indicated in the regional GAFISUD document and typologies identified in the securities sector of the UIAF[25] of Colombia.

Pursuant to these documents, a Certificate of Deposit (CD) might be used in typologies such as the exportation or importation of fictitious goods, financial and investment products and are susceptible to being used for money laundering activities, endorsement of securities that materialize amongst companies under “special regimes”, the use of shell companies simulating tax evasion and knowledge simplification through a PEP.

4. WIRE TRANSFER

An international wire transfer is a financial instrument used to transfer money between countries, a service offered by banks, exchange offices and some other financial institutions.

4.1 Description

International wire transfers are a specialized mechanism used to make electronic transfers of money from or to a given country through certain financial institutions. This process requires adequate technological infrastructure on behalf of the operator, and ample network of branch offices, personalized service and efficient operational capacity to handle the volume of transactions undertaken.

25 The Unit for Information and Financial Analysis (UIAF) is the Unit for Financial Intelligence of Colombia, and has published various documents on typologies in money laundering and the financing of terrorism. Please see: www.uiaf.gov.co

In most countries, these operators are financial institutions who are subject to inspection, supervision and control by monetary or financial authorities, and they require predetermined controls and amount of capital.

International wire transfers, also known as family remittances, are usually sent through cash money in the local currency of the remitting country.

Through an international wire transfer, a person can send money to any part of the world through authorized local financial institutions. In order to pay out the money to the beneficiary of the wire, the local financial institutions use other intermediary institutions (known as *money transmitters or money remitters*) located in the destination country.

According to the different possibilities offered by financial institutions providing this service, international wire transfers can be sent through cash money, through charging them to bank accounts, and even through Internet payments. This service has a cost or commission attached to it for clients[26] or users[27].

Sending an international wire transfer usually requires only the funds (money, checks or charge to a bank account), the name of the beneficiary abroad, telephone number, identification or address (in some cases these are optional), city and destination country. Some banks that receive international wire transfers only for their clients, request the type of account and account number of the beneficiary. Once the transfer has been effected, the money remitter gives the sender a transaction number or operation code so that the beneficiary can receive the remittance.

In order to pay an international wire transfer, the financial institution demands that the beneficiary provide the transfer number or code, the name and country of the sender, his/her identification document and some additional information, which may include full name, identification, address, telephone number, origin of the money (in addition to indicating whether or not the remittance comes from non-resident nationals for other controls and tax purposes) and how the transfer is to be paid.

An international wire transfer can be paid in cash, check or through deposit to a bank account, according to the national legislation in effect in each country. If the payment is made in cash, some establishments offer local

26 Clients are individuals or companies (natural or legal persons) to whom a financial institution provides a service or a product through a legal or contractual relationship.

27 Users are those individuals or companies (natural or legal persons) to whom a financial institution provides a service or a product without the benefit of a legal or contractual relationship.

and/or foreign currency (generally United States Dollars). If the payment is made through check, the beneficiary may request it in his/her name or in the name of a third party, as established by the institution's policy and/or country legislation. If payment is made through a deposit to a checking account, the beneficiary may request it be made to his/her account or that of a third party, in keeping with the institution's policies and/or country legislation. There may also be cases in which the destination of the international wire transfer is to pay a loan or a credit card, as instructed by the beneficiary.

4.2 Documents of interest

The documents that identify the operations and characteristics of an international wire transfer are: the application form to open a "wire transfer account", the remittance receipt, and the receipt for payment to beneficiary of the international wire transfer.

4.2.1 Application for opening a "wire transfer account" and receipts for sending international wire transfers

The application form for sending an international wire transfer contains information on the sender, the beneficiary and a historic record of the operations carried out at the location. Some financial institutions who have associated their client in the past to another product, update their information to include the wire transfer remitted, and some have designed special forms for this type of operation.

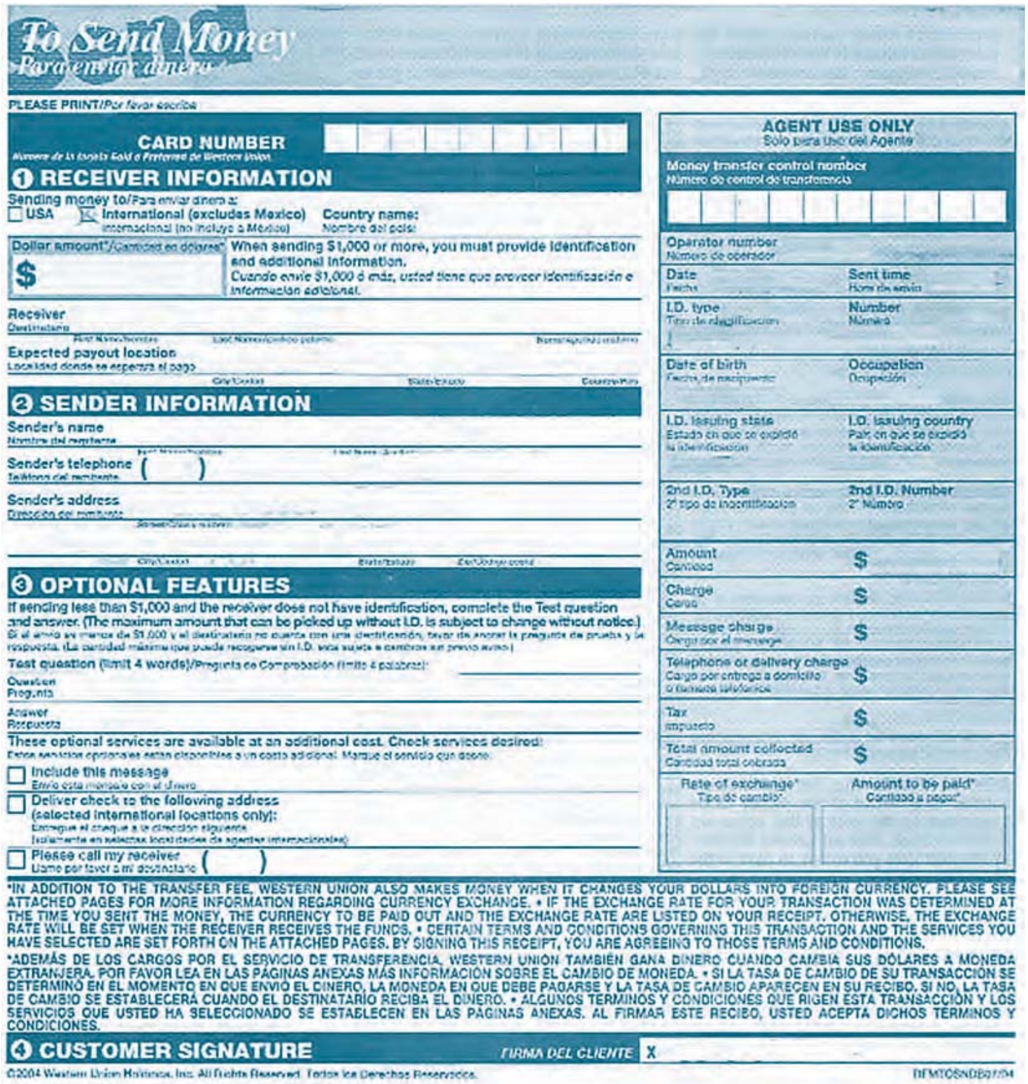
Some financial institutions that offer the international wire transfer service have in place a process to open an account, though not necessarily on paper, that electronically uploads a certain quantity of data on the sender and the beneficiary as part of the process to get to know their client.

Certain financial institutions that are money remitters grant licenses to people or companies to carry out this type of money transfer transactions. In this case, the institutions offering this franchise must analyze the operational capacity, economic situation, anti-money laundering controls and other aspects of the license.

The aforementioned documents or information available at the financial institution, together with others that are required (i.e. copies of identification documents or predesigned forms), are intended to comply with the legal obligations established by financial supervisors, and allow establishing aspects such as identification, location, economic activity, income and expenses, sender, beneficiary, origin or source of international wire transfers.

Image Number 17

Application for opening a "wire transfer account" and receipts for sending international wire transfers



To Send Money
Para enviar dinero

PLEASE PRINT/*Por favor escriba*

CARD NUMBER

1 RECEIVER INFORMATION

Sending money to/Para enviar dinero a:
☐ USA ☒ International (excludes Mexico) / Internacional (no incluye a México) — Country name: / Nombre del país:

Dollar amount*/Cantidad en dólares* $

When sending $1,000 or more, you must provide identification and additional information.
Cuando envíe $1,000 ó más, usted tiene que proveer identificación e información adicional.

Receiver / Destinatario

Expected payout location / Localidad donde se espera el pago

2 SENDER INFORMATION

Sender's name / Nombre del remitente

Sender's telephone / Teléfono del remitente ( )

Sender's address / Dirección del remitente

3 OPTIONAL FEATURES

If sending less than $1,000 and the receiver does not have identification, complete the Test question and answer. (The maximum amount that can be picked up without I.D. is subject to change without notice.)

Test question (limit 4 words)/Pregunta de Comprobación (límite 4 palabras):

Question / Pregunta

Answer / Respuesta

These optional services are available at an additional cost. Check services desired:
Estos servicios opcionales están disponibles a un costo adicional. Marque el servicio que desee.

☐ Include this message / Envío esta mensaje con el dinero

☐ Deliver check to the following address (selected international locations only):

☐ Please call my receiver / Llame por favor a mi destinatario ( )

AGENT USE ONLY
Solo para Uso del Agente

Money transfer control number / Número de control de transferencia	
Operator number / Número de operador	
Date / Fecha	Sent time / Hora de envío
I.D. type / Tipo de identificación	Number / Número
Date of birth / Fecha de nacimiento	Occupation / Ocupación
I.D. issuing state / Estado en que se expidió la identificación	I.D. issuing country / País en que se expidió la identificación
2nd I.D. Type / 2° tipo de identificación	2nd I.D. Number / 2° Número
Amount / Cantidad	$
Charge / Cargo	$
Message charge / Cargo por el mensaje	$
Telephone or delivery charge / Cargo por entrega a domicilio o llamada telefónica	$
Tax / Impuesto	$
Total amount collected / Cantidad total cobrada	$
Rate of exchange* / Tipo de cambio*	Amount to be paid* / Cantidad a pagar*

*IN ADDITION TO THE TRANSFER FEE, WESTERN UNION ALSO MAKES MONEY WHEN IT CHANGES YOUR DOLLARS INTO FOREIGN CURRENCY. PLEASE SEE ATTACHED PAGES FOR MORE INFORMATION REGARDING CURRENCY EXCHANGE. • IF THE EXCHANGE RATE FOR YOUR TRANSACTION WAS DETERMINED AT THE TIME YOU SENT THE MONEY, THE CURRENCY TO BE PAID OUT AND THE EXCHANGE RATE ARE LISTED ON YOUR RECEIPT. OTHERWISE, THE EXCHANGE RATE WILL BE SET WHEN THE RECEIVER RECEIVES THE FUNDS. • CERTAIN TERMS AND CONDITIONS GOVERNING THIS TRANSACTION AND THE SERVICES YOU HAVE SELECTED ARE SET FORTH ON THE ATTACHED PAGES. BY SIGNING THIS RECEIPT, YOU ARE AGREEING TO THOSE TERMS AND CONDITIONS.

*ADEMÁS DE LOS CARGOS POR EL SERVICIO DE TRANSFERENCIA, WESTERN UNIÓN TAMBIÉN GANA DINERO CUANDO CAMBIA SUS DÓLARES A MONEDA EXTRANJERA. POR FAVOR LEA EN LAS PÁGINAS ANEXAS MÁS INFORMACIÓN SOBRE EL CAMBIO DE MONEDA. • SI LA TASA DE CAMBIO DE SU TRANSACCIÓN SE DETERMINÓ EN EL MOMENTO EN QUE ENVIÓ EL DINERO, LA MONEDA EN QUE DEBE PAGARSE Y LA TASA DE CAMBIO APARECEN EN SU RECIBO. SI NO, LA TASA DE CAMBIO SE ESTABLECERÁ CUANDO EL DESTINATARIO RECIBA EL DINERO. • ALGUNOS TÉRMINOS Y CONDICIONES QUE RIGEN ESTA TRANSACCIÓN Y LOS SERVICIOS QUE USTED HA SELECCIONADO SE ESTABLECEN EN LAS PÁGINAS ANEXAS. AL FIRMAR ESTE RECIBO, USTED ACEPTA DICHOS TÉRMINOS Y CONDICIONES.

4 CUSTOMER SIGNATURE — FIRMA DEL CLIENTE X

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(This study's own source)

These documents and information are very important for the purposes of financial analyses and legal investigation given that they provide information that allows for the identification or confirmation of associations, demographic aspects of the sender and/or beneficiary of the international wire transfer and their economic activity, among others.

4.2.1.1 Warning signs regarding opening a "wire transfer account" and receipts for sending international wire transfers

1. Natural persons (individuals) or legal entities (companies) who act as agents or licensees for money remitters who display ample economic solvency though appear to falter at providing information regarding commercial or financial references when filling out the application forms.
2. Consecutive opening of several "wire transfer accounts" or sending of international wire transfers using the accounts of different people sharing similar characteristics (age, economic activity, location, family relationship), who apparently do not know one another, with the purpose of sending international wire transfers to the same or other countries.
3. Refusals, attempted bribery or threatening of officers of the money remitters to get them to accept partial or false information or to avoid the due completion of application forms for a "wire transfer account" or to send international wire transfers.
4. Persons who at the time of opening the "wire transfer account" or upon sending international wire transfers record the address and/or telephone number of other individuals to whom they appear to have no apparent relationship.
5. Persons who frequently change their personal information, such as address, telephone number, occupation etc. at the time of sending international wire transfers, with no apparent justification.
6. Persons who send international wire transfers and deliberately fill out the application forms required to open an account in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.
7. Persons who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the application forms that are required when sending an international wire transfer.
8. Persons filling out forms to send an international wire transfer who appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing.
9. Persons who apply or send an international wire transfer at a branch office of the money remitter whose location is other than or distant from the place where the sender usually carries out his/her business, performs economic activity or resides, with no apparent justification.

10. International wire transfer senders who are on national[28] or international[29] lists designated as terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or are wanted by the authorities.

11. Senders of international wire transfers who refuse to justify an operation or to update the basic information provided at the time of filling out the form at the office of the money remitter.

12. Using different money remitters to send international wire transfers to the same beneficiary.

13. Sending consecutive international wire transfers to the same country for the same or similar amounts of money.

14. Sending international wire transfers of the same amount, on the same date, to the same city or country, in the names of different persons who appear not to know one another.

15. Sending multiple international wire transfers to the same country, from the account of one or several senders, in which the amount is lower than, though approaching, the control limit established for cash transactions.

16. Sending international wire transfers to different people who apparently do not know one another, though sharing the same telephone number in the recipient country.

17. Person who sends one or more international wire transfers and identifies him/herself through a document that cannot be readily verified or is expired (i.e. foreigners, tourists, non-residents, minors).

18. One or more international wire transfers sent by a Politically Exposed Person (PEP[30]), who attempts to avoid the due completion of application documents or does not fully justify the characteristics or origin of transaction money.

28 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

29 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

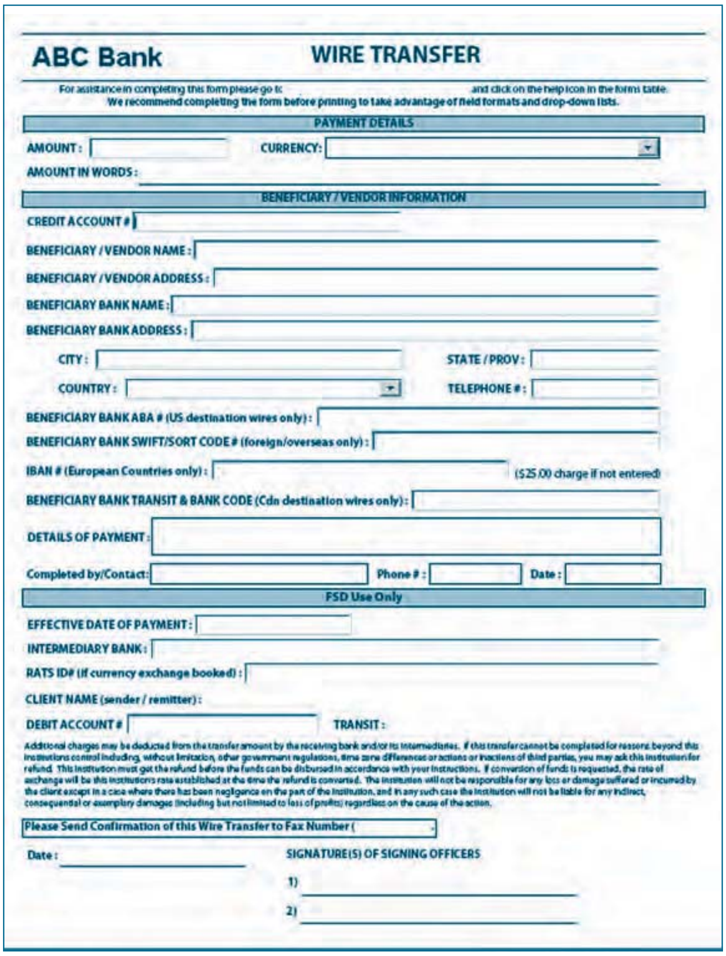
30 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

4.2.2 Receipt for cashing an international wire transfer

The receipt for cashing an international wire transfer contains information on the date, amount in foreign currency and amount in local currency, type of payment (cash, check, deposit to account or other financial product), branch office of the financial institution through which the operation takes place, name, identification and telephone number of the beneficiary, name and country of the sender and some additional data on the beneficiary.

Image Number 18

Receipt for cashing an international wire transfer



ABC Bank WIRE TRANSFER

For assistance in completing this form please go to: and click on the help icon in the forms table.
We recommend completing the form before printing to take advantage of field formats and drop-down lists.

PAYMENT DETAILS

AMOUNT: CURRENCY:

AMOUNT IN WORDS:

BENEFICIARY / VENDOR INFORMATION

CREDIT ACCOUNT #

BENEFICIARY / VENDOR NAME:

BENEFICIARY / VENDOR ADDRESS:

BENEFICIARY BANK NAME:

BENEFICIARY BANK ADDRESS:

CITY: STATE / PROV:

COUNTRY: TELEPHONE #:

BENEFICIARY BANK ABA # (US destination wires only):

BENEFICIARY BANK SWIFT/SORT CODE # (foreign/overseas only):

IBAN # (European Countries only): ($25.00 charge if not entered)

BENEFICIARY BANK TRANSIT & BANK CODE (Cdn destination wires only):

DETAILS OF PAYMENT:

Completed by/Contact: Phone #: Date:

FSD Use Only

EFFECTIVE DATE OF PAYMENT:

INTERMEDIARY BANK:

RATS ID# (if currency exchange booked):

CLIENT NAME (sender / remitter):

DEBIT ACCOUNT # TRANSIT:

Additional charges may be deducted from the transfer amount by the receiving bank and/or its intermediaries. If this transfer cannot be completed for reasons beyond this institutions control including, without limitation, other government regulations, time zone differences or actions or inactions of third parties, you may ask this institution for refund. This institution must get the refund before the funds can be disbursed in accordance with your instructions. If conversion of funds is requested, the rate of exchange will be this institutions rate established at the time the refund is converted. The institution will not be responsible for any loss or damage suffered or incurred by the client except in a case where there has been negligence on the part of the institution, and in any such case the institution will not be liable for any indirect, consequential or exemplary damages (including but not limited to loss of profits) regardless on the cause of the action.

Please Send Confirmation of this Wire Transfer to Fax Number (

Date: SIGNATURE(S) OF SIGNING OFFICERS

1)

2)

(This study's own source)

The receipt given when cashing an international wire transfer is important for financial analysis and legal investigation purposes because it provides information that allows for the identification or confirmation of the origin of the money, the beneficiary (ies) of the wire transfers, and some additional characteristics regarding these transactions that come from another country.

4.2.2.1 Warning signs regarding receipts for sending international wire transfers

1. Cashing of international wire transfers for the same or similar amounts by different people sharing similar characteristics (age, economic activity, location, family relationship), who apparently do not know one another.
2. Refusals, attempted bribery or threatening of financial institution officers to get them to accept partial or false information or to avoid the due completion of the forms to cash an international wire transfer.
3. Persons who at the time of cashing an international wire transfer record the address and/or telephone number of other individuals to whom they appear to have no apparent relationship.
4. Persons who frequently change their personal information, such as address, telephone number, occupation etc. at the time of cashing international wire transfers, with no apparent justification.
5. Persons who cash international wire transfers and deliberately fill out the application forms required to open an account in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.
6. Persons who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the necessary forms that are required when cashing an international wire transfer.
7. Persons filling out forms to cash an international wire transfer who appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing.
8. Persons who cash an international wire transfer at a branch office of the money remitter whose location is other than or distant from the place where the sender usually carries out his/her business, performs economic activity or resides, with no apparent justification.
9. Persons cashing international wire transfers who are on national[31] or international[32] lists designated as terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or are wanted by the authorities.

31 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

32 Lists pubished by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

10. Persons cashing an international wire transfer who refuse to justify the operation or update the basic information at the time of collecting.

11. Multiple international wire transfers, coming from different places and/or different senders, cashed by the same beneficiary with no apparent justification.

12. Multiple international wire transfers, coming from different places and/or different senders, cashed in different cities of the country by the same beneficiary with no apparent justification.

13. International money orders in the same amount, generally consecutive, which are collected on simultaneously on the same date and in the same city, in the names of different people who apparently do not know one another.

14. International money orders in small amounts lower than but approaching the established control limit for cash transactions, collected on periodically (weekly or monthly) by one or more beneficiaries.

15. Person who cashes one or several international money orders and identifies himself/herself through a document that cannot be readily verified or has expired (for example: foreigners, tourists, non-residents, minors).

16. One or more international wire transfers cashed by a Politically Exposed Person (PEP[33]), who attempts to avoid the due completion of application documents or does not fully justify the characteristics or origin of transaction money.

17. Cashing several international wire transfers in local currency, on the same day, at the same or different branch offices of the financial institution, or presenting other similar characteristics with no apparent justification.

18. International wire transfers payable to different people who present themselves as a group to collect on them in cash.

33 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

19. International wire transfers paid through checks, payable to different beneficiaries, which, after being endorsed (on occasion showing similar graphological traits) are cashed by one single person.

20. International wire transfers paid through checks, illegibly endorsed and collected in cash, on which the identification of the end beneficiary cannot be verified.

21. International wire transfers paid through checks payable to different people that when presented for payment, bear symbols, seals or annotations (such as initials) written on the front or back.

22. International wire transfers in which the beneficiary attempts to collect in cash and initially refuses to accept payment through check, when due to the amount or company policy these cannot be paid in cash.

23. International wire transfers paid directly through deposit in a bank account other than that of the beneficiary, with no apparent relation or justification.

24. International wire transfers paid through local transfers, to different cities or accounts, for which the beneficiary has no explanation or association to justify said operations.

25. International wire transfers paid through transfers to checking account, savings accounts or other financial instruments in which the money is immediately or shortly thereafter withdrawn through automatic teller machines.

26. International wire transfers payable to beneficiaries who have been contacted via telephone and who at the time of collecting declare they do not know the sender or that they do not have family members or friends abroad.

27. Beneficiaries who periodically show up (weekly or even more frequently) to cash international wire transfers without prior contact from the financial institution, and sometimes even before the financial institution has received said wire transfers.

4.3 Risk of money laundering through international wire transfers

International wire transfers are one of the most frequent and highest risk financial instruments used in money laundering operations.

The characteristic features related to application forms, sending and receiving of international wire transfers, as well the analysis of the aforementioned documents, and the information and behavior of senders and beneficiaries may match some of the money laundering typologies indicated in the regional

GAFISUD document as well as several other GAFIFATF[34] publications on money laundering and the financing of terrorism.

According to these documents, international wire transfers may be used in typologies such as fractioned transfers of unlawful money through international wire transfers and to support the financing of terrorist organizations.

5. INSURANCE POLICY

An insurance policy is a financial instrument that covers a risk or event, generally in the short term, renewable annually, offered by insurance companies.

5.1 Description

An insurance policy is a contract through which the insurance company is responsible for covering the risks of a third party, known as the policyholder, through payment of a price known as premium.

In such case that the event covered occurs, the policyholder must pay the insurance claim to the beneficiary of the policy, who may be a person other than the policyholder.

The insurance company is the party in charge of covering the policyholder in the occurrence of specific risks or events. The insurance company is, normally, subject to supervision by a financial authority.

The policyholder is either an individual or a company (natural or legal person), holder of the policy, and exposed to risk or casualty. In general terms, the policyholder signs a contract or policy with the insurance company, though another person may take on the insurance policy.

A claim occurs when a casualty covered in the contract takes place, causing the insurance company to comply with its obligation to replace the goods or pay damages to the policyholder or beneficiary.

34 The Financial Action Task Force (FATF) has published various documents on typologies in money laundering and the financing of terrorism. Please see: http://www.fatfgafi.org/dataoecd/

Generally speaking, there are two types of insurance policies: life insurance policies for people and casualty policies for goods or assets. In the former, the risk covered is disability or loss of life of the policyholder through illness or accident. The latter refers to insuring assets or goods against various risks, including theft, fire, natural disasters, transportation.

Insurance policies are normally issued for an annual period, renewable through mutual agreement of the parties.

When an individual or company wishes to acquire an insurance policy to cover a determined risk, an intermediary or insurance broker can assist in dealing with the insurance company.

The payment of the annual insurance policy premium is generally effected in cash up front, though there are alternate financing methods available such as short-term loans granted by financial entities, by the selfsame intermediaries, or charged to credit cards.

The value of the insurable good determines the amount of premium to pay for the insurance policy.

5.2 Documents of interest

Documents that identify the operations and characteristics relevant to an insurance policy are: the application form for the insurance company, receipts for payment of premium, the issuance or renewal of the policy and the receipt for early cancellation of the policy.

5.2.1 Policy application form for an insurance company

The application form for an insurance company contains information on the policyholder, beneficiary (whether an individual or a company).

This application form, together with others required by the insurance company (i.e. copy of identification documents, certificates issued by a chamber of commerce or other regarding economic activity, financial statements, tax declarations, property deeds on insured assets, medical certificates), requested in many cases to comply with the legal obligations demanded by financial supervisors, allow for establishing aspects such as identification, location, economic activity, income and expenses, assets, liabilities and capital, commercial or personal references, origin or source of goods and assets, properties, health status, illnesses, and disabilities.

Image Number 19

Application form for an insurance company

DECLARATIONS

(Policy Number)

(Previous Policy Number)

B.I.G. INSURANCE CONGLOMERATE
___ B.I.G. AUTO INSURANCE COMPANY
___ B.I.G. LIABILITY INSURANCE CO.
___ B.I.G. AUTO FINANCE COMPANY

(COMPANY NAME)

Policy Period: 12:01 A.M. Standard Time From: To: 1 (Years)

Named Insured
and mailing address

(Number, Street, Apartment, Town or City, County, State, Zip Code)

Description of Auto(s) or Trailer(s)

Auto	Year	Trade Name – Model	VIN	Sym	Age
1					–
2					
3					

The Auto(s) or Trailer(s) described in this policy is principally garaged at the above address unless otherwise stated.

(Number, Street, Apartment, Town or City, County, State, Zip Code)

Coverage is provided where a premium and a limit of liability is shown for the coverage

Coverages	Limit of Liability	Premium Auto 1	Premium Auto 2	Premium Auto 3
A. Liability	$ ______ each accident	$ ______	$ ______	$ ______
B. Medical Payments	$ ______ each person	$ ______	$ ______	$ ______
C. Uninsured Motorists	$ ______ each accident	$ ______	$ ______	$ ______
D. Damage to your Auto		$ ______	$ ______	$ ______
1. Collision Loss	ACV minus $ ______ Deductible	$ ______	$ ______	$ ______
2. Other Than Collision Loss	ACV minus $ ______ Deductible	$ ______	$ ______	$ ______
(Towing and Labor Costs)	($ ______ each disablement)	$ ______	$ ______	$ ______
	(ACV means Actual Cash Value)			

Endorsements made part of this Policy at time of issue:

Endorsement Premium $

Total Premium $

Loss Payee:

(Name and address)

(This policy shall not be valid unless countersigned by our authorized agent)
(Countersignature Date) (Agency at:)

______ Agent)

(Company Officer) ______)
Title

(This study's own source)

This document is important for the purpose of financial analysis and legal investigations because it provides information that allows for identification or confirmation of association, financial aspects of the people who intervene in an insurance contract, location and economic activity, insurable assets, proprietors, beneficiaries, and more.

5.2.1.1 Warning signs regarding insurance policy application form for an insurance company

1. Application by several policyholders (individuals or companies) representing different companies who have common partners, managers, administrators, legal representatives or power of attorney.
2. Consecutive applications by several policyholders with similar characteristics (age, economic activity, location, relatives) who apparently do not know one another.
3. Consecutive applications by several policyholders for the same type of asset or insurable good or for the same amount, in the names of different people who appear not to know one another.
4. Refusals, attempted bribery or threatening of insurance company officers to get them to accept partial or false information or to avoid the due completion of application forms.
5. Natural persons (individuals) or legal entities (companies) who display ample economic solvency or possess many insurable assets or interests, though appearing to falter at providing information regarding commercial or financial references when filling out the application forms.
6. Insurance policy applicants who record the same address and/or telephone number as other people with whom they have no apparent relationship at the time of the policy application.
7. Insurance policy applicants or policyholders who frequently change their personal information before the insurance company, including address, telephone, occupation, with no apparent justification.
8. Insurance policy applicants who fill out the application forms required to open an account in illegible or misleading handwriting, providing information that is either false, difficult to verify or insufficient.
9. Insurance policy applicants who appear to be reluctant or annoyed when asked to provide appropriate identification or to fill out the application forms that are required.
10. Insurance policy applicants who when filling out forms appear to be nervous, hesitant in providing their answers and/or consult information that they have brought with them in writing.

11. Insurance policy applicants who go to an insurance company branch office whose location is other than or distant from the place where the sender usually carries out his/her business, performs economic activity or resides, with no apparent justification. If the applicant in question is an individual on a salary, when there is no adequate relationship with the employer's location or place of residence.

12. Insurance policy applicants who by virtue of age, experience or economic activity have no prior record regarding financial products in the sector and cannot account for such when requested.

13. Insurance policy applicants who are included on national[35] or international[36] lists designated as terrorists, drug traffickers, specialists responsible for taxes, penalized civil servants, fugitives, criminals or wanted by the authorities.

14. Insurance policy applicants who demand to deal with a specific intermediary, account executive, manager or officer, or who show a marked preference for a given person.

15. Insurance policy applicants who refuse to justify the origin of insurable goods or to update the basic information already provided at the time of submitting the application.

16. Insurance policy applicants who ask to be exempted from supplying or confirming certain information on the grounds that they have been recommended by another of the insurance company's clients or by another financial institution.

17. Insurance policy applicants whose insurable goods or interests are valued at amounts not in keeping with the socio-economic information provided and have no apparent justification.

18. Companies applying for insurance policies whose insurable goods are valued at amounts not in keeping with their low capital stock, operating income or average available treasury resources and/or have been created recently.

19. Insurance policy applicants who cannot determine their specific economic activity or define it as "independent" yet declare high values of insurable goods.

35 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC. (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

36 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

20. Insurance policy applicants whose claim amount is high that identify themselves with a document that cannot be readily verified or is expired (i.e. foreigners, tourists, non-residents, minors).

21. Insurance policy applicants whose claim amount is high but holds no justifiable relationship to other projects developed or known goods belonging to the client.

22. Insurance policy applicant whose claim amount is high, though the applicant in question is a Politically Exposed Person (PEP[37]) who attempts to avoid full completion of application documents or does not adequately justify the origin of the assets.

23. Insurance policy applicants wishing to cover their merchandise or products that contain substances which could presumably be used for the manufacturing of drugs.

24. Insurance policy applicants who carry out the application procedure very quickly and seem unconcerned regarding the premium assigned, conditions, exemptions, deductibles, objections, etc.

25. Insurance policy applicants speaking on behalf of new clients wishing to insure high value imported goods without fully proving the importation process or complying with all required documents.

5.2.2 Receipt for payment of insurance premium

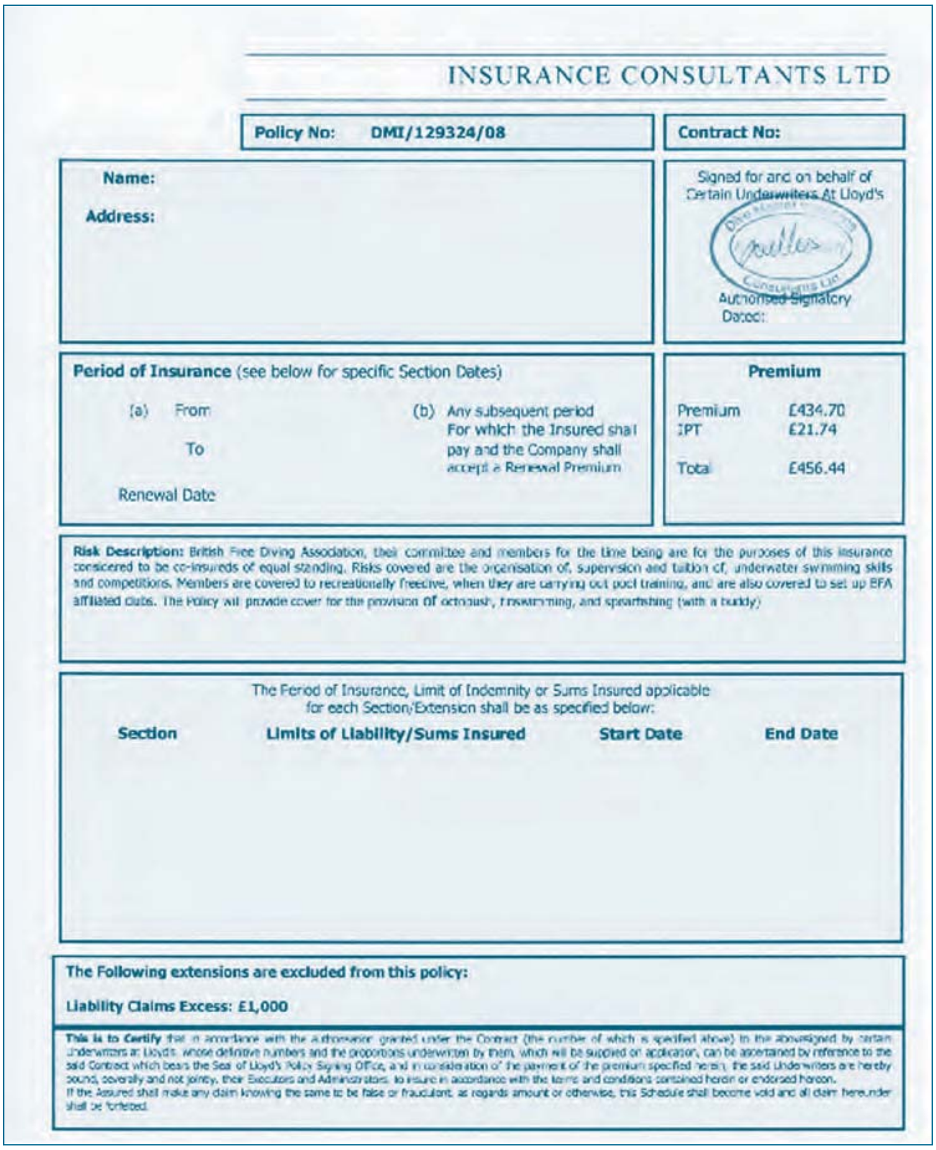
The receipt for payment of insurance premium contains information on the date, amount, type of operation (cash, check, charged to account or other financial product), type of policy, characteristics of the insured asset, branch office of the insurance company where the operation took place, name or identification of the taker, policyholder, beneficiary, intermediary, telephone number and additional data.

37 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

UNODC
United Nations Office on Drugs and Crime

Image Number 20

Receipt of payment for insurance premium


INSURANCE CONSULTANTS LTD

Policy No: DMI/129324/08

Contract No:

Name:

Address:

Signed for and on behalf of Certain Underwriters At Lloyd's

Authorised Signatory

Dated:

Period of Insurance (see below for specific Section Dates)

(a) From

To

Renewal Date

(b) Any subsequent period For which the Insured shall pay and the Company shall accept a Renewal Premium

Premium

Premium	£434.70
IPT	£21.74
Total	£456.44

Risk Description: British Free Diving Association, their committee and members for the time being are for the purposes of this insurance considered to be co-insureds of equal standing. Risks covered are the organisation of, supervision and tuition of, underwater swimming skills and competitions. Members are covered to recreationally freedive, when they are carrying out pool training, and are also covered to set up BFA affiliated clubs. The Policy will provide cover for the provision of octopush, finswimming, and spearfishing (with a buddy)

The Period of Insurance, Limit of Indemnity or Sums Insured applicable for each Section/Extension shall be as specified below:

Section	Limits of Liability/Sums Insured	Start Date	End Date

The Following extensions are excluded from this policy:

Liability Claims Excess: £1,000

This is to Certify that in accordance with the authorisation granted under the Contract (the number of which is specified above) to the undersigned by certain Underwriters at Lloyd's, whose definitive numbers and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the payment of the premium specified herein, the said Underwriters are hereby bound, severally and not jointly, their Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.
If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Schedule shall become void and all claim hereunder shall be forfeited.

(This study's own source)

This receipt of payment for insurance premium is important for the purposes of financial analysis and legal investigations because it provides information that allows for the identification or confirmation of the origin of the money through which the premium is being paid, some aspects regarding the assets insured or the taker, beneficiary or policyholder, as the case would have it, and other characteristics regarding contracting insurance.

5.2.2.1 Warning signs for receipts of payment for insurance premium

The following warning signs are in reference to both traditional general insurance policies and/or life insurance, in addition to some other special modalities, such as life insurance policies with a savings element to them, which become financial instruments in addition to the policyholder's risk coverage.

1. Payment of an insurance policy premium, or savings, through cash money at an office in the city or country in which the holder (policyholder, taker or beneficiary) has no business or agencies to justify said action.
2. Payment of an insurance policy premium or savings with cash money in amounts that show signs of fractioning[38], that is, in amounts lower than but approaching established control limits.
3. Payment of an insurance policy premium with cash money, on behalf of a legal entity or company (that is the policyholder, taker or beneficiary) and who does not have business dealings with that person or any apparent justification.
4. Payment of several insurance policy premiums in cash money by the same person for different companies belonging to the same "financial group".
5. Frequent cash payment of insurance policy premiums for high sums of money by a company whose financial and commercial activity is ordinarily carried out through checks.
6. Payment of insurance policy premiums, or savings, in high sums of money, through one or more checks of which the checking account holder's information does not correspond to the economic activity of the policyholder or for which the justification is not found satisfactory by the insurance company.
7. Payment of insurance policy premium, or savings, for high sums of money, through one or more transfers from accounts of the same or different financial institutions for the same account holder who is not the policyholder, taker or beneficiary, with no apparent justification.
8. Payment of insurance policy premiums, or savings, in high sums of money, with one or more transfers from third party accounts from the same or a different financial institution other than the policyholder, taker or beneficiary, with no apparent justification.

38 Typologies or operations related to this modality can be consulted at http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf

5.2.3 Issuance or renewal of insurance policy

The issuance or renewal documents for an insurance policy contain information as to date of issuance, date and time coverage begins, date and time coverage ends, information on and/or location of the good insured, claim amount and exemptions, branch office of the issuer, name and identification of the intermediary, signatures authorized by the issuing insurance company.

Image Number 21

Issuance or renewal of insurance policy

ACORD CERTIFICATE OF LIABILITY INSURANCE — DATE (MM/DD/YYYY)

PRODUCER

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Everest Indemnity Insurance Co	
INSURER B: Everest National Insurance Co	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC				EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 50,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 1,000,000
		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ 5,000,000 $ 5,000,000 $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				X WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

Insured's Copy

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Lisa Dow/LRD

ACORD 25 (2001/08) ©ACORD CORPORATION 1988

(This study's own source)

The insurance policy certificate and/or copies of these without commercial value, used for company control purposes, is an important document for financial analysis and legal investigations, because it supplies information that allows for the identification or confirmation of aspects such as the different people appearing as policyholders, beneficiaries or intermediaries, links between people who appear on the policies, characteristics and amounts of the goods insured, issuance or coverage dates for policies, characteristics and origin of premium payment for insurance policies and more.

5.2.3.1 Warning signs regarding issuance or renewal of insurance policy certificates

1. Issuance or renewal of an insurance policy on behalf of a person (policyholder, taker or beneficiary) other than the buyer.
2. Consecutive issuance or renewal of multiple insurance policies in the name of one or more persons as takers, policyholders or beneficiaries, with no apparent relationship or justification.
3. Issuance or renewal of several insurance policies covering various goods in high amounts, by several beneficiaries sharing similar characteristics (for example: companies from the same “financial group”, purported relatives, persons commercial linked), who appear to have no relationship or justification.
4. Addition or change of one or more persons, designated as policyholders or beneficiaries at the time of insurance policy issuance, other than the buyer, with no apparent relationship or justification.
5. Addition or change of one or more insured goods, especially those insured for a considerable amount, at the time of policy issuance.
6. Exaggerated increase of the asset insured at the time of renewal of the insurance policy without pertinent justification by the client.
7. Request to change a policyholder, taker or beneficiary during the life of the policy with no justified or clear relationship explained to the insurance company.
8. Issuance or renewal of an insurance policy for a high value good, by one or more persons Politically Exposed Persons (PEP) and the origin of the good is not satisfactorily justified.
9. Issuance or renewal of an insurance policy that covers the goods of an individual (not company) whose beneficiaries are persons other than the legitimate spouse or heir(s) of the policyholder.

5.2.4 Receipt for early insurance policy redemption

For the purpose of fulfilling the objectives of this document, the receipt for early insurance policy redemption in question refers to redemption that takes place when abnormal conditions prevail or claims that are questionable and lead to early redemption.

The receipt for insurance policy redemption contains information regarding the termination of the contract, the amount to pay in premium not due, type of payment (through check, account deposit of other financial product), the branch office of the insurance company that carries out the early policy redemption and/or the refund payment of premium not due, the name and identification of the policyholder, taker or beneficiary at the time of redemption, name and identification of the beneficiary of the payment, telephone number and additional information regarding the holder of the insurance contract redeemed.

The receipt for early redemption of an insurance policy is very important for purposes of financial analysis and legal investigations because it provides information regarding the identification or confirmation of the destination of the money paid by the insurance company, the reason given for termination of the contract, links between people who act as takers, policyholders, beneficiaries or intermediaries, and other features relevant to the redemption.

5.2.4.1 Warning signs regarding receipts for early redemption of an insurance policy

1. The early redemption of an insurance policy covering high value goods for which the premium was paid in cash, with no clear or justifiable reason given for so doing.
2. The early redemption of an insurance policy covering high value goods for which the premium was paid in cash with the objective of receiving a check or wire transfer on behalf of the insurance company with no apparent reason for so doing.
3. The early redemption of an insurance policy covering high value goods effected by a person other than the policyholder, beneficiary or initial taker of the policy, duly and legally empowered, on the grounds that the represented party is out of the country or cannot be located.
4. The early redemption of an insurance policy covering high value goods by a company that declares it is closing down business, with no commercial justification or clear financial reason to do so.

Image Number 22

Receipt for early redemption of insurance policy

NOTICE OF CANCELLATION, NONRENEWAL OR DECLINATION OF INSURANCE
(Massachusetts)

NAME AND ADDRESS OF INSURANCE COMPANY: Pacific Indemnity Company

KIND OF POLICY: Masterpiece House/Contents/Valuable Articles	
POLICY/APPLICATION/BINDER NO:	Typist: KH
EFFECTIVE DATE OF NOTICE: 12/13/2008 (DATE)	12:01 AM (HOUR-STANDARD TIME AT THE ADDRESS OF THE INSURED)
DATE OF MAILING: 10/24/2008	
NAME AND ADDRESS OF AGENT/BROKER	

NAME AND ADDRESS OF INSURED

(Applicable item marked "X")

CANCELLATION

☐ You are hereby notified in accordance with the terms and conditions of the above mentioned policy that your insurance will cease at and from the hour and date mentioned above.

Reason(s) for cancellation: This cancellation is based on the occurrence, after the effective date of the policy, of one or more of the following:

☐ Nonpayment of premium (see **Note** below);
☐ Conviction of a crime arising out of acts increasing the hazard insured against;
☐ Discovery of fraud or material misrepresentation by the insured in obtaining the policy;
☐ Discovery of willful or reckless acts or omissions by the insured increasing the hazard insured against;
☐ Physical changes in the property insured which result in the property becoming uninsurable;
☐ A determination by the Insurance Commissioner that continuation of the policy would violate or place the insurer in violation of the law.

Reason(s) for cancellation, if other than marked above, is (are) stated in the **"Important Notices"** section.

Note: If cancellation is due to nonpayment of premium, you may continue the coverage and avoid the effect of the cancellation by payment of the premium due at any time prior to the effective date of cancellation.

See the **"Important Notices"** section for other information that may apply.

PREMIUM ADJUSTMENT

☐ Unearned premium will be refunded to you as soon as practicable after the cancellation becomes effective.
☐ Enclosed is $ __________, being the amount of return premium at pro rata for the unexpired term of this policy.
☐ The excess of paid premium, if any, above the pro rata premium for the expired time (if not tendered) will be refunded on demand.
☐ A bill for the premium earned to the time of cancellation will be forwarded in due course.
☐ Other __________

NON-RENEWAL

☐ You are hereby notified in accordance with the terms and conditions of the above mentioned policy that the above mentioned policy will expire effective at and from the hour and date mentioned above and the policy will NOT be renewed for the reason(s) stated in the **"Important Notices"** section.

See the **"Important Notices"** section for other information that may apply.

DECLINATION OF INSURANCE

☐ Your written application or written request for the kind of insurance mentioned above has been declined based on information provided in a Consumer Report as noted in the **"Important Notices"** section.

IMPORTANT NOTICES

Reason(s) for cancellation or nonrenewal: __________

☐ **Replacement Insurance Information:** You have been notified herewith that this Company will no longer be carrying your insurance. We suggest that you consult another company or your agent or broker regarding replacement insurance. If you have any difficulty in procuring replacement insurance in the voluntary market, you possibly may obtain basic insurance coverage through the **Massachusetts Property Insurance Underwriting Association, Two Center Plaza, Boston, Massachusetts 02108** either through your present agent or broker, or directly upon application to the above named facility.

(This study's own source)

5. The early redemption of several insurance policies that cover high value goods for which the insurance company refunds the premium not due, which are collected on by one same person empowered as the legal representative or legitimate beneficiary.

6. The early redemption of several insurance policies for different policyholders that covers goods in considerable amounts, for which the insurance company pays premium not due through checks, which are cashed by one single person.

7. The early redemption of several insurance policies for different policyholders covering high value goods, for which the insurance company has paid the premium not due through checks, subsequently endorsed in illegible handwriting through which the identity of the final beneficiary cannot be established.

8. Early redemption of an insurance policy that covers high value goods, when the insurance company determines that said goods or insurable assets are fully or partially non-existent.

9. Early redemption of an insurance policy that covers high value goods, when the insurance company determines that said goods are non-existent or have possibly been substituted by the taker, policyholder or beneficiary.

10. Early redemption of an insurance policy that covers high value goods, when the insurance company determines the total or partial non-existence of economic activity or business of the taker, policyholder or beneficiary.

11. Early redemption of an insurance policy that covers high value goods, wherein a claim is presented for which the policyholder or beneficiary will receive payment, and the insurance company determines that the event was possibly faked or questionable in nature.

12. Early redemption of an insurance policy that covers high value goods, wherein a claim is presented for which the insurance company determines that the insured goods were possibly overvalued or undervalued so that the policyholder or beneficiary might receive payment for the claim and increase his/her assets, of an unknown source, to replace the goods lost.

13. Early redemption of an insurance policy that covers high value goods, per the client's request, who in addition requests payment for premium not due through transfers to locations other than and distant to the business headquarters of said policyholder or taker, with no apparent justification.

14. Early redemption of an insurance policy that covers high value goods, per the client's request, who in addition requests payment for premium not due through local transfers, payable to one single person or several third parties, in amounts lower than but approaching the control limit established for cash transactions.

15. Early redemption of an insurance policy that covers high value goods, per the client's request, who in addition requests payment for premium not due through transfers to accounts, from which the money is immediately withdrawn, or very shortly thereafter, through automatic teller machines.

5.3 Risk of money laundering through insurance policy

Insurance policies can be one the financial instruments at risk for money laundering operations.

The characteristics and information known at the time of application at the insurance company, the drawing up of policies, renewal or early redemption of said policies, as well as the analysis of these documents and the behavior of the holders (policyholder, taker or beneficiary) or intermediaries may coincide with some money laundering typologies as described in the regional GAFISUD document and in Chapter II of the typologies document GAFI-FATF 2004-2005[39].

According to the aforementioned documents, an insurance contract could be used in typologies such as the "use of insurance company products", "purchase of premiums by a criminal organization", "*The use of life insurance single premium policies*", "*Early policy redemption, especially when uneconomic or unusually early*", "*General insurance claim fraud in insurance involving high value goods which were purchased with illicit funds*", "*Cash payments to purchase insurance*", "*Cooling off periods, which allow for refunds of premiums with clean money within the contract cancellation period*", "*Collusion of customer intermediary and/or insurance company employees*", "*Third party payments of premiums*", "*Risks involved in international transactions – both where this is source of business or a destination of policy payouts*", "*Fraudulent customers, insurance companies and reinsurance companies*".

39 The Financial Action Task Force (FATF) has published several documents on typologies employed in money laundering and the financing of terrorism. Chapter II of the typologies document 2004 – 2005 refers to the vulnerability to money laundering to which the insurance sector is exposed and can be consulted at: http://www.fatf-gafi.org/dataoecd/16/8/35003256.pdf

PART II

SPECIAL FINANCIAL INSTRUMENTS

6. FIDUCIARY BUSINESS

A fiduciary business is a financial instrument that enables many commercial operations that a fiduciary group carries out on behalf of an individual or a legal entity.

Included in the many lines of fiduciary business are management, guarantee, securitization, and investment trust fund banking.

6.1 Description

Fiduciary businesses, or trust, are based on the trust an individual or company (the trustor) deposits in a fiduciary society upon depositing one or more assets to fulfill an objective specified in a contract. This objective may even for the benefit a third party (beneficiary).

The fiduciary can carry out all kinds of operations, according to the purposes defined in the contract and the imagination of the parties to attain their objectives. The fiduciary relationship is one designed solely for legal purposes.

In general terms, it can be said that fiduciary businesses are developed through fiduciary assignments, commercial trust agreements, and public fiduciary functions.

A fiduciary assignment is a contract that allows a fiduciary society to administer the goods that have been deposited in its trust without transfer of the property, which is only deposited in trust to the fiduciary for compliance with the client's instructions.

A commercial trust agreement is a business through which the trustor vests the ownership rights of his goods to another party (fiduciary or trustee) for the purpose and fulfillment for which the trust was established for the benefit of the beneficiary. For this purpose an autonomous trust is established with the assets of the trustor, without the expectation of these assets ever becoming the definitive property of the trustee.

Public fiduciary is a fiduciary business in which a state is the trustor; the fundamental difference between a public fiduciary and a commercial trust agreement is that the state (trustor) does not transfer the entrusted goods or resources to the trustee.

As regards fiduciary products, these include: mutual funds with a specific objective, the foreign investment fiduciary, the real estate and/or asset management fiduciary, the guarantee fiduciary, the securitization fiduciary and investment banking fiduciary.

6.1.1 Investment Trust Fund

In an investment trust fund, the fiduciary receives from the trustor sums of money for investment pursuant to instructions. These instructions may be either specific or based on adherence to investment regulations offered by the fiduciary. The product of such investments may be to benefit the selfsame trustor or to benefit a third party of the trustor's choice.

This modality of investment trust fund or fiduciary can be developed through fiduciary assignments or commercial trust agreements. Normally, the fiduciary invests in securities (bonds representing money or merchandise), but the acquisition of any type of asset is also an alternative.

- *Investment fiduciary with a specific destination:* this is one of the modalities of fiduciary investment that consists in the trustor giving sums of money to the trustee with specific, clear instructions on the investment of said money.

- *Mutual trust fund:* this type of fiduciary investment is carried out through funds. The fiduciary receives money from several clients and invests it on behalf of all, pursuant to the common instructions established in the fund's regulations. In this manner the fiduciary manages the resources of each client separately; investments are not made for only one, but for all the trustors participating in the mutual fund (the trustors abide by the rules established for the fund and cannot issue specific investment instructions).

The main types of mutual trust fund are ordinary mutual trust funds, special mutual trust funds, foreign currency funds and foreign investment funds.

- *Ordinary mutual trust funds* are established for trustors who abide by the regulations, turn over a sum of money and then the fiduciary commits to investing said money in duly established manners, readily convertible to money in order to allow for timely withdrawals. Generally speaking, client participation is restricted to a percentage of the total value of the fund.

- *Special Mutual Trust Funds* are set up for trustors who abide by the regulations and who turn over a sum of money which the fiduciary pledges to invest appropriately, for example, in fixed income funds, variable income funds, term funds, funds for the acquisition of assets other than securities, funds for investment in securities issued through processes for the securitization of assets. In this case, the fiduciary manages the group resources that comprise the fund in keeping with the investments, investment limits, concentration and liquidity established in the regulations.

- *Funds in Foreign Currency* are set up with the objective of the trustors abiding by the regulations, turning over money in local currency to the fiduciary, with the latter responsible for the investment of said money abroad.

- *Foreign Mutual Funds,* as commercial trust agreements or fiduciary assignments, are comprised of the resources of one or more foreign individuals or companies, with the objective of investing in the local public securities market. These are generally established for the acquisition of shares of stock in the local market, in keeping with the rules for a take-over bid. These foreign capital mutual funds can be either individual or institutional: individual funds are natural persons (individuals) or legal persons (companies) from abroad whose main objective is to direct their treasury surplus to capital markets, generally through financial strategy, and not precisely through investments. Institutional funds are those that comprise various persons or entities with the primary objective of investing in the world's capital markets (i.e., omnibus, ADR and GDR funds).

6.1.2 Management Fiduciary

A management fiduciary is a fiduciary business in which the trustor entrusts his or her assets to a fiduciary, with or without transferring the property, for the fiduciary to manage them and follow the instructions given in this regard.

The fiduciary business can imply multiple purposes, all pursuant to the needs and instructions given by the trustor.

The main modalities of management fiduciary are the issuance of bonds and commercial paper, inheritance or legacies, life insurance, the management and payment of real estate.

- A management fiduciary for bonds or commercial paper consists in an issuer of these, duly authorized by the competent authority, entrusting the fiduciary to manage these. This type of fiduciary can also work with promissory notes offered on the public securities market.

- Fiduciary management of inheritances, legacies and the assets of persons with disabilities consist in a trust fund designated for the management of the assets or goods of a person who has passed away having left prior instructions. The fiduciary is responsible for the management and transfer of the asset or property to the beneficiaries and legatees. When legally disabled persons have been determined to be unable to manage their own assets, the fiduciary steps in to manage said assets until such time as the disability is no longer present or the assets can be transferred.

- The management of life insurance when a life insurance policyholder designates a fiduciary to manage the indemnity to benefit heirs or legatees in the event that a claim occurs.

- The purpose of a fiduciary for management and payments is to receive sums of money over a stipulated time for its management and to meet the obligations established by the trustor in the assignment in a timely and appropriate manner. The fiduciary is normally in charge of the custody and will invest these sums of money insofar as the management and commitments established in the contract are met. Very often this type of fiduciary contract is established for reasons of efficiency and compliance.

- Other kinds of fiduciary management can be set up, including for the development of housing programs, to manage company treasury departments, to manage companies struggling financially, those companies that have undersigned agreements or restructuring plans with their creditors for the dissolution of a business association or public entity.

- Real estate management fiduciary is that in which a property is transferred to the fiduciary for its management and for the purpose of undertaking a real estate development, pursuant to instructions set forth in the contract, and the subsequent transference of the units built to the rightful beneficiaries of the contract. For the purposes of the development of the project, an autonomous patrimony account is set up for these goods (property and contributions from buyers-beneficiaries) to guarantee the participation of a financier, if it should be necessary. The fiduciary is the body in charge of managing the resources and not the project builder.

6.1.3 Guarantee Trust Fund

The guarantee trust fund is a fiduciary business in which a person transfers the ownership of one or more goods to a fiduciary society as a guarantee of compliance of certain of its obligations.

The trustor irrevocably transfers the ownership of said good(s) to the commercial fiduciary or through irrevocable fiduciary assignment so that through its sale payment can be made for obligations or unpaid goods to the creditors or beneficiaries designated in the contract or according to the instructions provided.

In the case of a commercial fiduciary in guarantee, the fiduciary is the owner of the goods and can issue a guarantee certificate so that the creditor can offer this in support of payment of his or her obligations; this certificate must then be returned to the fiduciary upon payment compliance of the obligation.

In the case of an irrevocable fiduciary assignment, the trustor turns over the goods to a fiduciary, without transference of property, so that the latter may hold them in custody as a guarantee of payment of the obligation.

6.1.4 Securitization Trust Fund

Securitization fiduciary is a fiduciary business used to obtain liquidity, through assets traditionally considered not to be liquid. These assets are transferred to autonomous patrimony, and with these as guarantee, securities are issued. Through this type of fiduciary, the securities issuer becomes an autonomous patrimony, managed by the fiduciary.

The terms of the securities will be linked to the characteristics of the asset, in general more than one year's time. This document issued as a result of the securitization process, has characteristics and prerogatives that are specific to the securities themselves.

The securities may be either credit or shares in content, or mixed. Those securities of credit content represent a specific sum of money that can comprise a fixed sum corresponding to the capital invested and a variable sum corresponding to the profitability agreed on in the securitization process. Securities in shares represent a proportional part of the autonomous patrimony or of the securitized fund, and therefore, based on this percentage, profit-sharing or loss is distributed. Mixed securities incorporate two rights: one to credit content allowing for the demand of a sum of money, and the other for shares as its part or a portion of the patrimony or securitized fund.

Some of the main assets that can be the object of securitization processes include credit documents, securities (negotiable bills of sale), flows of future cash (in some specific cases) and properties, construction projects, housing leasing contracts, agricultural assets and agro-industrial assets, public infrastructure works and public services.

6.1.5 Investment Trust Fund Banking

A fiduciary as investment banking is a fiduciary business in which the fiduciary offers its clients the service of designing financial alternatives to improve the use of the resources, finance expansion projects and cover capital or liquidity needs. This is a fiduciary product that is offered both for the public and the private sector.

Some of these investment banking fiduciary products include the structuring of bonds issued or commercial paper, the structuring or asset securitization processes, the restructuring of liabilities, the attainment of commercial credit or the promotion and structuring of guarantees.

6.2 Documents of Interest

Documents that identify the operations and features of a fiduciary business include: the application form for the fiduciary assignment or commercial trust agreement, receipt for money or goods, the contract, mandate or instructions provided by the trustor, the withdrawal receipt for money and/or the sale of goods, the cancellation or full compliance of the fiduciary business.

As mentioned earlier, fiduciary business can be so diverse and so specific that each line of business will provide information specific to its classification (investment, management, guarantee, and securitization). Nevertheless, there are some documents in common in the paperwork, either at the time of application, or when money or goods are received, or when the fiduciary makes a payment to or on behalf of one of its trustors.

6.2.1 Application form for opening a fiduciary assignment or commercial trust account

The application form or form for establishing a fiduciary assignment or commercial trust account contains information on the client (trustor), whether this is an individual or a company.

This application form, together with other documents required but the fiduciary (i.e. copy of identification document, certificates issued by chambers of commerce regarding the economic activity of the client, financial statements, tax declarations, ownership documents for a good), in most cases to comply with the legal obligations of financial supervisors, allow the establishment of aspects such as the identification or location of the trustor and goods, identification of the economic activity in question, income and expenditures, assets, liabilities and capital, commercial and/or personal references, origin or source of the goods, assets, properties, etc.

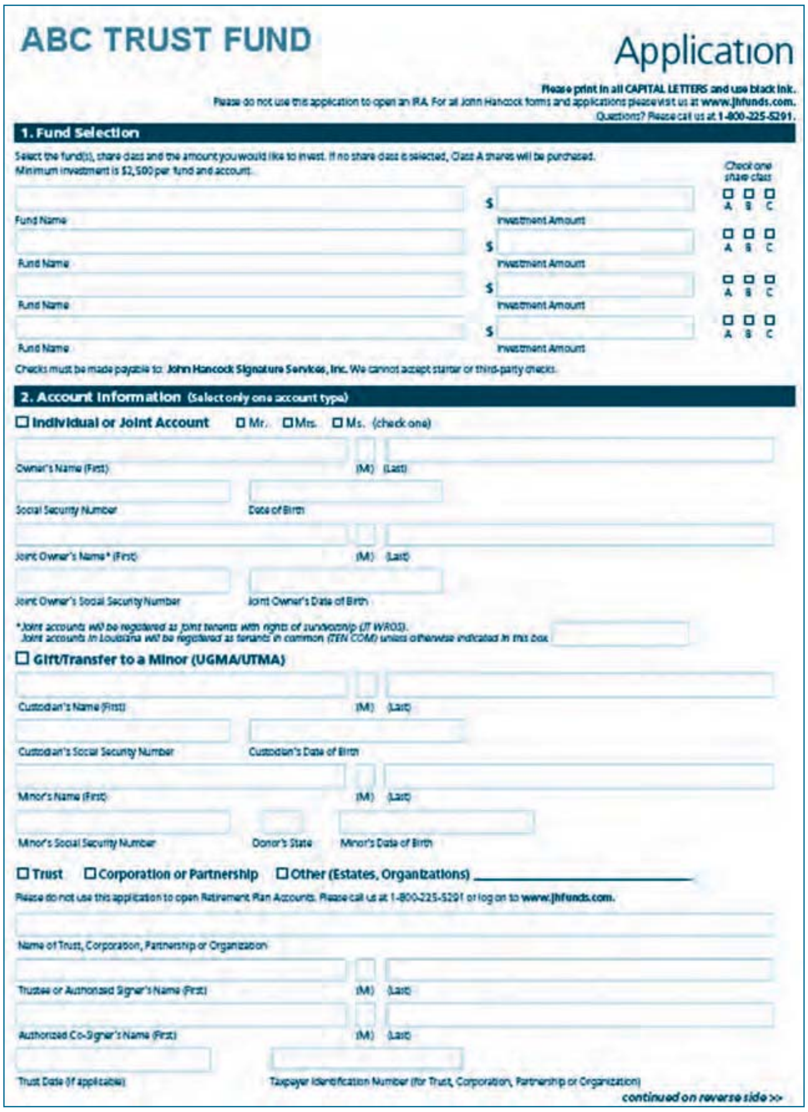
This application document is important for financial analysis and legal investigations because it provides information that allows for the identification or confirmation of the trustor, financial aspects of the persons intervening in the fiduciary contract, the location and economic activity, goods received or managed by the fiduciary, owners, beneficiaries, and more information.

6.2.2.1 Warning signs regarding application form for opening a fiduciary assignment or commercial trust account

1. Opening several fiduciary lines of business, primarily mutual fund investments or investments in special funds in the name of one or more persons, all of which have registered one single person as the co-holder or additional trustor.
2. Opening several fiduciary lines of business by different companies all of which share the same partners, managers, legal representatives and/or authorized signatures.

Image Number 23

Application form for opening a fiduciary assignment or commercial trust account



ABC TRUST FUND

Application

Please print in all CAPITAL LETTERS and use black ink.
Please do not use this application to open an IRA. For all John Hancock forms and applications please visit us at www.jhfunds.com.
Questions? Please call us at 1-800-225-5291.

1. Fund Selection

Select the fund(s), share class and the amount you would like to invest. If no share class is selected, Class A shares will be purchased.
Minimum investment is $2,500 per fund and account.

Check one share class

Fund Name $ Investment Amount ☐ A ☐ B ☐ C

Fund Name $ Investment Amount ☐ A ☐ B ☐ C

Fund Name $ Investment Amount ☐ A ☐ B ☐ C

Fund Name $ Investment Amount ☐ A ☐ B ☐ C

Checks must be made payable to: John Hancock Signature Services, Inc. We cannot accept starter or third-party checks.

2. Account Information (Select only one account type)

☐ Individual or Joint Account ☐ Mr. ☐ Mrs. ☐ Ms. (check one)

Owner's Name (First) (M) (Last)

Social Security Number Date of Birth

Joint Owner's Name* (First) (M) (Last)

Joint Owner's Social Security Number Joint Owner's Date of Birth

*Joint accounts will be registered as joint tenants with rights of survivorship (JT WROS).
Joint accounts in Louisiana will be registered as tenants in common (TEN COM) unless otherwise indicated in this box.

☐ Gift/Transfer to a Minor (UGMA/UTMA)

Custodian's Name (First) (M) (Last)

Custodian's Social Security Number Custodian's Date of Birth

Minor's Name (First) (M) (Last)

Minor's Social Security Number Donor's State Minor's Date of Birth

☐ Trust ☐ Corporation or Partnership ☐ Other (Estates, Organizations)

Please do not use this application to open Retirement Plan Accounts. Please call us at 1-800-225-5291 or log on to www.jhfunds.com.

Name of Trust, Corporation, Partnership or Organization

Trustee or Authorized Signer's Name (First) (M) (Last)

Authorized Co-Signer's Name (First) (M) (Last)

Trust Date (if applicable) Taxpayer Identification Number (for Trust, Corporation, Partnership or Organization)

continued on reverse side >>

(This study's own source)

3. Consecutive opening of several fiduciary lines of business, primarily mutual fund investments or investments in special funds in the name of different people sharing the same or similar characteristics (age, economic activity, location, relatives) but that do not apparently know one another.

4. Consecutive opening of several fiduciary lines of business, primarily mutual fund investments or investments in special funds with the same initial amount of money, in the name of different people who apparently do not know one another.

5. Refusal, attempted bribery or threats directed to the fiduciary authorities so as not to completely fill out application forms for the various fiduciary business or to get the fiduciary authorities to accept incomplete or false information.

6. Individuals or companies (natural or legal persons) who appear to be highly solvent financially, yet find it difficult to supply information such as commercial references or co-debtors when filling out the application forms or documents to establish fiduciary business.

7. Persons who record the same address or telephone number as other people with whom apparently they hold no relationship at the time of opening several fiduciary lines of business, primarily involving ordinary or special mutual funds.

8. Persons who frequently change their personal information on fiduciary documents, such as address, telephone number and occupation, for no apparent justifiable reason.

9. Persons who fill out application forms for fiduciary business in such illegible or deceitful handwriting, and/or with false information, that verification becomes difficult or insufficient.

10. Persons who appear to be reluctant or annoyed when requested to present appropriate identification or the mandatory due diligence needed to establish a fiduciary business.

11. Persons, applicants for a fiduciary line of business, who appear to be nervous, hesitant in their answers and/or consult information that they have brought along in writing when asked to provide the required information to establish an assignment or trust.

12. A person who establishes a fiduciary business in a location other than or distant to the location where said person carries out his or her business or economic activity, with no apparent justification whatsoever. If this is an individual on a salary, when there is no appropriate relationship to the employer's location or to the individual's place of residence.

13. Applicants for a fiduciary business who by virtue of age, experience or economic activity do not have any available history regarding financial products in the sector to accredit this business.

14. Applicants for a fiduciary business who are listed on national[40] or international[41] lists of persons designated as terrorists, drug traffickers,

40 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

41 Lists pubished by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

specialists responsible for taxes, penalized civil servants, fugitives, criminals or people wanted by the authorities.

15. Applicants for a fiduciary business who demand to deal with, or show a marked preference for a given consultant, manager or authority of a fiduciary.

16. Applicants for a fiduciary business who refuse to justify the origin of the funds for the operation or refuse to update the personal information supplied at the time of submitting the application form to the fiduciary.

17. Applicants for a fiduciary business who request to be exempted from supplying or confirming certain information because the have been recommended by another client of the same of another financial institution.

18. Applicants for a fiduciary business, primarily applicants for common or special mutual funds, in high sums of money not in keeping with the socio-economic information submitted, with no apparent justification to explain the discrepancy.

19. Companies applying for a fiduciary business in high sums of money not in keeping with the low capital, operating income or resources available in its treasury and/or companies of very recent creation.

20. Applicants for a fiduciary business, primarily common or special mutual funds, who invest high sums of money with no apparent interest in the details of the product nor enquiries regarding the characteristics of the product, and without posing questions regarding the availability and profitability of the product, and/or feigning market ignorance.

21. Applicants for a fiduciary business not defining a specific economic activity or defining it as being “independent”, investing a high amount of money through the fiduciary.

22. Applicant for a fiduciary business, primarily special or common mutual funds, whose invested amount is high and who identifies himself/herself through a document that is either expired or cannot be readily verified (as in foreigners, tourists, non-residents, minors).

23. Applicant for a fiduciary business in a high amount, when this applicant is identified as being a Politically Exposed Person (PEP[42]) and attempts to avoid due diligence regarding the application documents or does not adequately justify the origin of the money or assets.

24. Applicant for a fiduciary business in a high amount, when said applicant holds no justifiable relationship to the other projects undertaken or known assets.

42 In keeping with FATF, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

25. Applicant for a fiduciary business, especially assignment or guarantee fiduciary contracts, who has just recently acquired the asset for an amount that is either excessively below or excessively above its real value.

26. Applicant for a fiduciary business, especially real estate fiduciary contracts, who expresses his or her desire to acquire several housing units of a given development, in cash money, without requesting financing from any financial institution.

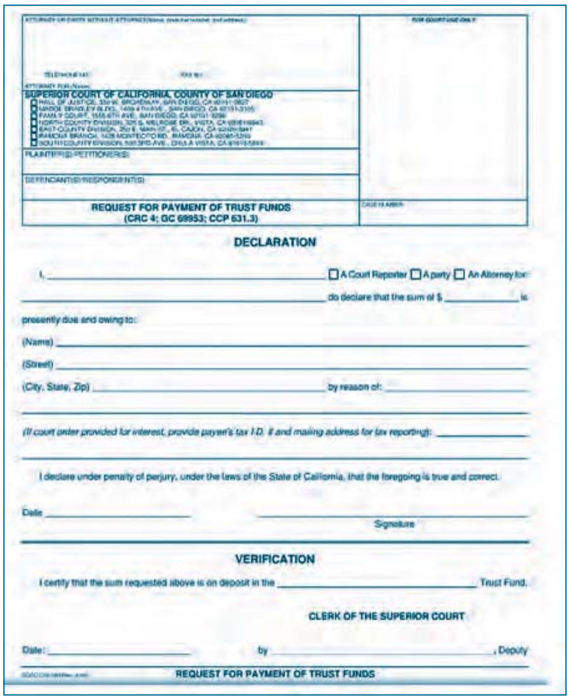
6.2.3 Receipt for money or assets received by the trust

Money or assets received by the trust can be either direct or indirectly received by the fiduciary. It is indirectly received when a network of branch offices of another institution is used for the collection of the fiduciary's client's money. In any case, there will be a document to support the transaction performed by the trustor.

The receipt for money or assets of the trustor contains information regarding the date, amount, type of operation (cash, check, charged to an account or other financial product), type of good entrusted, characteristics of the good, office of the fiduciary or financial institution carrying out the operation, name and identification of the depositor or trustor, telephone numbers and additional data.

Image Number 24

Proof of receipt of money or goods on behalf of the fiduciary



SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

PLAINTIFF(S)/PETITIONER(S)

DEFENDANT(S)/RESPONDENT(S)

REQUEST FOR PAYMENT OF TRUST FUNDS
(CRC 4; GC 69953; CCP 631.3)

DECLARATION

I, ______ ☐ A Court Reporter ☐ A party ☐ An Attorney for:
______ do declare that the sum of $ ______ is
presently due and owing to:
(Name) ______
(Street) ______
(City, State, Zip) ______ by reason of: ______

(If court order provided for interest, provide payee's tax I.D. # and mailing address for tax reporting): ______

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Date ______ ______
Signature

VERIFICATION

I certify that the sum requested above is on deposit in the ______ Trust Fund.

CLERK OF THE SUPERIOR COURT

Date: ______ by ______, Deputy

REQUEST FOR PAYMENT OF TRUST FUNDS

(This study's own source)

This receipt for the reception of money or goods from the trustor is important for financial analysis and legal investigation purposes because it provides information that allows for the identification or confirmation of the origin of money or goods used in the fiduciary assignment or commercial trust contract, as well as some of the characteristics of the transactions, some aspects regarding the goods, and other particulars relevant to the development of the fiduciary contract.

6.2.3.1 Warning signs for receipts for money or assets received by the trustor

1. Deposits on the same day in different branch offices of the fiduciary or other financial institution of the city or country, in amounts the same as or similar to one another, in which cities the depositor (apparent client of the trustor involved in the fiduciary) has no business or agencies.
2. Cash deposits that indicate fractioning[43], because the amount is lower than, though approaching, the established control limit, carried out in different offices of a financial institution or fiduciary on the same day or consecutively over a few days, to accounts of fiduciary businesses, especially investment in special or common mutual fund fiduciaries.
3. Deposits in high sums of money to fiduciary business accounts, especially investment in special or common mutual fund fiduciaries that are or have been inactive.
4. Cash deposits to a fiduciary account for special or normal mutual funds deposited by individuals, when the account holder is a company unrelated commercially to said depositors.
5. Simultaneous deposits made by the same person to several fiduciary businesses, especially for special or common mutual funds under the names of different companies within one single “financial group”.
6. Frequent deposits in high amounts of cash money to the accounts of fiduciary businesses, especially for special or common mutual funds, by a company that given the nature of its activity is not normally associated to this type of operation.
7. Frequent deposits of high amounts of cash money in rounded amounts, paid with high or low denomination bills, when the trustor of the fiduciary, especially for special or common mutual funds, given the nature of his or her economic activity, does not make sales that imply receiving this type of money.

43 Some typologies or operations related to this modality can be consulted at: http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf

8. Establishment of fiduciary businesses in high sums of money, through one or more checks that, based on the information of the account holders of said checks, have no stake in the economic activity of the trustor, or in such cases where the justification for this is not found to be satisfactory by the fiduciary.

9. Establishment of fiduciary businesses for high sums of money through one or more account transfers from the same account holder, from the same or different financial institutions, with no apparent justification.

10. Establishment of fiduciary business for high sums of money through one or more transfers from third party accounts, from the same of different financial institutions, with no apparent justification.

11. Establishment of a guarantee fiduciary business in which certificates written out to various financial institutions are requested immediately, with no apparent justification for the need for said resources.

12. Establishment of autonomous patrimony through guaranteed fiduciary contracts for which certificates are not requested.

13. Establishment of fiduciary businesses, especially guaranteed fiduciary or securitization, through goods or assets that the fiduciary has determined have been the object of legal measures or whose present or former owners hold a police record.

14. Establishment of fiduciary business, especially guaranteed fiduciary or securitization, through goods difficult to quantify or in locations difficult to access.

15. Establishment of fiduciary businesses, especially guaranteed fiduciary or securitization, through goods that exhibit legal inconsistencies as refers to their ownership, possession or tenure.

16. Establishment of fiduciary businesses, especially guaranteed fiduciary or securitization, through real estate properties (lots or constructions) that are overvalued or whose characteristics are not in keeping with the sector.

17. Establishment of fiduciary businesses, especially real estate fiduciary, in which one trustor buys several housing units of a development, and this activity is not in keeping with his or her economic activity, or the justification offered is not found satisfactory by the fiduciary.

18. Establishment of fiduciary businesses, especially real estate fiduciary, in which the trustor establishes periodic payments in cash, that are far superior to his or her capacity for payment according to the economic activity reported, or cases where the justification offered is not found satisfactory by the fiduciary.

19. Establishment of fiduciary businesses, especially real estate fiduciary, in which the trustor cedes his or her rights to a third party before registering the asset without offering justification found satisfactory by the fiduciary.

6.2.4 Proof of payment to or on behalf of the trustor

The proof of payment (checks written or transfers ordered) by the fiduciary on behalf of the trustor contains information related to the payment date, form of payment, amount of payment, branch office of the fiduciary that makes the payment, name and identification of the beneficiary and authorized signatures of the fiduciary.

Image Number 25

Proof of payment to or on behalf of the trustor

ABC TRUST FUND

NAME

DEBIT CARD NUMBER:

CITY AND DATE:

Sr.

We kindly request the following transactions:

Debit from de account:

Account's name	Account's type	Account's number	Total Value

AMOUNT IN WORDS:

PAYMENT FORM:

BENEFICIARY

NAME	ID NUMBER	PAY TO	DELIVER TO	CONDITIONS	VALUE

PAYMENT CONCEPT:

NOTE: PLEASE REGISTER THIS TRANSACTION INDMDUALLY, ELABORATE DEBIT OR CREDIT NOTEB THAT THIS TRANSATION ORIGINETES, POINTING OUT THE DEBIT LETTER NUMBER AND THE FINANCIAL EXPENSES DISCRMINATION. SENT DE NOTE TO FAX: 22584678 OR 2254677

AUTHORIZE SIGNATURE

AUTHORIZE SIGNATURE

PREPARE BY

REVIEW BY

APPROVE BY

(This study's own source)

The proof of payment (checks written or transfers ordered) by the fiduciary to or on behalf of the trustor is an important document for the purpose of financial analysis and legal investigations because it provides information that allows for the confirmation of aspects such as the participation of different people as trustors or beneficiaries, links between people who are involved in the fiduciary contracts, dates, amounts and characteristics of payments related to the fiduciary, and more.

6.2.4.1 Warning signs regarding proof of payment to or for the trustor

1. Partial or full payments of a fiduciary business, requested by the trustor, when the amount is lower than though approaching the established control limit for cash transactions.
2. Partial or full payment of a fiduciary business requested by the trustor, on the same day or in a very short period of time, in favor of different beneficiaries, cashed by the same person.
3. Partial or full payment of a fiduciary business, requested by the trustor, in favor of different companies, which are cashed by the same person as legal representative, legitimate beneficiary or holding power of attorney.
4. Partial or full payment of different fiduciary businesses, especially special or common mutual funds, requested by various trustors who present themselves as a group to carry out said operations.
5. Partial or full payment of a fiduciary business in a high sum, in which the trustor requests several checks, in which the individual amount of each is lower than, but approaching the established control limit for cash transactions, written out to the same holder, same person or to different people.
6. Partial or full payment of a fiduciary business, requested by the trustor, in checks payable to different beneficiaries, which, after endorsement (sometimes with similar graphological traits) are cashed by the same person.
7. Partial or full payment by check of a fiduciary business, requested by the trustor, illegibly endorsed and paid in cash in such a manner that the identity of the end beneficiary cannot be verified.

8. Partial or full payment of a fiduciary business, requested by the trustor, through local transfers to different cities, when the holder does not have clients or business in those locations to justify said operations.
9. Partial or full payment to a fiduciary business, requested by the trustor, through local transfers to different localities that are distant from the business headquarters of the payment beneficiary, with no apparent justification.
10. Partial or full payment of a fiduciary business, requested by the trustor, through local transfers, written to the same person or to several people, in amounts lower than but approaching the established control limit for cash transactions.
11. Partial or full payment of a fiduciary business, requested by the trustor, through transfers to checking accounts, savings accounts or another financial instrument, upon which the money is promptly withdrawn or shortly thereafter through automatic teller machines.
12. Partial or full payment of a fiduciary business whose holder is a company, requested by the trustor, in high sums of money that ultimately is paid in cash by the manager of officers of the same institution.
13. Partial or full payment of a fiduciary business, especially a management and payments fiduciary or a real estate fiduciary, the beneficiary of which was not originally included and the justification for so doing is not found to be satisfactory by the fiduciary.
14. Partial or full payment of a fiduciary business, especially a management and payments fiduciary or a real estate fiduciary, the amounts of which are greater than those initially estimated and the justification is not found to be satisfactory by the fiduciary or the technical specifications of the goods acquired by the trust differ from those stipulated.

6.3 Risk of money laundering in the fiduciary business

Fiduciary contracts can be one of the financial instruments at highest risk of money laundering operations.

The characteristics of the operations and the information known –either at the time of applying to the fiduciary, or at the time of establishing fiduciary assignments or commercial trust agreements, or at the time of receiving the money or goods, or at the time of making partial or full payments to or by the trustor– as well as the analyses of the aforementioned documents and the behavior of their holders may coincide with some money laundering typologies set forth in the regional GAFISUD document and in the typology reports of 1997-1998, 1999-2000, 2000-2001, 2003-2004, 2004-2005 of GAFI-FATF[44].

According to the above documents, a fiduciary contract may be used in typologies such as "financial and investment products susceptible to being employed by money laundering operations" or "purchases made by a criminal organization".

7. SECURITIES TRADING

A stock exchange or securities negotiation consists of a financial instrument that allows for direct or indirect investment operations (through a stock brokerage firm), and the purchase and sale of securities on the stock market by an intermediate stock brokerage firm (stock broker) on behalf of or in an individual or business corporation's name.

7.1 Description

Stock brokerage firms can perform certain types of financial transactions on their own and for their clients, in accordance with each country's conditions and rules and regulations. The most popular stock exchange trades include investments in trading paper or fixed and variable rate securities, investment funds, the provision of consulting services related to investment banking, the management and custody of securities, and exchange operations or currency negotiations.

7.1.1 Investment in Variable Rate Securities

Stock brokerage firms provide their clients with the possibility of buying or selling shares listed on the stock market, term transactions and share repos through shares or variable rate securities negotiations. Consequently, stock brokers can create shares portfolios that meet their clients' needs and preferences.

44 The Financial Action Task Force (FATF) has published several documents on typologies employed in money laundering and the financing of terrorism. These can be consulted at: http://www.fatfgafi.org/dataoecd/

An investor's purchase of variable rate shares implies the ownership of different companies' shares, with the possibility of obtaining profits through dividend payments. The appreciation of their shares affords another way for investors to obtain profits from their investments. In general terms, these types of securities are traded through electronic systems established by and between stock broker agents, stock brokerage firms and centralized securities deposits.

7.1.2 Investment in Fixed Rate Securities

Stock brokerage firms offer their clients the possibility of buying or selling fixed rate trading paper or securities, such as Certificates of Deposit (CD), public or private debt bonds, banking acceptances, mortgage securities, special bonds, securities listed on the stock market and in general terms, any private or public debt security that is traded on the market.

The profitability this fixed rate investment alternative offers for clients depends on the risk they want to assume. Higher profits imply higher risks.

7.1.3 Mutual Funds

Mutual funds, which are also known as securities fund, are another stock market modality stock brokerage firms offer their clients.

Mutual funds are comprised of the money contributed by a certain number of individuals or business corporations that have similar investment objectives, to be managed by a stock brokerage firm. This stock brokerage firms puts together a diversified securities portfolio that is responsible for distributing the results in proportion to the number of units each individual holds.

Open, closed or tiered securities are traded on the stock exchange market. Open securities funds are those in which subscribers can redeem their participation at any time. Closed security funds are those in which the contributions are paid to the subscribers only at the end of the term established for the corresponding fund. Tiered securities funds are those in which subscribers can redeem their shares based on the asset fund maturity dates.

There are security funds that are called conservative funds that target individuals and are comprised of fixed rate trading paper and securities issued by private and/or public issuers that offer moderate yields. Clients are normally short-term investors that can collect their funds on demand and with yields that are more or less stable with respect to the market. Stock brokerage firms diversify the fund's securities to ensure security and liquidity. Associations with these funds are generally open and require minimum investment amounts.

Another securities fund modality targets business corporations that are duty-bound to seek out investment portfolios with conservative risks. These funds are comprised primarily of fixed rate securities issued by private and public issuers. Stock brokerage firms offer this type of funds as short-term investment instruments with moderate profitability rates, with respect to the market. Associations with this type of fund are open and require minimum investment amounts.

Stock brokerage firms also constitute securities funds for investors with high risk profiles that prefer medium or long term investments and expect to receive higher returns on their investments. These fund portfolios are comprised of shares with companies that represent different sectors in the economy in such a manner that they aim to concentrate the investment in higher stock market capitalization companies that offer better perspectives for growth in the middle and long term. The objective consists of designing a fund that complies with the liquidity terms offered to investors, by investing a greater part of its resources in "highly securitized" shares or in liquid fixed rate instruments. Associations with this type of fund are open and require minimum investment amounts.

Another securities fund modality consists of investing abroad. These funds are designed for people who look for conservative investments abroad while hedging their investments against devaluations that are subject to "hard" currency (generally U.S. dollars or Euros) exchange rate volatilities. The funds are invested in local currencies, while additions and withdrawals are also made in local currencies, although the fund is denominated and earns profits in foreign currencies. The securities fund portfolio is diversified with assets in strong and widely traded currencies.

Associations with this type of funds are open and require minimum investment amounts and terms. Lastly, there is one more investment alternative that is known as a foreign fund. Investors in this type of funds deliver their capital to the local stock broker agents, who in turn enter into correspondent agreements with foreign intermediaries that are in charge of constituting, diversifying and managing the portfolio. These offshore investments generally offer returns with certain tax exemptions, prevent risk devaluations and have easy access to international markets. Associations with this type of fund are open and require minimum investment amounts and terms.

7.1.4 Investment Banking

Stock brokerage firms offer their clients investment banking services such as advice concerning securities issues, restructures, debt conversions, corporate appraisals, and financial engineering.

There are specific cases in which the stock brokers play a role in advising, designing, negotiating and placing debt bond issues, bonds that must be converted into ordinary shares, preferential shares without voting rights, privileged shares and other instruments that are needed to enter the capitals market.

The stock brokerage firms also provide advisory services related to solutions to approach working capital problems, debt service rationalizations, term transformations, funding source changes, capital structure analyses, and the design and negotiation of debt instruments.

Stock brokerage firms play a role in establishing a company's trade value, which implies a financial, technical, administrative, legal, fiscal and marketing evaluation to establish the price for a purchase, sale, merger, etc. Financial engineering consulting services can focus on obtaining funds, designing securities, funding sources, cost systems, defining the correct capital structure, marketing debt and restructuring corporate financial divisions.

7.1.5 Management and Custody of Securities

Stock brokerage firms also offer their clients' securities management services to negotiate stock redemptions, collect the interests on said shares or reinvest surpluses.

Besides managing the funds, the stock brokerage firms also provide their customers with the possibility of opening escrow accounts for their securities and bonds either as their own accounts or through centralized local and foreign security deposits.

7.1.6 Currency Exchange and Trading Operations

Certain stock brokerage firms can carry out exchange operations and/or currency negotiations with their clients.

Some of these exchange transactions include: sending or receiving money orders in foreign currencies that corresponds to imports, exports, foreign investment and external debt; the purchase and sale of currencies that correspond to exchange operations; handling and management of international credit and debit card systems; the purchase and sale of currencies to other financial institutions in the exchange market; the dispatch or reception of currency remittances from residents and non-residents; the realization of capital investments abroad and temporary financial investments, and financial assets issued by banking entities abroad or in bonds and stocks issued by foreign governments, in conformity with local standards.

Another service modality offered by stock brokerage firms includes term operations to reduce their client's exchange risks and increase their coverage. These transactions are used to establish standardized agreements in terms of size (foreign currency amount), maturity dates and the number of open maturities. The stock brokerage firm enters into an agreement with the client to buy and sell a certain number of agreements expressed in foreign currencies, at a future date and for an established price. The parties assume both the obligation and the commitment to pay or receive the earnings and losses produced by the differences in the agreement prices throughout the term of the agreement, as well as their liquidation with respect to the prevailing exchange rate. This mechanism allows clients to control unavoidable risks[45] caused by the fact that clients are paying for or collecting sums of money in other countries or realizing investments in foreign currencies.

7.2 Documents of interest

The documents that are used to identify stock exchange transactions and characteristics include: the form to open or enter into an association with the respective escrow account for investment mandates, the reception of the funds, the agreement, the account number, the investor's mandate or instructions, and the investment's total or partial withdrawal.

45 Exchange risks consist of loss contingencies due to variations in a currency value determined under the terms of another currency. These variations or exchange rates affect the wealth of the economic agent that keep positions in foreign currency. The difference found between an exchange rate upon entering into the transaction agreement and actually collecting the payment or charge can imply unexpected losses or gains.

As stated above, stock brokerage firm products and services offerings can be so different that each one provides specific information on each type of investment (securities funds, foreign investment funds, fixed and variable rate funds, investment banking, exchange transactions, or securities escrow and administration). However, there are certain common documents that are processed upon establishing the association or receiving the funds, or when the stock brokerage firm makes a payment on behalf of and/or in the name of one of its clients.

7.2.1 Application form for investment instructions

The form that is used to create an association and/or open an investment fund contains information related to the client (investor), either as an individual or a corporate entity.

This association form, together with the other documents the stock brokerage firm requires (e.g. copies of the identification documents, certificates issued by the chamber of commerce or related to economic activities, financial statements, tax returns, ownership documents), which have to do primarily with compliance with the financial supervisors' legal obligations, allow the stock broker to establish different aspects such as the investor's identification, the client's location or the location of the assets, economic activities, income and expenditures, capital and liabilities, commercial or personal references, and the origin of the goods or assets.

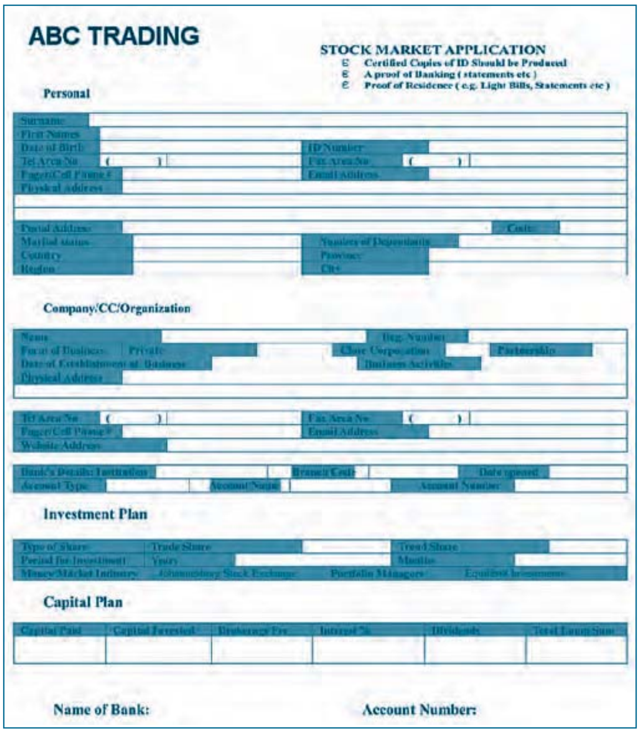
This association document is important in terms of financial analysis and judicial investigations because it provides information that allows the stock brokerage firm to identify or confirm the investor's associations, financial aspects of individuals that participate in the investment mandate, their location and economic activities, the goods received or managed by the stock broker, and the investor's beneficiaries, in addition to other information.

7.2.1.1 Warning signs regarding application forms for investment instructions

1. The opening of several investment accounts, primarily in securities funds that are paid to one or several individuals, all of which register one same individual as their additional or authorized investor.
2. The opening of several investment funds by different companies with the same common partners, managers, administrators, legal representatives or authorized firms.

Image Number 26

Association form or the opening of an investment account



ABC TRADING

STOCK MARKET APPLICATION
- Certified Copies of ID Should be Produced
- A proof of Banking (statements etc)
- Proof of Residence (e.g. Light Bills, Statements etc)

Personal

Surname
First Names
Date of Birth | ID Number
Tel Area No ( ) | Fax Area No ( )
Pager/Cell Phone # | Email Address
Physical Address
Postal Address | Code
Marital status | Number of Dependants
Country | Province
Region | City

Company/CC/Organization

Name | Reg. Number
Form of Business: Private | Close Corporation | Partnership
Date of Establishment of Business | Business Activities
Physical Address
Tel Area No ( ) | Fax Area No ( )
Pager/Cell Phone # | Email Address
Website Address
Bank's Details: Institution | Branch Code | Date opened
Account Type | Account Name | Account Number

Investment Plan

Type of Share: Trade Share | Trend Share
Period for Investment: Years | Months
Money/Market Industry: Johannesburg Stock Exchange | Portfolio Managers

Capital Plan

Capital Paid	Capital Invested	Brokerage Fee	Interest %	Dividends	Total Lump Sum

Name of Bank: Account Number:

(This study's own source)

3. The successive opening of several investment funds, primarily securities funds on behalf of different individuals with similar characteristics (age, economic activity, location, blood ties), that apparently do not know each other.

4. The successive opening of several investment funds, primarily securities funds with the same initial amount on behalf of different individuals that apparently do not know each other.

5. Rejection, an attempt to bribe or threaten the stock brokerage firm's officers in order to keep them from filling out the association forms for several investment mandates, or ensure acceptance of incomplete or false data.

6. Individuals or business corporations that appear to be economically solvent but have difficulty obtaining or providing information on commercial or financial references when filling out the association forms and/or opening the investment funds.

7. Individuals that register the same address and/or telephone numbers of people with whom they have no apparent relationship, upon opening several investment funds, primarily securities funds.

8. Individuals that frequently change their data with the stock brokerage firm, such as their addresses, telephone numbers and occupations, with no apparent justification for said changes.

9. Individuals that fill out their investment mandate association forms with illegible and deceptive handwriting, false data or insufficient information that make it hard to verify.

10. Individuals that appear to be reluctant or even upset when they are asked to provide the right type of identification or fill out the mandatory fields on the different forms that must be filled out in order to open an investment account.

11. Individuals applying for an investment mandate that appear to be nervous, hesitate when asked questions and/or repeatedly check the written information they have brought with them, when asked for the data they are obligated to provide in order to open an investment fund account.

12. Individuals that open an investment mandate in an office that is different, distant or has no apparent relationship with the locality where the investor works or performs his economic activities; or when an individual who is on a corporate payroll does not appear to hold a proper relationship between the employer's location and the individual's residence.

13. Individuals who apply to open an investment fund account and are unable to accredit the information that is needed to support their background in financial products within the sector, based on their ages, experience or economic activities.

14. Individuals applying for investment mandates whose names are found on national[46] or international[47] lists of individuals labeled as terrorists, drug dealers, responsible tax parties, penalized public officers, fugitives, criminals or wanted by the authorities.

15. Applicants that wish to open an investment account and demand to be served or expressly manifest their pronounced preference for a specific commercial advisor, manager or officer at the stock brokerage firm.

16. Applicants that wish to open an investment account and refuse to justify the origin of the funds they plan to use for the transaction or update the basic information they provided upon establishing an association with the stock brokerage firm.

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46 Lists published by each country. For example, in Colombia, the list of terrorists from the FARC, ELN and AUC (http://www.mindefensa.gov.co/actuacolombia/recompensas_actua_colombia.pdf); civil servants whose records contain disciplinary actions (https://siri.procuraduria.gov.co/webciddno/consulta.aspx).

47 Lists published by diverse entities such as the FBI (http://www.fbi.gov/mostwant/topten/fugitives/fugitives.htm), OFAC (http://www.treas.gov/offices/enforcement/ofac/sdn/) the Treasury Department of the United Sates (better known as the Clinton List), INTERPOL (http://www.interpol.int/Public/Wanted/Fugitives/Links.asp).

17. Applicants that wish to open an investment fund and ask to be exonerated from providing or confirming certain information because they were recommended by another one of the brokerage firm's clients or another financial institution.

18. Applicants that wish to open an investment fund, primarily a securities fund, whose large amount does not match the socioeconomic data provided and does not appear to have any type of justification.

19. Companies that apply for an investment mandate whose large amount does not match their low capital amounts, operating revenues or average treasury funds available and/or were recently created.

20. Applicants that wish to open an investment fund, primarily a securities fund, that invest strong amounts of money without asking about the product's detailed characteristics or without caring or asking about matters such as availability and profitability and/or feign ignorance on the market.

21. Investment fund applicants that fail to define their specific economic activities or describe themselves as "independent" and have a large sum of money to invest.

22. Applicants that wish to open an investment fund, primarily a securities fund, with a large amount of money and offer a personal identification document that is hard to verify or has expired (e.g. foreigners, tourists, non-residents, minors).

23. Applicants that wish to open an investment fund with a large amount of money and are Politically Exposed Persons (PEP[48]) who try to avoid having to duly fill out the opening documents or are unable to properly justify the proceeds of their money or securities.

24. Applicants that wish to open an investment fund for a company that presents a large amount of money without a reason that justifies the relationship between said funds and the company's other development projects or known goods.

25. Applicants that wish to open an investment fund and have recently purchased a bond or share for an amount that is far above or well below its market value.

48 In keeping with GAFI, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials. Business relationships with family members or close associates of PEPs involve reputational risks similar to those with PEPs themselves. The definition is not intended to cover middle ranking or more junior individuals in the foregoing categories. See http://www.gafisud.org/pdf/40Recs_web_1.pdf

26. Applicants that wish to open an investment fund that manifest their desire to contract several cash alternatives and do not request information related to the characteristics, security, risks or profitability of said products, nor do they inquire about the stock brokerage firm's business tradition or reputation.

7.2.2 Receipt for acceptance of money or securities

Stock brokerage firms can directly and indirectly accept investor funds. The funds are indirectly accepted when the stock broker uses another financial institution's network of offices to collect money from its clients. These transactions are always supported by a document that confirms the client's transaction.

The voucher or document that confirms reception of the investor's money or securities includes information related to the date of the transactions, the amount, the type of operation (cash, checks, charged to an account or another financial product), the type of asset delivered, the security's characteristics, the name of the stock brokerage firm or financial institution that completed the transaction, the depositor's name and identification, along with his telephone number or other related information.

Image Number 27

Voucher that proves reception of the money or securities

ABC TRADING

Trust fund

CASHIER'S RECIBE NUMBER:

DATE:
BILL FROM:
ID:

BILL NUMBER:
TRUST NUMBER:

UNITS	VALUE PER UNIT	INVESTMENT VALUE	FINAL BALANCE

PAYMENT CONCEPT:

CHECK DETAILS:

BANK	CHECK NUMBER	VALUE	CASH IN DATE

STAMP AND SINGATURE'S TRUST

COMMENTARIES:

(This study's own source)

This voucher or proof of receipt of the investor's money or securities is key to financial analysis and legal investigations because it provides information that serves to identify or confirm the origin of the client's money or securities, certain characteristics related to the transactions, aspects associated with the negotiated securities and other particularities linked to the investment mandate's development.

7.2.2.1 Warning signs regarding receipt for acceptance of money or securities

1. Deposits realized on the same date and for similar or equal amounts in different city or country offices, in the stock brokerage firm's offices or in another financial institution, in which the depositor (client that apparently holds the investment account) does not have business offices or agencies.
2. Cash deposits that appear to be fractioned[49], because the amount is lower or very close to the amount established for control purposes, and is realized in different offices that correspond to a financial entity or to a stock brokerage firm on the same day or in very few consecutive days, on behalf of investment mandates, and particularly securities funds.
3. Deposits realized for large amounts of money on behalf of investment mandates, especially securities funds that are or have been inactive.
4. Deposits realized by individuals on behalf of an investment mandate, especially in securities funds, whose holders are business corporations that have no trade relations with said depositors.
5. The realization of simultaneous deposits by one same individual on behalf of several investment accounts, especially securities funds, in different companies that belong to the same "financial group".
6. Frequent deposits and for large amounts of money on behalf of investment mandates, especially securities funds, by a company whose commercial activity normally does not receive and is not associated with this type of transactions.
7. Frequent cash deposits made in closed amounts and with high denomination bills, when the investment account holder, particularly in securities funds, does not realize sales that imply the reception of this type of cash based on its economic activity.

49 Certain typologies or operations related to this modality can be consulted at: http://www.gafisud.org/pdf/TIPOLOGIASREGIONALES.GAFISUD_1.pdf

8. The establishment of investment funds for large amounts of money, with one or multiple checks made out by individuals whose activities do not correspond to the investor's economic activities or are not justified to the stock brokerage firm's satisfaction.

9. The establishment of investment funds for large amounts of money, opened with one or multiple transfers from the accounts a same individual holds in one or another financial entity, with no apparent justification for said accounts.

10. The establishment of investment funds for large amounts of money, opened with one or multiple transfers from third party accounts held in the same or another financial entity, with no apparent justification.

11. The establishment of investment funds with securities in which the stock brokerage firm determines that they have been the object of judicial measures or their current or former owners have criminal records.

12. The establishment of investment funds with securities riddled with legal inconsistencies, in terms of endorsements, ownership, possession or holding.

13. The establishment of investment funds with securities whose amounts or characteristics do not match the market or the sector.

14. The establishment of several investment funds, especially in securities funds, opened by one same client whose total investment amount does not match his economic activities or the stock brokerage firm is not fully satisfied with the justification of said amounts.

15. The establishment of investment funds, especially in securities funds, in which the investor establishes periodic cash payment commitments that fully exceed his capacity for payment, according to the economic activity listed or when the stock brokerage firm is not fully satisfied with the justification provided.

16. The establishment of investment accounts, especially as related to securities negotiations, in which the investor concedes his rights to a third party before registering ownership of the bond or security, without fully satisfying the stock brokerage firm's need for justification.

17. The establishment of investment accounts, especially as related to securities negotiations, in which the investor initially negotiates small amounts of money and then suddenly wants to negotiate securities with much larger amounts, without fully satisfying the stock brokerage firm's need for justification.

18. The establishment of investment mandates in which the investor initially began his association through a securities fund and suddenly includes securities, currency, cash or other transaction negotiations, without fully satisfying the stock brokerage firm's need for justification.

19. The establishment of investment mandates with sporadic transactions that suddenly increase their frequency and/or the amount of the transactions, without fully satisfying the stock brokerage firm's need for justification.

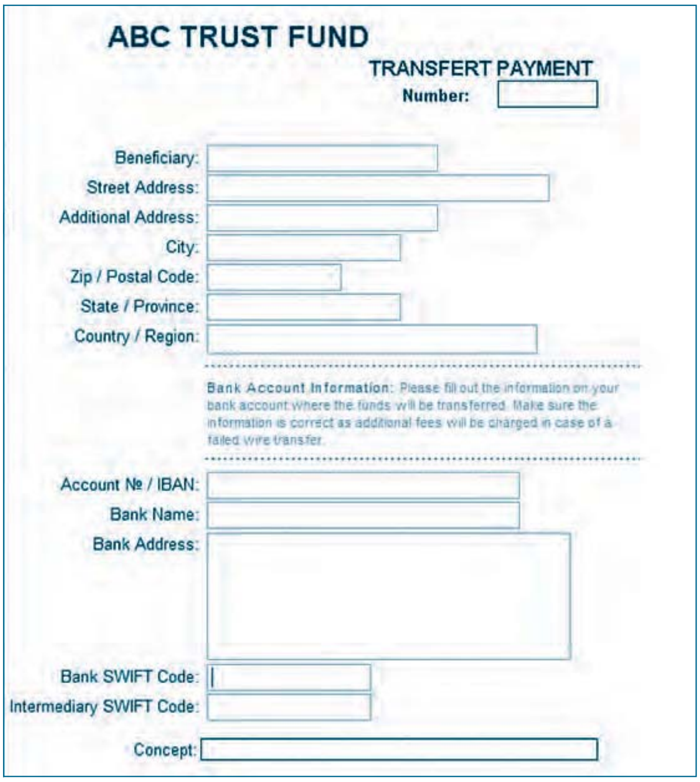
20. The establishment of investment mandates, especially as related to securities negotiations, in which the investor expresses his desire to place "all of his liquidity", including his working capital available, without fully satisfying the stock brokerage firm's need for justification.

7.2.3 Proof of payment to or by the investor

The proof of payment (checks issued or transfers ordered) by the stock brokerage firm on behalf of or in name of the client, which contains information regarding the date of payment, the form of payment, the amount of the payment, the office in which the stock brokerage firm made the payment, the beneficiary's name and identification, and the stock brokerage firm's authorized signatures.

Image Number 28

Proof of payment form for payments made on behalf of or by the investor


ABC TRUST FUND

TRANSFERT PAYMENT

Number:

Beneficiary:

Street Address:

Additional Address:

City:

Zip / Postal Code:

State / Province:

Country / Region:

Bank Account Information: Please fill out the information on your bank account where the funds will be transferred. Make sure the information is correct as additional fees will be charged in case of a failed wire transfer.

Account № / IBAN:

Bank Name:

Bank Address:

Bank SWIFT Code:

Intermediary SWIFT Code:

Concept:

(This study's own source)

The proof of payment (checks issued or transfers ordered) the stock brokerage firm makes on behalf of or in the investor's name is a very important document in terms of financial analysis and judicial investigations because it provides information that allows to identify or confirm aspects such as the participation of different individuals namely investors or beneficiaries, associations between the parties that participate in the investment mandate, and the date, amount and characteristics of the stock market payments, among others.

7.2.3.1 Warning signs regarding proof of payment to or by the investor

1. Total or partial payments for investment mandates, especially as related to a securities fund requested by the client when the investment amount is lower or very close to the limit established for cash transaction controls.
2. Same-day or short-term customer requests for the total or partial payment of investment funds on behalf of different beneficiaries that are finally collected by the same person.
3. Total or partial payment of investment mandates requested by different companies, which are collected by the same person acting as a legal representative, proxy or legitimate beneficiary.
4. Total or partial payment of investment mandates, especially in securities funds, requested by several clients that appear together as a group to carry out said transactions.
5. Total or partial payment of a high-value investment mandate in which the investor requests several checks for amounts that are lower and very close to the limit established for cash transaction controls, paid to the order of the same holder, the same individual, or several individuals.
6. Total or partial payment of investment mandates clients request as checks paid to the order of several different beneficiaries, which are then endorsed (occasionally with similar graphological characteristics) and finally collected by the same person.
7. Total or partial payment of an investment mandate the client requests be paid with a check, which is then illegibly endorsed and collected in cash, in a manner such that it is impossible to verify the final beneficiary's identity.
8. Partial or total payment of investments funds a client requests through local transfers to different cities when the holder does not

have clients or do business that would justify said transactions in those cities.

9. Total or partial payment of an investment fund a client requests be paid with checks or local transfers on behalf of several people included in a list, who do not have an apparent relationship or do any type of business with the investor, or provide justification for said payments.

10. Total or partial payment of an investment fund a client requests through local transfers to different cities that are distant from the beneficiary's business location, without an apparent justification for said payment.

11. Total or partial payment of investment funds the client requests is paid through local transfers on behalf of one same individual or on behalf of several third parties for amounts that are lower and very close to the limit established for cash transaction controls.

12. Total or partial payment of an investment fund the client requests be transferred to current accounts, savings accounts or other financial instruments from which the money is directly withdrawn in an immediate manner or in a very short period of time, or through automatic teller machines.

13. Total or partial payment of investment funds held by a company and requested as checks paid in large amounts of money that are finally collected in cash by the same company's manager or officers.

14. Total or partial payment of investment funds, particularly for businesses that agree to middle or long term investments and cash the investment in advance without a clear or reasonable justification.

15. Total or partial payment of investment mandates, especially in a securities negotiation, requested as paid to cash or to the order of the bearer, without a clear or reasonable justification for said request.

16. Total or partial payment of investment mandates, especially in a securities negotiation that includes multiple payment endorsements or requests, should be paid in cash or to the order of the bearer, without a clear or reasonable justification for said request.

17. Renewal of an investment fund, especially as related to securities negotiations, in which the investor asks that the securities be fractioned on behalf of different individuals without an apparent justification for said request.

18. Payments or renewals of investment mandates, especially as related to securities negotiations, in which the investor asks that different securities be issued on behalf of different individuals adducing tax issues related to said behavior and without any other apparent justification for said request.

7.3 Risk of money laundering in securities trading

Investment mandates can constitute one of the financial risk instruments for money laundering transactions.

Local or foreign investment transaction characteristics and the information associated with the stock broker’s agent, with the establishment of the investment mandates, upon receiving the money or the securities, upon making the total or partial payment for or on behalf of the investor, and upon analyzing the indicated documents and their holders’ behavior could match some of the money laundering typologies listed in the regional GAFISUD document.

According to this document, a securities negotiation or an investment mandate through a stock broker could be used in typologies such as, “financial products and investment products that are susceptible to use in money laundering transactions”, “peso brokers”, and the “purchase of prizes through a criminal organization”.

8. FOREIGN TRADE BUSINESS

Funds originating in a foreign trade business are a financial instrument through which operations in foreign currency are carried out, through payments sent or received, corresponding to imports and exports between an individual or a company located in a local market and another entity, either individual or company, located in a foreign country.

In accordance with the objectives of this document, the topic of interest here is the transfer of funds resulting from import and export business of goods and/or services. For this reason, we will refrain from referring to documentary controls and physical controls established for this type of business, nor will reference be made to the risk entailed in this mechanism for carrying out certain criminal activities such as contraband, drug shipments, arms or ammunition shipments.

8.1 Description

The execution of these commercial businesses require the physical movement of merchandise from one country to another, as well as complying with certain established customs controls, in keeping with the legislation of each of the countries involved.

The payment of this merchandise can be made by the buyer either before, during or after it has been received. This will depend on the business agreement arrived at and/or the ordinary commercial treatment in place.

Normally, the import and export of goods and/or services is subject to certain controls that are documentary or physical, and require compliance of certain customs, tax and sanitary measures.

At the same time, the payments of imported or exported goods and/or services are subject to particular documentary controls and require compliance of certain exchange rate measures.

In general, each country centralizes information, inspection and monitoring through an entity (local authority), either customs or tax related, when dealing with the control of goods and/or services. For foreign or local currency to send or receive the payment of these transactions, a national exchange authority takes over.

In this manner, importers and exporters manage their operations through any financial institution by way of a channel. The main function of these financial entities is to function as an intermediary between their client and foreign financial institutions when ordering or receiving a sum of money.

To convert a foreign currency to a local one, given the concept of foreign trade operations, certain steps must be complied, in keeping with previously established national legislation. In general, due diligence must be carried out through forms designed by the country's exchange authority; information must be provided to the exchange authority of the country, and the documents requested to justify the transaction must be attached.

The local financial entity, based on the client's request and order, is in charge of contacting the counterpart in the foreign country and negotiating the direct payment or payment through another intermediary financial institution. In some cases, this intermediary may be established in a third country.

The financial entities that intervene in the transaction exchange messages, known as transfers of funds or interbank transfers or Swift[50] transfers so as to handle their clients' operations.

50 SWIFT transfers are orders for payment through a bank exchange of codes and an interbank system that allows for the secure authentication of communications protocols.

Once all the requirements of the local financial institution have been met, the money is charged to the client's account for transference to an account in a foreign bank, when dealing with imports. In cases of exports, the money is deposited to the client's checking account by order of the client of the foreign bank.

In general terms, financial institutions undertaking these exchange rate transactions are banks; however, in some countries, other types of financial institutions perform them as well, such as savings funds, financial services companies and exchange houses.

8.2 Documents of interest

The main documents to identify operations derived from foreign trade business are: documents linked to imports and exports, documents related to the transfer of funds, local exchange authority forms and forms used by the financial entities to process the operation.

Although the documents required for negotiating the payments resulting from foreign trade can vary from one country to another, there are some in common, namely: the import or export declaration or form, the interbank transfer of funds, and the declaration or form for registering the exchange operation (incoming or outgoing foreign currency).

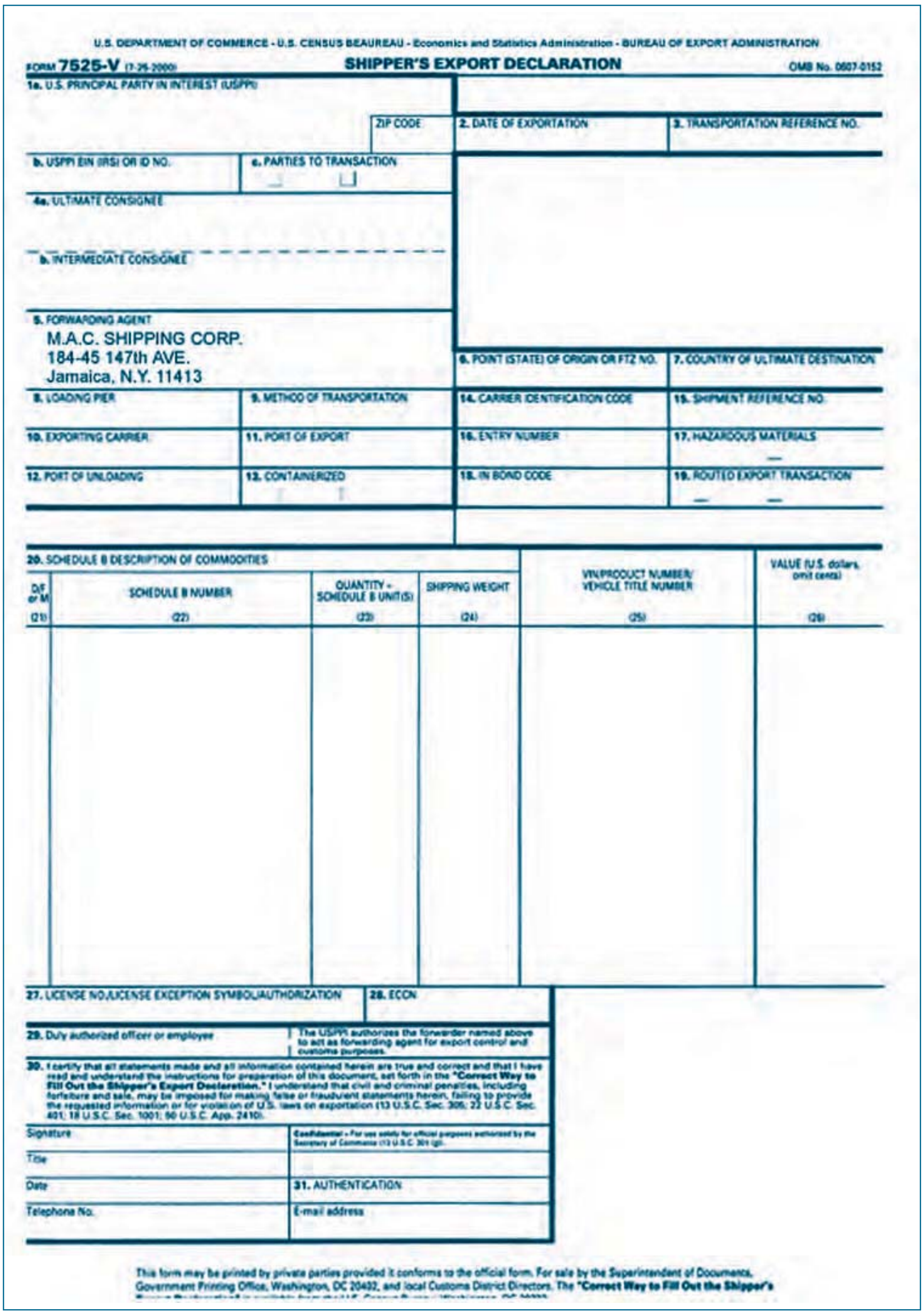
8.2.1 Declaration or form for import – export business

The form or declaration to register an import or export is usually established by the customs or tax authority of the country; it contains detailed information on the good or service and on the importer or exporter, whether the latter is an individual or a company.

The information that the form to register the import or export process generally contains: name, identification and location of importer or exporter; tariff payments, description, quantity and price of goods and/or services; address, city and country of origin and destination of goods and/or services; type of transportation, name and location of transporter; authority verifying or negotiating the registration process.

Image Number 29

Export declaration form



U.S. DEPARTMENT OF COMMERCE - U.S. CENSUS BEAUREAU - Economics and Statistics Administration - BUREAU OF EXPORT ADMINISTRATION

FORM 7525-V (7-25-2000)

SHIPPER'S EXPORT DECLARATION

OMB No. 0607-0152

1a. U.S. PRINCIPAL PARTY IN INTEREST (USPPI)

ZIP CODE

2. DATE OF EXPORTATION

3. TRANSPORTATION REFERENCE NO.

b. USPPI EIN (IRS) OR ID NO.

c. PARTIES TO TRANSACTION

4a. ULTIMATE CONSIGNEE

b. INTERMEDIATE CONSIGNEE

5. FORWARDING AGENT
M.A.C. SHIPPING CORP.
184-45 147th AVE.
Jamaica, N.Y. 11413

6. POINT (STATE) OF ORIGIN OR FTZ NO.

7. COUNTRY OF ULTIMATE DESTINATION

8. LOADING PIER

9. METHOD OF TRANSPORTATION

14. CARRIER IDENTIFICATION CODE

15. SHIPMENT REFERENCE NO.

10. EXPORTING CARRIER

11. PORT OF EXPORT

16. ENTRY NUMBER

17. HAZARDOUS MATERIALS

12. PORT OF UNLOADING

13. CONTAINERIZED

18. IN BOND CODE

19. ROUTED EXPORT TRANSACTION

20. SCHEDULE B DESCRIPTION OF COMMODITIES

D/F or M (21)	SCHEDULE B NUMBER (22)	QUANTITY - SCHEDULE B UNIT(S) (23)	SHIPPING WEIGHT (24)	VIN/PRODUCT NUMBER/ VEHICLE TITLE NUMBER (25)	VALUE (U.S. dollars, omit cents) (26)

27. LICENSE NO./LICENSE EXCEPTION SYMBOL/AUTHORIZATION

28. ECCN

29. Duly authorized officer or employee

The USPPI authorizes the forwarder named above to act as forwarding agent for export control and customs purposes.

30. I certify that all statements made and all information contained herein are true and correct and that I have read and understand the instructions for preparation of this document, set forth in the **"Correct Way to Fill Out the Shipper's Export Declaration."** I understand that civil and criminal penalties, including forfeiture and sale, may be imposed for making false or fraudulent statements herein, failing to provide the requested information or for violation of U.S. laws on exportation (13 U.S.C. Sec. 305; 22 U.S.C. Sec. 401; 18 U.S.C. Sec. 1001; 50 U.S.C. App. 2410).

Signature

Confidential - For use solely for official purposes authorized by the Secretary of Commerce (13 U.S.C. 301 (g)).

Title

Date

31. AUTHENTICATION

Telephone No.

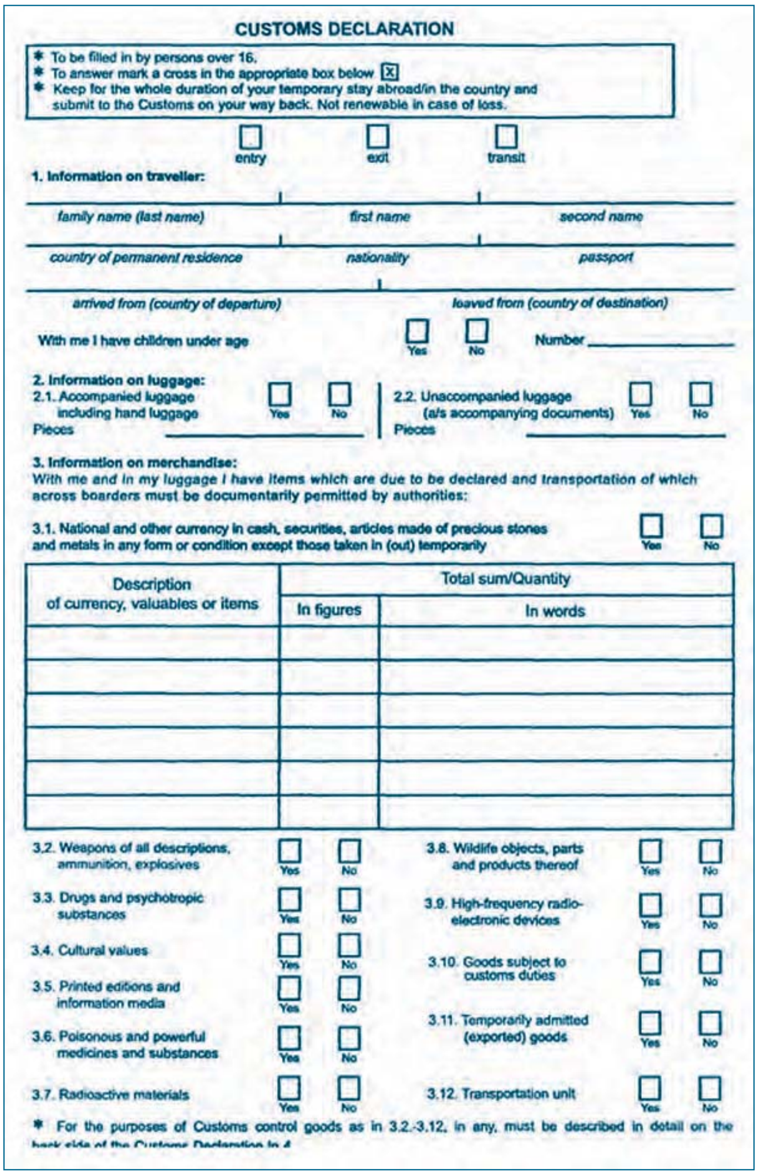
E-mail address

This form may be printed by private parties provided it conforms to the official form. For sale by the Superintendent of Documents, Government Printing Office, Washington, DC 20402, and local Customs District Directors. The **"Correct Way to Fill Out the Shipper's**

(This study's own source)

Image Number 30

Import declaration form



CUSTOMS DECLARATION

* To be filled in by persons over 16.
* To answer mark a cross in the appropriate box below [X]
* Keep for the whole duration of your temporary stay abroad/in the country and submit to the Customs on your way back. Not renewable in case of loss.

☐ entry ☐ exit ☐ transit

1. Information on traveller:

family name (last name) | *first name* | *second name*

country of permanent residence | *nationality* | *passport*

arrived from (country of departure) | *leaved from (country of destination)*

With me I have children under age ☐ Yes ☐ No Number

2. Information on luggage:
2.1. Accompanied luggage including hand luggage ☐ Yes ☐ No
Pieces
2.2. Unaccompanied luggage (a/s accompanying documents) ☐ Yes ☐ No
Pieces

3. Information on merchandise:
With me and in my luggage I have items which are due to be declared and transportation of which across boarders must be documentarily permitted by authorities:

3.1. National and other currency in cash, securities, articles made of precious stones and metals in any form or condition except those taken in (out) temporarily ☐ Yes ☐ No

Description of currency, valuables or items	Total sum/Quantity	
	In figures	In words

3.2. Weapons of all descriptions, ammunition, explosives ☐ Yes ☐ No
3.3. Drugs and psychotropic substances ☐ Yes ☐ No
3.4. Cultural values ☐ Yes ☐ No
3.5. Printed editions and information media ☐ Yes ☐ No
3.6. Poisonous and powerful medicines and substances ☐ Yes ☐ No
3.7. Radioactive materials ☐ Yes ☐ No
3.8. Wildlife objects, parts and products thereof ☐ Yes ☐ No
3.9. High-frequency radio-electronic devices ☐ Yes ☐ No
3.10. Goods subject to customs duties ☐ Yes ☐ No
3.11. Temporarily admitted (exported) goods ☐ Yes ☐ No
3.12. Transportation unit ☐ Yes ☐ No

* For the purposes of Customs control goods as in 3.2.-3.12. in any, must be described in detail on the back side of the Customs Declaration in 4

(This study's own source)

The documents or forms to register an import or export are important for purposes of financial analysis and legal investigations because they provide information that allows for the identification and confirmation of the importer or exporter's information, characteristics, quantities and prices of the goods and/or services imported or exported, origin and destination of the goods, offices and authorities of the official institutions taking part in the registration process, and more.

UNODC
United Nations Office on Drugs and Crime

8.2.2 Interbank transfer of funds

The message, text or interbank transfer form contain detailed information on the petitioner, beneficiary and intermediary for the operation.

The information that this message for an interbank fund transfer contains includes: amount, name, address, bank and account of beneficiary; amount, name, address, bank and account of sender; beneficiary bank, account and country; intermediary bank.

Image Number 31

Interbank Transfer of Funds Form

```
15/04/05-15:54:36        ImpresorRecAll-5643-000002            2
***
***     ***  Authentication Result: Correct with current key   ***
***
***     ------------- Instance Type and Transmission -------------
***     Original received from SWIFT
***     Priority                 : Normal
***     Message Output Reference :     050415GEROCOBBAXXX711458
***     Correspondent Input Reference :     050415CITIUS33HXXX0256
***     ----------------------- Message Header -------------------
***     Swift Output   : FIN 103 Single Customer Credt Transfer
***     Sender         : CITIUS33XXX
***                      CITIBANK
***
***     Receiver       : GEROCOBBXXX
***                      BANCO
***
***     MUR :       FV77979
***     ------------------------ Message Text
         20: Sender's Reference
             F065105015
***     23B: Bank Operation Code
             CRED
***     32A: Val Dte/Curr/Interbnk Settld Amt
***          Date           : 15 April 2005
***          Currency       : USD (US DOLLAR)
***          Amount         :              #722.975,00#
***     50K: Ordering Customer Name & Address
***          /0001093150
***              SUR .S.A.
***             190 -
***          11600            URUGUAY.
***     52D: Ordering Institution Name & Addr
***          //FW02600
***          BK REP OR. URUGUAY
***      59: Beneficiary Customer Name & Addr
***          /901008540
***              SUR S.A.           COLOMBIA.
         70: Remittance Information
             /RFB/30202155
***          IMAD 20050415B1Q30
***     71A: Details of Charges
***          SHA
***     ------------------------ Message Trailer ----------
***     {MAC:746B364D}
***     {CHK:624E10945539}
*End of Message
```

(This study's own source)

This interbank transfer of funds message is very important for purposes of financial analysis and legal investigations because it provides information that allows for the identification or confirmation of information on the beneficiary, sender, bank intermediary, characteristics of the operation and links between the parties involved.

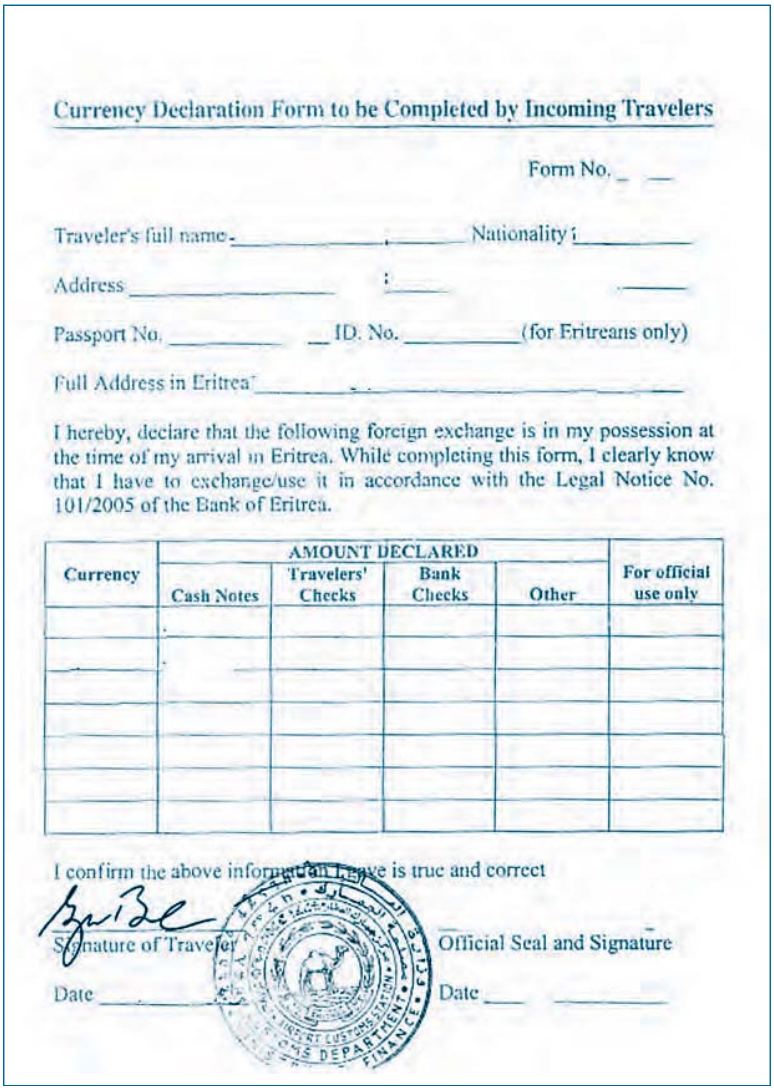
8.2.3 Declaration or form to record exchange transaction

The form or declaration to record the exchange transaction, usually established by the monetary or exchange authority of the country, contains information related to the declaring party and the exchange concept reported.

The information generally contained in the form or declaration to register the exchange transaction is: name, identification and location of the declaring party; amount, currency and declared exchange rate; name and identification of the financial institution recording the operation.

Image Number 32

Form to record the exchange transaction



Currency Declaration Form to be Completed by Incoming Travelers

Form No. ___

Traveler's full name __________ Nationality __________

Address __________

Passport No. __________ ID. No. __________ (for Eritreans only)

Full Address in Eritrea __________

I hereby, declare that the following foreign exchange is in my possession at the time of my arrival in Eritrea. While completing this form, I clearly know that I have to exchange/use it in accordance with the Legal Notice No. 101/2005 of the Bank of Eritrea.

Currency	AMOUNT DECLARED				For official use only
	Cash Notes	Travelers' Checks	Bank Checks	Other	

I confirm the above information I gave is true and correct

Signature of Traveler

Date __________

Official Seal and Signature

Date __________

(This study's own source)

This form or declaration to record the exchange transaction is very important for the purpose of financial analysis and legal investigations because it provides information that allows for the identification or confirmation of the declaring party's information, simultaneous operations recorded before the monetary or exchange authority, links between the parties involved in the foreign trade business and characteristics regarding the transfer of funds, and more.

8.3 Warning signs regarding transfer of funds resulting from foreign trade

1. Transfers received by the export of a good or service that is commonly not exported by local persons or companies.
2. Transfers received for payment of the export of a good or service that is difficult to quantify or is intangible in nature.
3. Transfers received for payment of the export of a good or service that because of market prices and characteristics is neither necessary nor logical in another country.
4. Transfers received from a country other than the one to which the export of the good or service was performed, with no apparent justification.
5. Transfers received for exports of a good or service from a country with low levels of control regarding money laundering and/or the financing of terrorism.
6. Transfers received for the export of a good or service in which the documents or contracts constantly contain errors, inconsistencies, unintelligible information or are not related to the goods or services exported.
7. Transfers received for the export of a good or service, of which the money is immediately withdrawn from the bank accounts through multiple checks or local transfers evidencing fractioning or irregularities.
8. Transfers received for the export of a good or service, which significantly increase over a short period of time, with no apparent justification.
9. Transfers received for the export of a good or service, and are withdrawn from the bank accounts through multiple checks or local transfers in the name of persons who are not suppliers or service providers of the export company.
10. Transfers received for the export of a good or service, and are withdrawn from the bank accounts through multiple checks or local transfers that do

not correspond to purchases of merchandise nor expenses or services of the exporting company.

11. Transfers received for the export of a good or service in which the managers of the export company are very young or lacking in knowledge and experience in the sector, and who additionally participate in the administration of other similar companies.

12. Transfers received for the export of a good or service in which the commercial activity for which the company has been established is not in keeping with the good or service being paid.

13. Transfers received for the export of goods and services by several companies who have in common lines of business, addresses, telephone number, partners, managers and/or auditors but who apparently do not know each other and are not associated.

14. Transfers made to pay the export of goods and services to people or companies whose names are similar to those of recognized local or foreign companies, with no apparent association to them.

15. Transfers received for the export of goods or services in which the tariffs declared and paid are not in keeping with the commercial activity of the exporting person or company.

16. Transfers received for the export of a good whose total value is declared to be higher than that of the merchandise actually exported. That is, an over-valued export good.

17. Transfers received for the export of a good whose total value is declared to be lower than that of the merchandise actually exported. In other words, a fictitious export process.

18. Transfers received for the export of a good whose physical characteristics are similar to those declared, but are actually of lower value. That is, yet another modality for fictitious exports.

19. Transfers received for the export of a good which never actually transpired; the merchandise never left the country.

20. Transfers received for the export of a good valued at a low sum, though merchandise of a far superior value is hidden in the freight. That is to say, a form of contraband.

21. Transfers received through the sudden collection on or closing of an account abroad that is difficult to collect from and is the result of the export of a good or service, with no clear or reasonable justification.

8.4 Risk of money laundering resulting from foreign trade business

Payments resulting from foreign trade business, understood to be the export or import of goods or services, can be one of the financial instruments at the highest risk for money laundering operations.

The characteristics of interbank transfers of funds as the result of foreign trade business, the corresponding documentations for exports or imports, and the declarations on the currency exchange for said operations, in addition to the analysis of the documents indicated and the information on the people involved, may coincide with some of the money laundering typologies identified in the regional GAFISUD document.

According to the aforementioned document, a payment resulting from foreign trade business could be used in typologies such as “fictitious exportation of services”, “fictitious exportation of goods” and “peso broker”.

PART III

USER TRANSACTIONS

THE UNITED STATES OF AMERICA
L11180916G
THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

9. USER TRANSACTIONS

Users of financial institutions, either individuals or companies, that only occasionally use the network of branch offices and services offered, with no legal or contractual association held within these institutions.

9.1 Description

As opposed to those clients who establish or maintain an ongoing and contractual relationship with financial institutions through a product or service, these users simply make use of the network of branch offices and services available.

According to the type, coverage and network of offices and the products and services that a financial institution offers, a number of user transactions may arise that merit monitoring and analysis.

Automatic teller networks, the payment of public services, tax payments, special business collection services, payment of local and international money orders, trading in foreign currency, the service of issuing notes payable on presentation and deposits to accounts of a financial institution other than the one collecting payment, are some of the ways in wich the users undertake transactions.

User transactions are also subject to the risk of money laundering, for which reason it is necessary for the financial institution to closely monitor and identify warning signs that may lead to unusual operations, which might then be considered suspect.

9.2 Documents of interest

The main documents or electronic records to identify user transactions are: audit receipts or rolls from automatic tellers machines, invoices for public services, tax forms or declarations, special forms for business collection, forms for sending or receiving money orders, forms for the purchase or sale of foreign currency and deposit to an account at an institution other than the collection institution.

Each of these documents and electronic registers can provide information regarding the transaction. In this manner, one can generally establish the name and other information on the holder, depositor or user; the amount, date, time and location of the transaction; the name and/or beneficiary account of the financial institution that carries out the transaction.

Image Number 33

Electronic registers


Date Time Machine
10/02/07 06:09 PM S1F09240
************3014
9450 SCRANTON.STE 105
SAN DIEGO CA
TRANS NUMBER 7950
DEPOSIT $520.00
TO CHECKING
CURRENT BALANCE $1054.22
AVAILABLE BALANCE $634.22
SMALL BUSINESS BANKING

(This study's own source)

These documents, forms or electronic registers for user transactions are important for financial analysis and legal investigations because they provide information that permits the identification or confirmation of information regarding the user, characteristics, dates and amounts of the transactions, as well as the origin and destination of the funds and the association between the parties involved.

9.3 Warning signs regarding user transactions

1. Multiple, continuous and large amount withdrawals in cash from automatic teller machines using local bank cards from an institution other than the one the automatic teller machines belongs to.
2. Multiple, continuous and large amount withdrawals in cash through automatic teller machines as cash advances against credit cards issued by local or foreign financial institutions.
3. Multiple, continuous and large amount withdrawals in cash through automatic teller machines using debit or credit cards issued by foreign financial institutions.

4. Simultaneous cash withdrawals from the same automatic teller machine or from others of the same network, in the maximum, or very high, daily amount established by the financial institution.
5. Multiple local transfers carried out through automatic teller machines in amounts that indicate fractioning and/or are paid to different accounts.
6. Local transfers through automatic teller machines in amounts that indicate fractioning and/or are paid to different accounts.
7. Multiple, continuous and large amounts of payments, such as cellular telephone or public services, paid through automatic teller machines with local or foreign bank accounts.
8. Payment of multiple cellular telephone bills or public service bills in cash money, paid by one single person, with no clear or reasonable justification.
9. Payment of multiple tax forms or declarations on behalf of different taxpayers, in cash money, paid by one single person, when the various taxpayers are not related and there is no clear and reasonable explanation offered.
10. Payment of various business bills, university enrolment, school room and board, etc. to different people, generally in cash, paid by the same person, when the parties involved have no relationship to one another and no clear or reasonable justification is offered.
11. Transactions for purchase or sale of foreign currency by a user who suddenly increases the frequency and amounts of said operations.
12. Multiple and continuous transactions for purchase or sale of foreign currency by a user identifying himself/herself as a minor, tourist, or foreigner, or by a person whose declared economic activity is not in keeping with the amount of money involved in said transaction.
13. Multiple, large amount and continuous transactions for purchase or sale of foreign currency by a user who frequently requests high denomination bills or turns in low denomination bills, with no apparent justification.

9.4 Risk of money laundering in user transactions

User transactions through financial institutions may be one of the financial instruments at risk for money laundering operations.

The characteristics of the transactions undertaken by users of a financial institution through automatic teller machines, the payment of public services, tax payments, company payments, sending and receiving of money orders, the purchase and sale of foreign currency, and deposits to accounts at institutions other than the receiving institution, as well as the analysis of documents, forms or electronic records indicated earlier, and information on the parties involved may coincide with some of the typologies on money laundering identified in the regional GAFISUD document.

According to this document, user transactions could be employed in typologies such as “international foreign currency trading (arbitrage) through the transportation of unlawful money”, “fractioned transfers of unlawful money through international money orders”, “use of shell companies to support the money laundering activities of criminal organizations or terrorist organizations”, “financial and investment products susceptible to being used for money laundering operations”, “declaration of a fictitious prize obtained abroad for entering a local country with unlawful money” and “physical transport of unlawful money for currency conversion”.

PART IV

FINANCIAL INSTITUTION EMPLOYEE

10. FINANCIAL INSTITUTION EMPLOYEE

The employees of financial institutions, especially those who directly or indirectly handle the operations of clients and users, are people who are permanently exposed to the risk of money laundering.

Financial institution employees are at risk of incurring in conduct involving complicity or the omission of controls when performing operations for clients or users attempting to use the institution to carry out money laundering activities.

Several countries of the region penalize, both administratively and legally, those employees and authorities of financial institutions involved in money laundering investigations.

The legislation of Spain and Chile both punish an individual who through negligence permits others to commit the crime of money laundering as participating in the crime of money laundering. The crime of omission can also be attributed to financial institution employees who neglect to undertake preventive actions which they are obligated to perform and thus facilitate the commission of money laundering for third parties.

Although legislation in many countries establishes the mandatory adoption of certain mechanisms and instruments which allow financial institutions to prevent and control money laundering in all client and user operations, it becomes necessary to indicate some of the measures to avoid the involvement of officers of said institutions and their direct or indirect participation in criminal activities.

These preventive systems usually establish policies, translated into rules of conduct, to guide the conduct of each of the officers of these financial institutions. These guidelines, generally enshrined in a code of ethics, should guard the adoption and appropriate development of all established mechanisms and instruments to avoid that the products and services of the institution be used as vehicles for criminal activity.

At the same time, the institutions should establish very clear procedures, in a manner such that all officers are clearly aware of their responsibilities, duties and powers, at operational levels and at all levels of management and administration. Such procedures, normally drafted into a manual, must be the subject of widespread dissemination and should be continually updated.

The omission of or exception to certain controls, preferential treatment proffered to certain clients or users, the frequent acceptance of gifts and presents from clients, and absence from the workplace or abnormally long hours in the workplace are some of the ways in which a financial officer may take part, either willingly or under duress, in financial criminal activity or collaborate with a criminal or terrorist organization to attempt to disguise the origin or destination of the funds and/or launder the money.

Some of these conducts can be identified, confirmed or verified through various reports, documents or financial records, all important for the purpose of analysis and legal investigation because they provide information that attests to the direct or indirect participation of an officer of the financial institution in criminal activities.

10.1 Warning signs regarding financial institution employees

1. A financial institution officer who frequently negotiates operations evincing exceptions for a specific client or user.
2. A financial institution officer who avoids certain internal controls or approvals, established for determined transactions, financial products or services.
3. A financial institution officer who frequently makes mistakes, poor adjustments or inconsistent information, and whose explanations are insufficient or inadequate.
4. A financial institution officer who omits verifying the identity of a person or does not match the information and/or fingerprints to the records provided at the financial institution through databases or forms.
5. A financial institution officer who hinders his or her colleagues from dealing with specific clients or users with no apparent justification.
6. A financial institution officer, especially a commercial consultant, who frequently deals with the same client or user whom he pretends not to know.
7. A financial institution officer, especially a commercial consultant, who documents or partially who supports the information or transactions of a client or user with no clear and reasonable justification.

8. A financial institution officer, especially a commercial consultant, who consistently handles a specific client in a preferential, exclusive and permanent manner or exempts said client from being subject to certain controls, based on the client being "well known", "recommended by another institution", "this client only trusts me", "I advise this client in all his or her businesses" or similar phrases.
9. A financial institution officer who is frequently gone from his place of work and can offer no clear or justifiable reason.
10. A financial institution officer who frequently receives gifts, invitations, and other sorts of presents from certain clients or users, with no clear and reasonable justification.
11. A financial institution officer who frequently stays at the office after working hours or goes to the office outside normal working hours with no clear and reasonable justification.
12. A financial institution officer who is reluctant to go on vacation or accept changes of position or promotions with no clear and reasonable justification.
13. A financial institution officer whose lifestyle or personal financial and investment operations are not in keeping with the sum of his or her income (work and other known income), with no clear and reasonable justification offered.

10.2 Risk of money laundering by financial institution employees

The actions and/or omissions of a financial institution officer can facilitate the activity of a criminal or terrorist organization. Said conduct may be voluntary or forced, and represent a risk for the execution of money laundering activities.

The characteristics of certain transactions undertaken by a specific financial officer, the marked different attention given certain users or clients, abnormal work or personal conduct or sudden changes in lifestyle may coincide with some of the typologies identified in money laundering in the securities section as indicated in the document published by the UIAF[51] of Colombia and typologies identified in GAFI-FATF[52].

51 The Unit for Information and Financial Analysis (UIAF) is the Unit for Financial Intelligence of Colombia, and has published various documents on typologies in money laundering and the financing of terrorism. Please see: www.uiaf.gov.co.

52 The Financial Action Task Force (FATF) has published several documents on typologies employed in money laundering and the financing of terrorism. Please see: http://www.fatfgafi.org/dataoecd/

Pursuant to this document, the participation of an officer or commercial consultant might be employed in typologies such as “complicity of a commercial agent or consultant”, “structuring scheme”, “alternative remittance system”, “Correspondent banking allegedly facilitates laundering of fraud proceeds”, “and Travelers’ checks provide anonymity for criminal transactions” or “Collusion of customer intermediary and / or insurance company employees”.

ONE DOLLAR

THE UNITED STATES OF AMERICA
THIS NOTE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
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UNODC

United Nations Office on Drugs and Crime

Rodrigo Lara Bonilla Building
Calle 102 No 17 A 61
Bogotá, Colombia
Phone: (+57 1) 6467000
Fax: (+57 1) 6467000 Ext: 337
E-mail: laplac@unodc.org
www.unodc.org/colombia