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Federal Department of Justice and Police FDJP
Federal Office of Police fedpol

Money Laundering Reporting Office Switzerland MROS

Annual Report 2018

April 2019

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Federal Department of Justice and Police FDJP
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Foreword

The Money Laundering Reporting Office Switzerland (MROS) experienced the third record year in a row in 2018 with 6,126 Suspicious Activity Reports (SARs), of which 132 involved suspected financing of terrorism, and more than CHF 17.5 billion in reported assets.

The reporting volume increased by over 30 per cent compared to the previous year and more than 110 per cent within two years. SARs were submitted at a rate of 23 per working day. As a result, MROS forwarded more substantial cases with clear indications of predicate offences than in the year before.

The proportion of SARs forwarded to the prosecution authorities has since 2017 been calculated using a new method. According to this new method, 65.1 per cent of the 4,125 SARs analysed were forwarded in 2018. This forwarding ratio demonstrates the importance of MROS as a filter, saving the prosecution authorities the task of having to deal with ill-founded cases.

Once again, the value of the assets involved is worth noting: with over CHF 17.5 billion, a record

was reached also this year. As before, the suspected predicate offence, most frequently reported, was corruption. The 1,639 corruption-based SARs represented more than 27 per cent of all the SARs received in the year under review.

Of the 132 SARs associated with suspected financing of terrorism, 30.4 per cent were forwarded to the prosecution authorities.

As in previous years, SARs were mainly submitted by banks – just under 89 per cent of the reporting financial intermediaries came from this sector.

Due to the steep increase of reports, not all SARs received in 2018 could be processed. In the medium term, increased efficiency will be ensured by means of new strategies, the use of new technology and a concentration of resources.

As mentioned in the two previous annual reports, the Financial Action Task Force (FATF) identified some weaknesses in MROS' international cooperation during its evaluation of Switzerland. In January 2019, the Council of States' Security Policy Committee voted unanimously in favour of the bill to "Approve and implement the Council of

Europe Convention on the Prevention of Terrorism and the associated additional protocol, and to strengthen the penal measures for combating terrorism and organised crime". Amongst other things, this bill proposes to modify Switzerland's Anti-Money Laundering Act (AMLA) so that MROS is granted the powers that it currently

lacks in order to fulfil international standards. Finally, MROS held over 40 conferences and presentations for representatives from the Swiss finance industry. Increasing awareness is one of our statutory duties and collaborating with financial intermediaries will continue to have high priority.

Bern, May 2019

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

2. Annual MROS statistics

2.1 Overview of MROS statistics 2018

Summary of reporting year (1 January–31 December 2018)

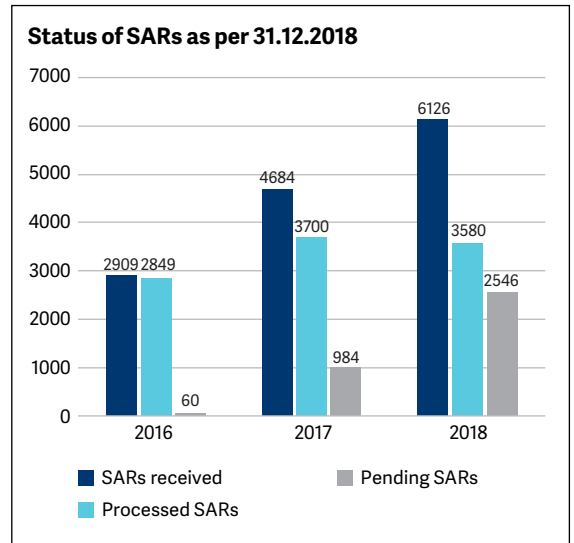
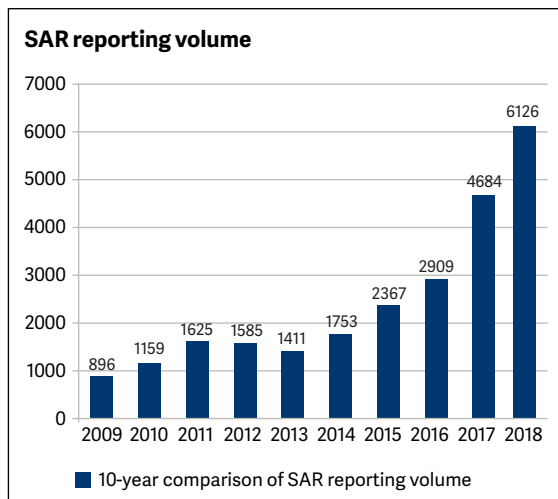
SAR Reporting Volume	2018 Absolute	2018 Relative
Total number of SARs received	6 126	100.0%
Forwarded SARs	2 368	38.7%
Non-forwarded SARs	1 212	19.8%
SARs still under analysis*	2 546	41.5%
Type of financial intermediary		
Bank	5 440	88.8%
Money transmitter	272	4.4%
Fiduciary	40	0.7%
Asset manager / Investment advisor	60	1.0%
Attorney	4	0.1%
Insurance	35	0.6%
Credit card company	71	1.2%
Casino	28	0.4%
Foreign exchange trader	3	<0.1%
Securities trader	9	0.1%
Other	145	2.4%
Loan, leasing and factoring business	16	0.3%
Commodity and precious metal trader	3	<0.1%
Amounts involved in CHF (Total effective assets at time of report)		
Total asset value of all SARs received	17 588 999 144	100.0%
Total asset value of forwarded SARs	11 355 191 578	64.6%
Total asset value of non-forwarded SARs	3 453 011 036	19.6%
Total asset value of SARs still under analysis	2 780 796 530	15.8%
Average asset value of SARs (total)	2 871 205	
Average asset value of forwarded SARs	4 795 267	
Average asset value of non-forwarded SARs	2 849 019	
Average asset value of SARs still under analysis	1 092 222	

* In addition to the 2,546 cases still under analysis from the year 2018, 984 SARs of the 2017 reporting year and 60 of the 2016 reporting year were still under analysis, as of 31 December 2018.

2.2 General remarks

The 2018 reporting year was characterised by the following developments:

1. The total reporting volume increased by more than 100 per cent within two years, from 2,909 in 2016 to 6,126 SARs in 2018.
2. The total value of the assets involved was over CHF 17.5 billion – the highest figure ever reported in a single year since MROS was established.
3. SARs involving suspected terrorism financing increased significantly.
4. In around a quarter of all SARs, corruption was the suspected predicate offence to money laundering.
5. Cases concerning computer fraud – especially cases involving phishing – fell once again and are now at the same level as they were in 2015.
6. The suspected predicate offence of “misconduct in public office” saw a sharp increase of around 400 per cent.
7. The percentage of SARs forwarded to the prosecution authorities rose slightly compared to 2017.
8. The total number of cases still under analysis from previous years rose from 1,539 (at the end of 2017) to 3,590.

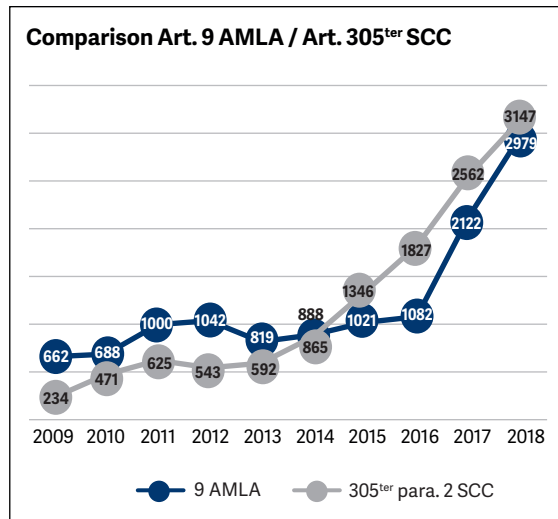


2.2.1 Total number of Suspicious Activity Reports (SARs)

- MROS received a total of 6,126 SARs in 2018 (an increase of 31 per cent over 2017).
- The number of SARs has more than doubled within two years (from 2,909 in 2016 to 6,126 in the current year).
- Many SARs are inter-related with clusters of international cases.
- SARs from the banking sector continue to predominate (almost 89 per cent of all reports).
- The total value of assets reported increased once more compared to the 2017 record figure, and the total value of assets involved in forwarded SARs is also higher than in the previous reporting year.
- 45 per cent of the reported assets originate from SARs involving suspected corruption.
- In 2018, MROS processed a total of 4,125 SARs compared to 3,632 SARs in 2017, thanks to additional resources.

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

Of the 6,126 SARs submitted to MROS in 2018, 3,147 SARs – i.e. 51 per cent – were submitted under Article 305^{ter} paragraph 2 of the Swiss Criminal Code (SCC) and 2,979 SARs – i.e. 49 per cent – were submitted under Article 9 of the AMLA.



- The banking sector submitted more SARs under Article 305^{ter} paragraph 2 SCC than under Article 9 AMLA (2,807 compared to 2,633).
- Over 80 per cent of SARs from the major banks were submitted under Article 305^{ter} paragraph 2 SCC.
- Outside the banking sector, the ratio between the two types of report was balanced.

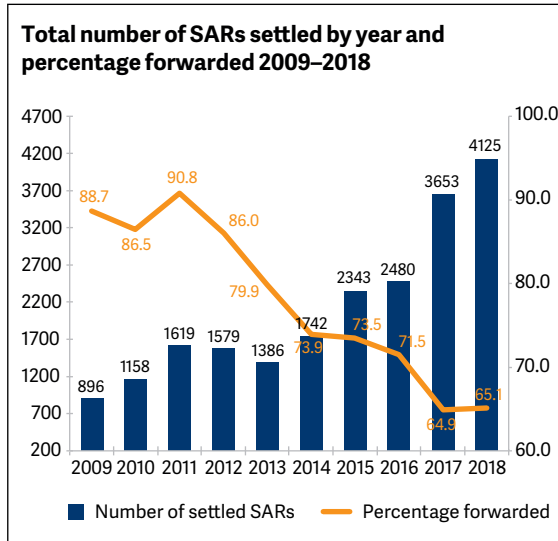
2.2.3 Reporting cases of attempted money laundering or suspected terrorist financing under Art. 9 para. 1 letter b AMLA

Under Article 9 paragraph 1 letter b AMLA, a financial intermediary must report to MROS situations in which negotiations to establish a business relationship have been broken off due to a reasonable suspicion, that the potentially involved assets are connected to an offence defined under Article 9 paragraph 1 letter a AMLA. SARs forwarded on this basis are of key importance in the fight against money laundering, as the main objective of anti-money laundering legislation is to prevent the financial market from being misused for criminal purposes. Under Article 9 paragraph 1 letter b AMLA, a financial intermediary is under an obligation to report to MROS even if no business relationship was established.

- In 2018, 45 SARs were submitted under Article 9, paragraph 1 letter b AMLA, representing a slight increase of 3 SARs compared to 2017.
- Since the amended version of Article 9 AMLA came into force in 2009, 206 such SARs have been submitted to MROS.
- This represents less than one per cent of all SARs submitted over the last ten years.

Type of bank	Art. 9 AMLA	in %	Art. 305 ^{ter} SCC	in %	Total
Other bank	414	79.9	104	20.1	518
Foreign-controlled bank	1005	59.5	683	40.5	1688
Asset management bank	511	45.1	621	54.9	1132
Branch of foreign bank	5	27.8	13	72.2	18
Major bank	241	16.6	1209	83.4	1450
Cantonal bank	209	70.4	88	29.6	297
Private bank	63	60.0	42	40.0	105
Raiffeisen bank	152	87.9	21	12.1	173
Regional and savings bank	33	55.9	26	44.1	59
Total	2633	48.4	2807	51.6	5440

2.2.4 Proportion of SARs forwarded to the prosecution authorities



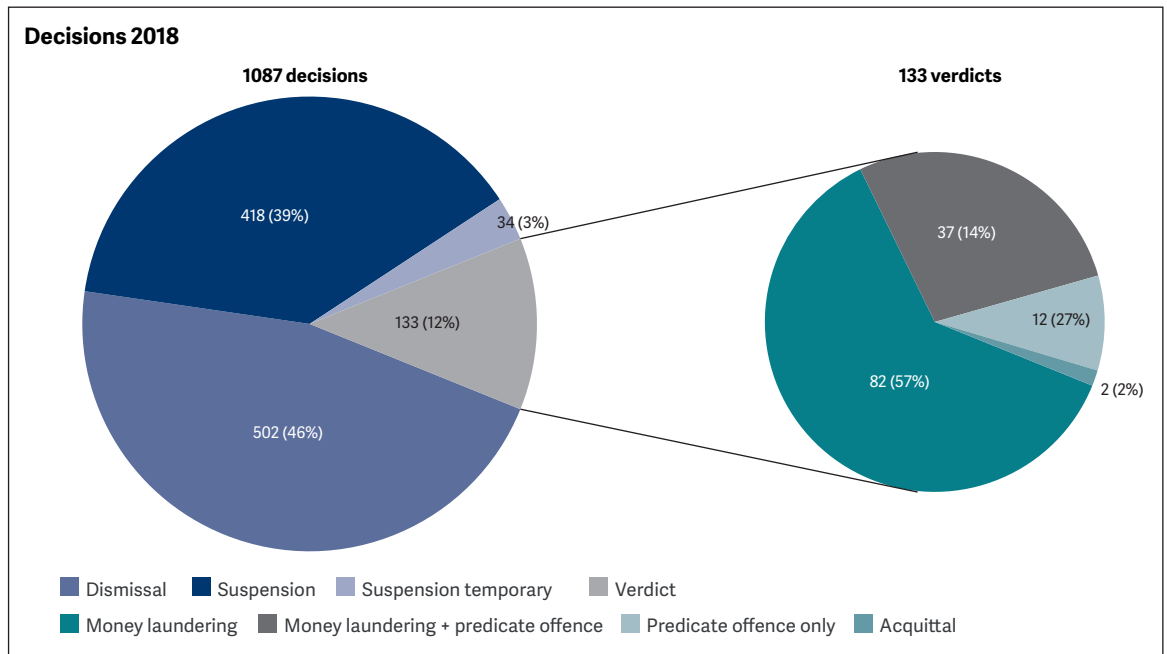
- The ratio of SARs forwarded rose slightly, from 64.9 per cent in 2017 to 65.1 per cent.
- The average proportion of SARs forwarded in the last 10 years is 74.2 per cent.

– The forwarding rates are calculated on the basis of processed SARs. In other words, they exclude those reports, which are still being analysed.

The virtually unchanged proportion of SARs forwarded can be explained primarily by the partial revision of AMLA, which came into force at the end of 2013 and granted MROS additional competencies for acquiring information. MROS is able to analyse cases in greater detail, thus improving its function as a filter with the aim of substantiating suspicion and providing qualitatively higher information to the law enforcement agencies. This triage process does not, of course, inhibit MROS from continuing to process non-forwarded cases in its information system and subsequently forward withheld SARs to the prosecution authorities at a later stage, if it receives new information that justifies forwarding the case.

2.2.5 Decisions by the prosecution authorities and courts

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



of convictions in 2018. The right-hand diagram shows what the verdicts were.

- In 2018, 1,087 decisions were taken on pending SARs. This figure is 17 per cent higher than that for the previous year (929 in 2017).
- 12 per cent of the decisions were final verdicts. This is a very high ratio compared by international standards and demonstrates the good quality of SARs in Switzerland.
- 39 per cent of the decisions were suspensions.
- Around 46 per cent of case proceedings were dismissed.
- The new strategy of MROS aims at increased communication and collaboration with the law enforcement authorities pursuant to Art. 29a para. 2 AMLA.

2.3 Information exchange with foreign Financial Intelligence Units (FIUs)

FIUs can request mutual administrative assistance to exchange information between each other concerning the fight against money laundering and its predicate offences, as well as terrorist financing. In the case of a declaration of suspicion involving foreign natural persons or legal entities, MROS has the option to seek information about these persons or companies from its partner agencies in the respective countries. As many cases analysed by MROS are of international relevance, this process of exchange of information between FIUs presents an important tool, not only to MROS but also to other FIUs. In the reporting year 2018, with 795 enquiries from FIUs from 104 countries, MROS received slightly more requests than in the previous year (2017: 711 enquiries from 94 countries). The number of foreign requests concerning natural and legal persons has risen sharply since last year, from 4,119 to 4,671 (13 per cent). Enquiries from

foreign FIUs have therefore more than doubled since 2011 and stood at their highest ever level in 2018.

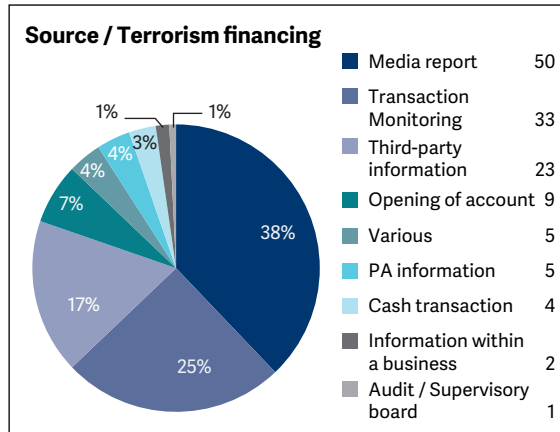
The above figures do not include the so-called spontaneous information exchange between MROS and other FIUs, i.e. information which is exchanged between FIUs with the aim of passing on information to a partner unit without having received a request nor expecting a response. Since 2015, the number of these spontaneously exchanged intelligence reports are analysed separately. In the year under review, MROS received 434 spontaneous information reports from 47 countries, an increase of 44 per cent compared to last year (302 spontaneous intelligence reports from 41 countries).

In 2018, MROS on a monthly average, requested information regarding 131 persons or entities (2017: 221). The contacted FIUs needed on average 32 working days to respond to the requests of MROS (2017: 27).

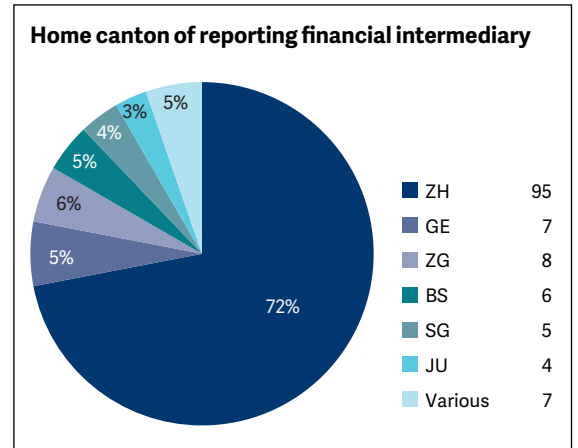
2.4 Terrorism financing

In 2018, MROS received 132 SARs involving the suspected financing of terrorism. This is an increase of 81 SARs, or 159 per cent, over the previous year. In 2017, 37 of the 51 suspected terrorism financing SARs received, were independent cases, unrelated to existing reports. In 2018, 59 of the 132 SARs were independent cases, while the largest case cluster consisted of 27 SARs. In terms of assets, the CHF 31.4 million involved made 2018 a regular year despite the far higher number of suspicious activity reports received. This works out at around CHF 238,000 of assets per SAR compared to CHF 204,000 in 2017. The SARs included cases relating to "Islamic State" and "Al-Qaeda" and associated groups but also related to independent local terrorist groups from various regions of the world.

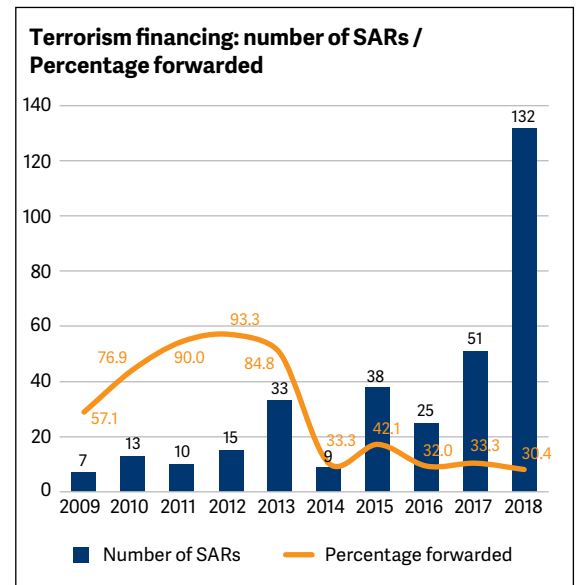
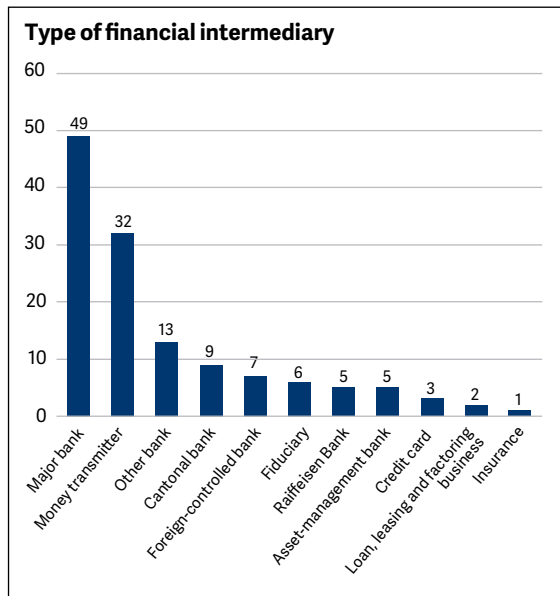
The trigger of most terrorism related SARs were media reports (50 SARs), transaction monitoring by Swiss financial intermediaries (33 SARs) and third-party information (23 SARs).



To date, 31 of the 132 SARs have been forwarded to the prosecution authorities. Of these, 13 cases have resulted in a decision to dismiss proceedings. The 18 remaining cases are still under analysis by the prosecution authorities.



Of the 132 terrorism-related SARs, 88 were submitted by banks. A further 32 SARs originated from money transmitters, with the remainder coming from various types of financial intermediaries.



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

Status of forwarded SARs in connection with the financing of terrorism (2009–2018)

Status	Total
Dismissal	75
Pending	44
Suspension	17
Suspension temporary	4
Total	140

2.5 Detailed statistics

2.5.1 Geographical origin of SARs

What the chart represents

This chart shows the cantons in which the reporting financial intermediaries are based. This is in contrast to the competent prosecution authorities chart (chapter 2.5.5), which indicates the cantons in which the prosecution authorities receiving SARs are based.

Chart analysis

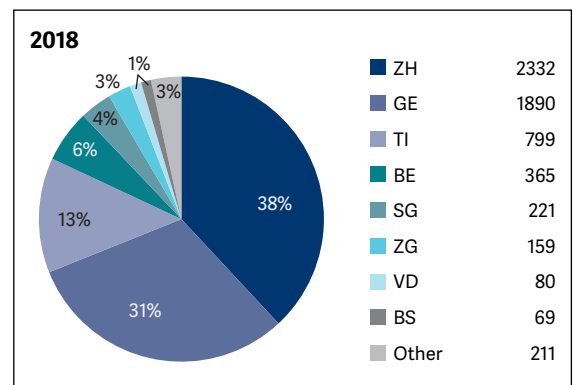
More than 80 per cent of all SARs came from three cantons with a highly-developed financial services sector.

- 5,021 of the 6,126 SARs came from the cantons of Zurich, Geneva and Ticino, where a significant increase in reporting volume was recorded – 20 per cent or more – over the previous reporting period. In these cantons, one often finds national or regional compliance centres, submitting SARs on a wider than cantonal basis.

- 159 SARs came from the canton of Zug, known as ‘Crypto Valley’ – an increase of 78 SARs or 96 per cent. Many of these SARs are related to the trade in cryptocurrencies, such as bitcoin, and come from the banking sector.
- MROS received, with the exception of Appenzel Outer Rhodes, at least one SAR from each canton.

Legend

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



For comparison: 2009–2018

Canton	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
ZH	310	426	793	720	530	703	1120	1185	1927	2332	10046
GE	181	182	350	239	274	345	562	714	1403	1890	6140
TI	97	237	146	200	177	182	187	261	530	799	2816
BE	123	158	156	203	199	201	175	235	280	365	2095
SG	99	61	78	87	104	189	171	217	221	221	1448
BS	36	28	29	49	48	77	49	61	39	69	485
ZG	8	6	20	28	15	13	14	21	81	159	365
VD	9	14	13	14	12	12	18	53	54	80	279
BL	1	2	3	1	2	1	21	49	31	21	132
LU	5	7	5	7	6	2	2	8	22	39	103
GR		7	5	11	10	5	11	12	22	15	98
NE	7	12	4	4	6	5	9	7	14	21	89
FR		2	8	9	12	4	17	4	14	16	86
AG	6	3	7	1	6	5	5	18	6	15	72
TG	2					3	2	32	6	6	51
VS				1	4	1	1	9	11	20	47
SZ	3	7		5	2		1	5	5	15	43
SO	1		1	1	2	3	1	4	4	23	40
SH	2	1	1	1	1	1		5	5	5	22
JU	1	1	2	1				2	3	5	15
AI	1	3		2				3	3	2	14
NW	2		3			1	1	3		1	11
GL	1							1	2	5	9
OW	1	2		1						1	5
UR									1	1	2
AR			1		1						2
Total	896	1159	1625	1585	1411	1753	2367	2909	4684	6126	24515

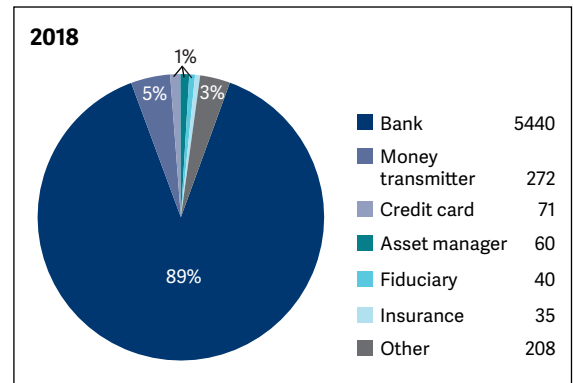
2.5.2 Type of financial intermediary and dealer according to category

What the chart represents

This chart shows the various types of reporting financial intermediaries.

Chart analysis

- 89 per cent, or 5,440, of the 6,126 SARs submitted came from the banking sector.
- The number of SARs from other sectors rose by almost 62 per cent, from 422 to 686.
- SARs from the 'other financial intermediary' and 'money transmitters' sectors rose sharply, which can – at least partly – be explained by the many SARs from the virtual currency sector.



For comparison: 2009-2018

Financial intermediary category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Bank	603	822	1080	1050	1123	1495	2160	2502	4262	5440	20537
Money transmitter	168	184	379	363	74	107	57	129	144	272	1877
Fiduciary	36	58	62	65	69	49	48	45	50	40	522
Asset manager	30	40	27	49	74	40	45	64	87	60	516
Insurance	9	9	11	9	19	11	12	89	24	35	228
Other FI	1	4	2	4	1	3	5	21	21	143	205
Credit card	10	9	10	22	14	9	13	21	14	71	193
Casino	5	8	6	6	8	9	3	14	28	28	115
Attorney	11	13	31	12	9	10	6	5	4	4	105
Loan, leasing and factoring business	11	1	5	1	4	3	7	10	14	16	72
Securities trader	2	4		1	1	10	3	3	16	9	49
Commodity and precious metal trader		1	1	3	10	3	6	3	11	3	41
Foreign exchange trader	5	6	7		5			3	2	3	31
SRO	4		1			2				1	8
Currency exchange	1		3				1		1		6
Supervisory authority						2			2	1	5
Distributor of investment funds							1		3		4
Dealer									1		1
Total	896	1159	1625	1585	1411	1753	2367	2909	4684	6126	24515

2.5.3 SARs from the banking sector

What the chart represents

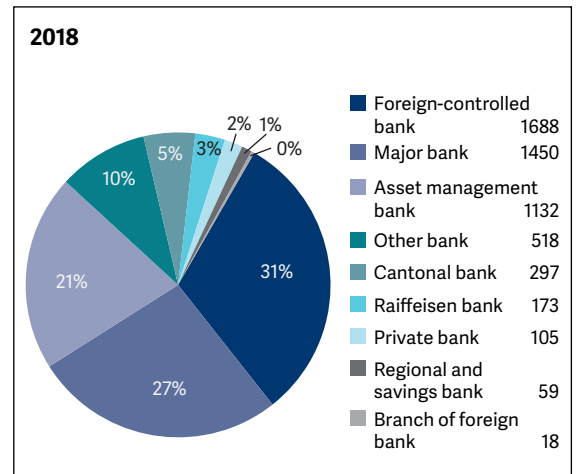
This chart shows the types of banks, which submitted SARs to MROS.

Chart analysis

- The number of SARs from the banking sector remains very high and rose again by 1,178 compared to 2017.
- SARs from the banking sector made up 89 per cent of the total reporting volume, compared to 91 per cent in 2017.
- SARs from major Swiss banks, foreign-controlled banks, and stock exchange, securities and asset management banks continue to dominate the statistics, together making up over 78 per cent of all banking SARs.

MROS received 5,440 SARs from the banking sector in 2018. This is another record ten-year high. However, in relative terms, SARs from this sector fell slightly from 91 to 89 per cent.

Year	Total number of SARs	SARs from the banking sector	Proportion of SARs from the banking sector
2009	896	603	67 %
2010	1159	822	71 %
2011	1625	1080	66 %
2012	1585	1050	66 %
2013	1411	1123	80 %
2014	1753	1495	85 %
2015	2367	2160	91 %
2016	2909	2502	86 %
2017	4684	4262	91 %
2018	6126	5440	89 %



With the exception of banks with special business clientele and foreign controlled banks, all types of banks submitted an increased number of SARs. Each of these banking categories recorded a new ten-year high.

For comparison: 2009–2018

Type of bank	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Foreign-controlled bank	188	290	389	348	240	383	575	659	1696	1688	6456
Major bank	167	214	310	308	324	474	763	779	1119	1450	5908
Asset-management bank	72	55	156	127	114	159	303	309	543	1132	2970
Other bank	14	99	27	42	230	214	213	323	411	518	2091
Cantonal bank	46	79	75	80	72	75	125	190	221	297	1260
Raiffeisen bank	93	49	60	64	79	134	125	154	166	173	1097
Private bank	8	7	26	60	52	39	38	57	73	105	465
Regional and savings bank	10	25	15	19	6	14	11	29	27	59	215
Branch of foreign bank	5	4	21	2	5	3	7	2	5	18	72
Bank with special business clientele			1		1				1		3
Total	603	822	1080	1050	1123	1495	2160	2502	4262	5440	20537

2.5.4 Suspected predicate offences**What the chart represents**

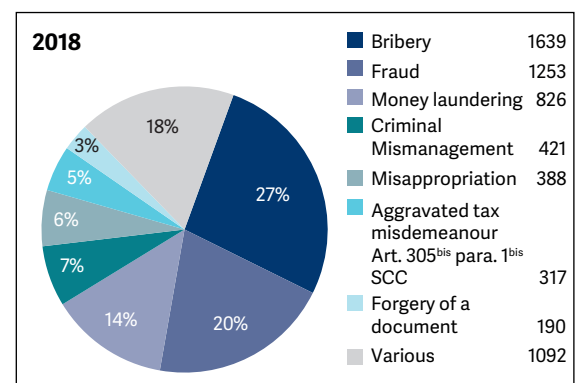
This chart shows the predicate offences, which were suspected in the SARs MROS forwarded to the prosecution authorities. MROS' legal assessment of the suspected predicate offence is based both, on the financial intermediary's assumptions, as well as on MROS' own assessment of the facts. Once a SAR is forwarded to a prosecuting authority however, the subsequent analysis of the law enforcement agencies is bound neither to the findings of the financial intermediary nor to those of MROS.

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

Chart analysis

- The proportion of SARs with corruption as the suspected predicate offence rose sharply once again (1,639 compared to 1,076 in 2017). These SARs now account for almost 27 per cent of the total reporting volume.

- Fraud as a suspected predicate offence came in second place, with 1,253 SARs, up 27 per cent compared to 2017. In relative terms, the proportion of fraud cases hardly changed (20 per cent compared to 21 per cent in 2017).
- The money laundering category remained in third place with 826 SARs.
- SARs involving links to a criminal organisation fell sharply in 2018 (from 427 to 126). This is because there were several major case clusters in 2017 that generated numerous SARs.
- The volume of SARs involving the predicate offence of embezzlement reached another new high with 388 cases.



– The number of SARs with criminal mismanagement as a predicate offence increased once more by 134 cases, accounting for nearly seven per cent of all SARs submitted.

– Aggravated tax offence, a new predicate offence to money laundering since January 2016, resulted in 317 SARs in 2018, an increase of 58 per cent over the previous reporting year.

For comparison: 2009–2018

Predicate offence	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Fraud (Art. 146 SCC)	307	450	497	479	374	448	445	748	984	1253	5985
Bribery (Art. 322^{ter} to 322^{novies} SCC)	65	60	158	167	172	357	594	640	1076	1639	4928
Money laundering	171	244	383	369	249	282	269	442	652	826	3887
Misappropriation (Art 138 SCC)	88	51	124	156	160	157	195	192	342	388	1853
Criminal organisation (Art. 260^{ter} SCC)	83	42	101	98	104	94	127	99	427	126	1301
Criminal mismanagement (Art. 158 SCC)	20	44	25	34	27	49	221	130	287	421	1258
Computer fraud (Art. 147 SCC) / Unauthorised access to a data processing system (Art. 143^{bis} SCC)	22	49	51	39	121	104	142	253	191	142	1114
Drug related offences (Art. 19 NarcA)	32	114	161	97	52	39	54	65	77	77	768
Forgery of a document (Art. 251 SCC)	37	28	56	38	15	45	42	36	69	190	556
Aggravated tax misdemeanour (Art. 305^{bis} para. 1^{bis} SCC)								33	201	317	551
Financing Terrorism (Art. 260^{quinquies} SCC)	7	13	10	15	33	9	38	25	51	132	333
Other offences against property	36	10	7	34	41	20	76	44	21	14	303
Theft (Art. 139 SCC)	4	12	19	7	7	53	36	60	28	54	280
Bankruptcy felonies or misdemeanours						5		28	73	87	193
Customs fraud and VAT evasion Art. 14 para. 4 Bundesgesetz über das Verwaltungsstrafrecht (VStrR)	5	7	3	5	4	12	7	26	36	77	182
Misconduct in public office (Art. 314 SCC)									28	140	168
Other offences	5	5	3	7	7	11	6	22	22	61	149
Market manipulation (Art. 40a para. 2 Federal Act on Administrative Criminal Law BEHB)					1	29	45	14	12	48	149
Abuse of public office (Art. 312 SCC)			4	2	19	2	24	13	27	30	121
Insider trading (Art. 40 para. 2 BEHB)					6	12	26	13	35	17	109
Trafficking in human beings / sexual offences	3	3	1	19	4	9	7	13	12	32	103
Blackmail (Art. 156 SCC)	2	20	6	1	8	3	2	4	2	12	60
Felonies or misdemeanours against the Weapons Act (Art. 33 para. 3 WG)	3	4	9	12		2	1	1	6	9	47
Counterfeiting of goods (Art. 155 SCC)			4	2	1	4		2	12	8	33
Robbery (Art. 140 SCC)		2	1		1	1	1	3	2	5	16
Smuggling of human beings			1	1	1	1	5	1	2	2	14
Offences against life and limb (Art. 111 – 136 SCC)		1	1		1	1	2		1	5	12
Violation of copyright (Art. 67 para. 2 CopA)									3	7	10
Fraudulent use of trademarks (Art. 62 para.2 MSchG)	2			2	3	2					9
Counterfeiting money (Art. 240 para. 1 SCC)	4			1		2		1			8
Insufficient diligence in financial transac- tions and right to report (Art. 305^{ter} SCC)							2	1	2	1	6
Encouraging prostitution (Art. 195 SCC)										3	3
Unauthorised access to a data processing system (Art. 143 SCC)									2	1	3
Profiteering (Art. 157 SCC)									1	2	3
Total	896	1159	1625	1585	1411	1753	2367	2909	4684	6126	24515

2.5.5 Competent prosecution authorities

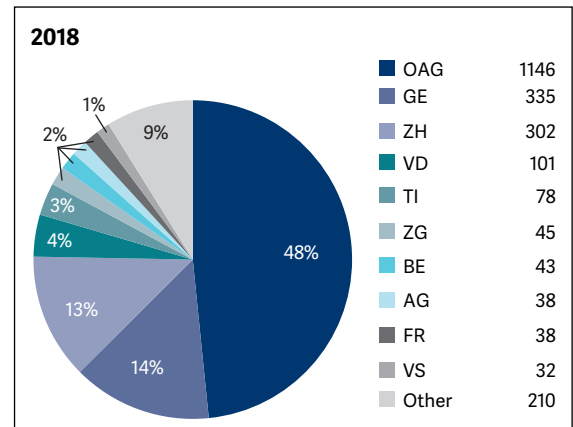
What the chart represents

This chart shows which prosecuting authority MROS forwarded processed SARs to. The choice of prosecuting authority depends on the nature of the offence. Articles 24ff. (federal jurisdiction) and articles 22ff. (cantonal jurisdiction) of the Criminal Procedure Code (CrimPC) serve as frame of reference.

Chart analysis

- The proportion of SARs forwarded to prosecution authorities rose by 0.2 per cent to 65.1 per cent.
- Although the number of SARs forwarded to the Office of the Attorney General (OAG) fell in 2018, this category remains clearly in first place.
- The prosecution authorities of the cantons of Geneva and Zurich were the second and third largest recipients respectively after the OAG. This is unsurprising given the relevance of these financial hubs. Together, these three prosecution authorities received no less than 75 per cent of all forwarded SARs.
- For the third consecutive year, the prosecution authorities of the canton of Geneva received more SARs than the prosecution authorities of the canton of Zurich.

MROS received a total of 6,126 SARs in 2018. After careful analysis, it forwarded 2,368 SARs (2017: 2498¹) to a prosecution authority.



The OAG received 1,146 SARs (2017: 1,314²). In 2018, 48 per cent of all forwarded SARs were sent to the OAG – a four per cent decrease compared to 52 per cent in 2017.

Legend

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

¹ In the 2017 Annual Report, the number of SARs forwarded to the prosecution authorities was 2,206. The increase of 292 SARs reported in 2018 is explained by the fact that MROS obtained new information in 2018 on these 292 SARs and therefore forwarded them to a prosecution authority. This is reflected in the present statistics.

² In the 2017 Annual Report, the number of SARs forwarded to the OAG was 1,152. The increase of 162 SARs reported in 2018 is explained by the fact that MROS obtained new information on these cases in 2018 and therefore forwarded them to the OAG. This is reflected in the present statistics.

For comparison: 2009–2018

Authority	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
OAG	182	361	470	486	384	581	935	729	1314	1146	6588
ZH	146	137	291	196	207	161	236	230	254	302	2160
GE	161	141	185	205	169	165	148	284	319	335	2112
TI	117	134	125	185	140	95	114	115	149	78	1252
VD	13	27	69	28	27	33	46	59	44	101	447
BE	27	36	47	52	18	60	31	57	40	43	411
SG	17	19	67	30	19	39	35	43	60	31	360
BS	20	35	50	36	25	15	23	63	50	21	338
AG	9	14	49	27	15	23	27	50	30	38	282
ZG	9	16	19	8	14	17	26	23	15	45	192
LU	11	13	9	15	17	23	18	27	34	18	185
SO	19	5	14	1	12	9	7	81	9	25	182
BL	13	13	8	17	9	6	27	29	29	18	169
TG	22	7	9	15	8	14	14	28	18	20	155
NE	8	7	10	8	8	12	19	17	25	29	143
FR	5	5	10	16	6	3	11	12	34	38	140
VS	3	9	7	5	12	13	9	19	29	32	138
SZ	5	8	9	8	7	2	9	15	13	8	84
GR	1	9	8	7	10	13	10	5	12	8	83
SH	1	2	8	5	7	4	2	9	7	3	48
NW	2	1	5		4	1	2		1	17	33
JU	2	1	1	1	2	8		6	3	3	27
AR		1	2	2	2	2	1	6	6	4	26
GL	1				1			1	3	5	11
OW	3		1	3			2				9
AI		2	1	2							5
UR						1		4			5
Total	797	1003	1474	1358	1123	1300	1752	1912	2498	2368	15585

2.5.6 Status of forwarded SARs

What the chart represents

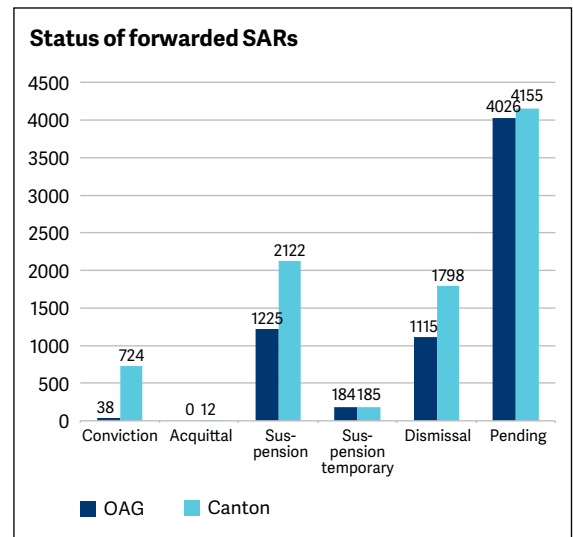
This chart shows the current status of the SARs that have been forwarded to federal and cantonal prosecution authorities in the last ten years. The chart distinguishes between the federal prosecution authority, i.e. the OAG, and the cantonal prosecution authorities.

Chart analysis

Over 52 per cent of all SARs forwarded to federal and cantonal prosecution authorities since 2009 were still under analysis at the end of 2018.

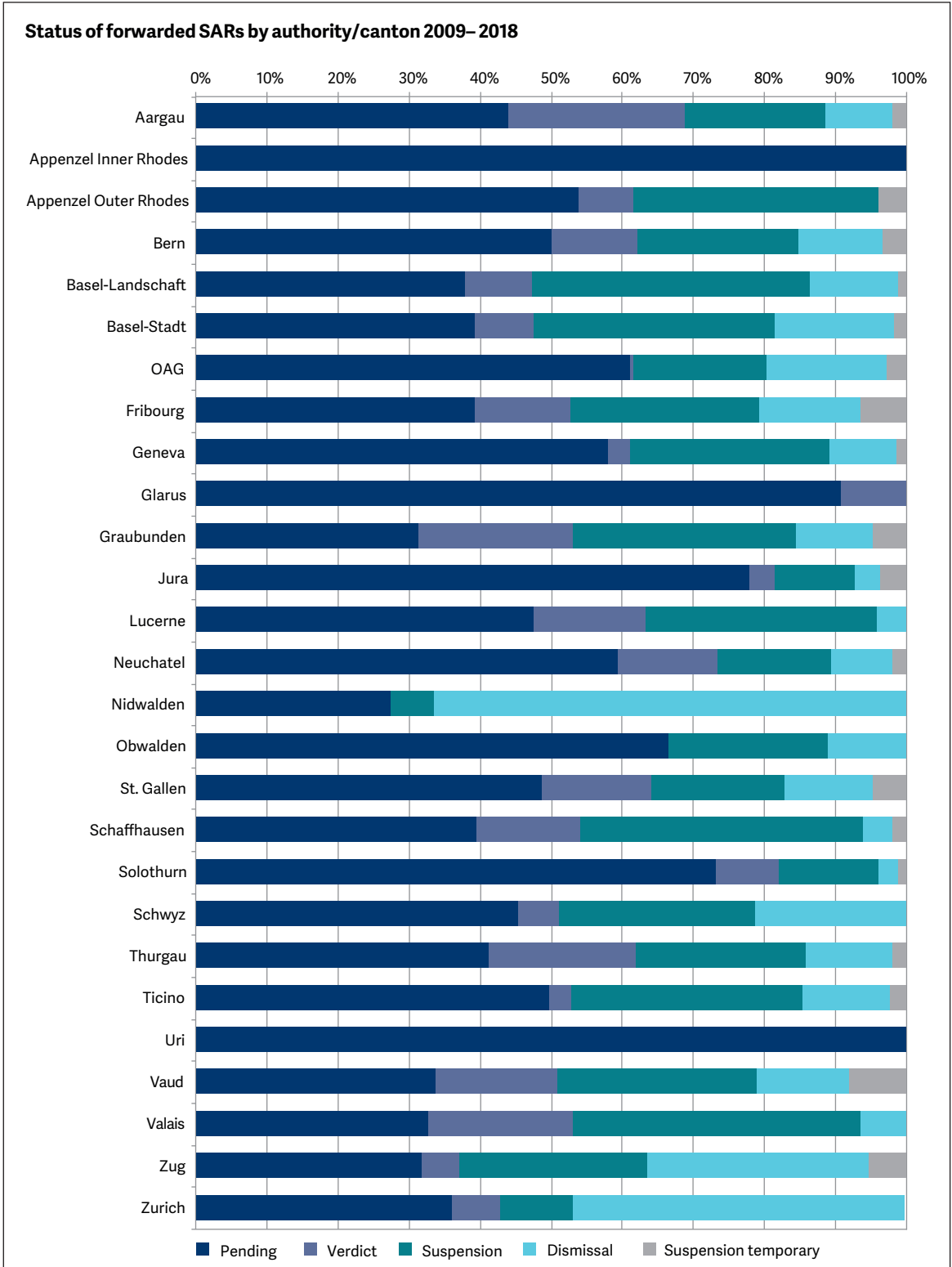
Between 1 January 2009 and 31 December 2018, MROS forwarded a total of 15,585 SARs to the prosecution authorities. By the end of 2018, decisions had not yet been reached in 8,181 cases (52.5 per cent).

- In nearly 5 per cent (774 cases) of all forwarded SARs, the Swiss courts delivered the following verdicts: ten acquittals from the charge of money laundering, two acquittals from all charges apart from money laundering (these cases were not opened on account of money laundering), 573 convictions including money laundering and 189 convictions for offences other than money laundering. Thus, there were convictions in 4.97 per cent of all cases forwarded.
- In 21 per cent of all forwarded SARs (3,348 cases), criminal proceedings were initiated but later suspended after criminal investigations revealed insufficient evidence of unlawful activity.
- In 19 per cent (2,913 cases) of all forwarded SARs, no criminal proceedings were opened in Switzerland following preliminary investigations.
- In slightly more than two per cent (369 cases) of all forwarded SARs, criminal proceedings were suspended, either because the criminal prosecution was handed over to foreign prosecution authorities or because criminal proceedings in the same case were already underway abroad.



There are many different reasons why over 52 per cent of forwarded SARs are still pending with the prosecution authorities:

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



Status of forwarded SARs by authority/canton: 2009–2018

Canton	Pending		Dismissal		Suspension		Suspension-temporary		Verdict		Total	
AG	124	43.97%	26	9.22%	56	19.86%	6	2.13%	70	24.82%	282	100%
AI	5	100.00%	–	0.00%		0.00%		0.00%		0.00%	5	100%
AR	14	53.85%	–	0.00%	9	34.62%	1	3.85%	2	7.69%	26	100%
BE	205	49.88%	49	11.92%	93	22.63%	14	3.41%	50	12.17%	411	100%
BL	64	37.87%	21	12.43%	66	39.05%	2	1.18%	16	9.47%	169	100%
BS	133	39.35%	57	16.86%	114	33.73%	6	1.78%	28	8.28%	338	100%
OAG	4 026	61.11%	1 115	16.92%	1 225	18.59%	184	2.79%	38	0.58%	6 588	100%
FR	55	39.29%	20	14.29%	37	26.43%	9	6.43%	19	13.57%	140	100%
GE	1 222	57.86%	196	9.28%	597	28.27%	31	1.47%	66	3.13%	2 112	100%
GL	10	90.91%	–	0.00%		0.00%		0.00%	1	9.09%	11	100%
GR	26	31.33%	9	10.84%	26	31.33%	4	4.82%	18	21.69%	83	100%
JU	21	77.78%	1	3.70%	3	11.11%	1	3.70%	1	3.70%	27	100%
LU	88	47.57%	8	4.32%	60	32.43%		0.00%	29	15.68%	185	100%
NE	85	59.44%	12	8.39%	23	16.08%	3	2.10%	20	13.99%	143	100%
NW	9	27.27%	22	66.67%	2	6.06%		0.00%		0.00%	33	100%
OW	6	66.67%	1	11.11%	2	22.22%		0.00%		0.00%	9	100%
SG	175	48.61%	45	12.50%	67	18.61%	17	4.72%	56	15.56%	360	100%
SH	19	39.58%	2	4.17%	19	39.58%	1	2.08%	7	14.58%	48	100%
SO	133	73.08%	5	2.75%	26	14.29%	2	1.10%	16	8.79%	182	100%
SZ	38	45.24%	18	21.43%	23	27.38%		0.00%	5	5.95%	84	100%
TG	64	41.29%	19	12.26%	37	23.87%	3	1.94%	32	20.65%	155	100%
TI	623	49.76%	155	12.38%	410	32.75%	28	2.24%	36	2.88%	1 252	100%
UR	5	100.00%	–	0.00%		0.00%		0.00%		0.00%	5	100%
VD	151	33.78%	58	12.98%	126	28.19%	36	8.05%	76	17.00%	447	100%
VS	45	32.61%	9	6.52%	56	40.58%		0.00%	28	20.29%	138	100%
ZG	61	31.77%	60	31.25%	51	26.56%	10	5.21%	10	5.21%	192	100%
ZH	774	35.83%	1 005	46.53%	220	10.19%	11	0.51%	150	6.94%	2 160	100%
Total	8 181	52.49%	2 913	18.69%	3 348	21.48%	369	2.37%	774	4.97%	15 585	100%

3. Typologies (selection of cases from the 2018 reporting year)

The following typologies refer to SARs, which were submitted to MROS in the course of 2018. By means of concrete examples, MROS sets out some of the modus operandi, which are employed to launder funds of suspected criminal origin. The selection of cases reflects the diversity of predicate offences, as well as new trends and the approaches used to analyse these. The typologies serve as a reference for both, case studies and research purposes. Moreover, they contribute to sensitising financial intermediaries and point out the types of accounts, financial tools and special attention behaviours, which require close attention. Finally, MROS uses these examples to compile risk analyses, which indicate money laundering trends both, on a national and an international level.

3.1 Terrorism financing

3.1.1 A terrorist goes into hiding

Facts of the case

A financial intermediary reported several business relationships in the name of Swiss residents related to a person, who was suspected by the authorities of his home country in South Asia of being engaged in terrorist activity.

The suspect was related to a former clan leader of a province in the South Asian country in question, and a member of an armed separatist group, thought to be responsible for attacks on gas pipelines, polling stations and the country's armed forces. The separatist group in question was classified as a terrorist organisation, not only

by the South Asian country where the suspect came from, but also by several European states. According to various press reports, the suspect was planning to seize militant power in his home province.

MROS analysis

MROS enquiries revealed that the suspected terrorist had multiple police records. MROS further found that he had narrowly escaped a military operation in which his relative, the former leader of a provincial tribe, had been killed. Since then, he had been on the run from the intelligence service of his home country. First, he had gone into hiding with his family in a neighbouring country, but had later fled after being tracked down several times by contract killers. Taking an indirect route, he arrived in Switzerland, where he applied for asylum. His asylum application was rejected, but his wife, who was not politically active, and his children were allowed to stay. Investigations further revealed that after leaving Switzerland he travelled to another European country, where he is thought to still be living. His family has considerable assets apparently deposited in banks all over the world. The wealth is said to have been generated mainly through the exploitation of natural resources.

However, a transactional analysis of the reported bank accounts showed no suspicious money flows. Since the suspect is already known to the Office of the Attorney General of Switzerland, MROS did not forward the SAR to a prosecution authority.

3.1.2 Terrorist financing through a Swiss limited liability company

Facts of the case

As part of a request for mutual judicial assistance, submitted to the Swiss authorities by country A, a financial intermediary received a search and seizure order from a Swiss criminal prosecution authority. The request concerned the business activities of X, a citizen of A, residing in Switzerland. Following his radicalisation, X had travelled as a foreign terrorist fighter to a crisis region with prevailing civil war-like conditions, for which a terrorist organisation was partly responsible.

Of particular interest was an account into which X's father Z and X's grandfather had reportedly transferred money. These funds were then withdrawn in cash from a cash point near the crisis region by X and third persons instructed by him. Further enquiries by the financial intermediary revealed another account held with the financial intermediary, into which money had been paid and then withdrawn. This account had been opened by Y, X's brother. A transactional analysis showed two interconnected and suspicious transactions:

- the transfer of a sum of money from X's account into Y's account, and a cash withdrawal of the same amount from Y's account on the same day.
- a cash withdrawal from Y's account, corresponding to the minimum amount required in Switzerland to set up a limited liability company. Half of this amount was paid back into the same account on the same day.

Based on the information contained in the search and seizure order, and in the light of the suspicious transactions, the financial intermediary suspected a case of terrorist financing under Article 260^{quinquies} paragraph 1 SCC and consequently reported both business relationships pursuant to Article 9 paragraph 1 letter a AMLA.

MROS analysis

MROS first consulted the databases to which it had access. This showed that Y, who was residing in Switzerland, had a previous criminal conviction.

MROS analysed the transactions between X and Y's accounts. Besides the transactions signaled by the financial intermediary, MROS discovered further suspicious money flows:

- two transfers from Y's account to X's account.
- a transfer of money by Z into Y's account. The reason given for the transaction was a loan for setting up a limited liability company.

The enquiries showed that Y did indeed register a limited liability company in the trade register shortly after these transactions. According to the trade registry, the purpose of the business was given as the purchase and sale of gold and precious metals. MROS extended its enquiries in the databases to include Y's business partner. The results showed that Y's partner already had previous criminal convictions.

Based on this information and the result of the transactional analysis, MROS forwarded the case to the criminal prosecution authority responsible for the mutual assistance request. In view of the business purpose of the company and the cash transactions, MROS suspected that the purpose for setting up the company, which was partly financed with money from X and Z, was to create the economic and organisational structure for covertly financing X's suspected terrorist activities long-term in the said crisis region. It is of note that back in 2015, MROS had already forwarded a SAR involving X to a prosecution authority, which initiated criminal proceedings.

3.2 Money Laundering

3.2.1 The deceased safety-deposit box holder

Facts of the case

The beneficial owner of a business relationship X was the wife of Y, who had been the subject of several SARs from various financial intermediaries. Y had been accused of criminal offences, in particular corrupting public officials, fraud and money laundering in several African countries. The financial intermediary refused to enter into a business relationship benefiting Y's son, A, who would have received funds from a gift made by his father. The financial intermediary noted numerous instances of negative information relating to A's father.

Several days after submitting their SAR, the financial intermediary informed MROS that X wanted to visit the bank to access her husband's safety-deposit box.

MROS analysis

MROS investigations revealed that X had in the past received a significant gift from her husband. This gift was made in the same year as the death of the president of an African country, who considered Y to be a friend of his.

The failed attempt by A to enter into a business relationship with the Swiss financial intermediary coincided with a request by a Swiss prosecution authority to freeze Y's assets.

The swift transmission of the SAR and MROS' immediate analysis of the case enabled the Swiss prosecution authority to prevent X from accessing the safe-deposit box, which could have contained incriminating documents relating to her husband Y.

A few weeks after these events, Y died and the criminal case against him was discontinued as a matter of law. However, the criminal proceedings are continuing in-rem in relation to sequestered assets in Switzerland that are liable to become the subject of forfeiture, restitution or an equivalent claim.

3.2.2 Non-existent sea cargo containers

Facts of the case

An entrepreneur domiciled in a neighbouring country sold sea cargo containers to private investors through his company. The company then leased the containers back from the investors, who received fixed rental rates. After a period of five years, the company bought back the used containers at a reduced price. This business model yielded an annual return for the investors of three to five per cent. However, in spring 2018 the company suddenly became insolvent.

According to press reports, law enforcement services in the home country of the entrepreneur began investigating him and other representatives of the company on suspicion of investment fraud amounting to billions of Euros. During insolvency proceedings, the insolvency administrator discovered that numerous containers,

supposedly sold to investors, were missing. The administrator further discovered that in the last ten years the sale of around one million containers had taken place on paper only: the company had concluded agreements with investors on the sale of containers, which it had never possessed. The company had not invested the money obtained from investors in new cargo containers, but instead had used the funds for current liabilities deriving from rental payments and to buy back containers from investors. The administrator therefore concluded that the whole affair involved a huge Ponzi-Scheme.

MROS analysis

During its enquiries, MROS learned that the entrepreneur had been arrested in his home country shortly before MROS received the SAR. The entrepreneur was accused of thousands of cases of fraud. A transactional analysis revealed, that several million CHF of investor capital had passed through the reported accounts, and a part of these funds were subsequently paid into the private accounts of representatives of the insolvent company. MROS forwarded the SAR on suspected money laundering and fraud to the appropriate prosecution authority.

Status of proceedings

The Swiss public prosecutor responsible for the SAR forwarded the information to the competent foreign authorities under Article 67a Federal Act on International Mutual Assistance in Criminal Matters. The foreign authorities subsequently informed the public prosecutor that the money deposited in the Swiss accounts was linked to the company's operative business and did not originate from fraudulent activities. Since the money was not of criminal origin, the suspicion of money laundering could not be substantiated and the criminal investigation in Switzerland was therefore dropped.

3.2.3 Dangerous dating app

Facts of the case

A financial intermediary noticed that a third party had paid tens of thousands of CHF in cash into the private account of one of their clients.

When the client came to withdraw the money, the financial intermediary asked her for information regarding the origin of the money and the economic background of the transaction. Since she was not able to provide any information and did not know the person who had paid the money into her account, the financial intermediary advised her against a cash withdrawal.

Later, the client informed the financial intermediary that the money was not for her, but for an African acquaintance, who she had known for three months. The acquaintance had instructed her to withdraw the money immediately in cash and hand it over to a third party. Because she had not yet carried out his instructions, he had made serious threats against her. The financial intermediary concluded that his client had made her private account available to unknown persons for fraudulent purposes.

MROS analysis

Identifying the African acquaintance of the financial intermediary's client and the third person to whom the client was supposed to give the cash proved difficult because no personal details were available. However, in the SAR the financial intermediary mentioned that their client was going to report the threats to the police, so MROS contacted the relevant cantonal police to ask if any charges had been filed. The police confirmed that the woman had indeed reported the threats to the public prosecutor of the canton she was residing in. The suspect was identified as an African national living in Switzerland, whom the woman had become acquainted with a few months earlier over the dating app, Tinder. MROS learned that the man had recently been arrested. It therefore forwarded the SAR to the relevant criminal prosecution authority, which opened a criminal investigation concerning threatening behaviour, coercion and money laundering.

3.2.4 Arms trafficking

Facts of the case

Following various press reports, a financial intermediary's attention was drawn to a business relationship with a client, who was domiciled in Switzerland. According to these reports, the po-

lice had searched their client's house and seized several hundred illegal guns, as well as ammunition and explosives. The police also found CHF 1.3 million in cash. The client was arrested during the house search on suspicion of unlawfully selling weapons to people in a neighbouring country.

MROS analysis

MROS discovered that a Swiss prosecution authority had recently opened a criminal investigation against the client for violating the War Materials Act and endangering public security with weapons. Further enquiries revealed that the client had already been convicted for weapon related offences about four years earlier. MROS also learned that a law enforcement service in a neighbouring country was investigating an Eastern European group for arms trafficking: the group had apparently obtained their weapons from a person whom the client had supplied with guns. In the light of these findings, MROS forwarded the SAR to the relevant prosecution authority.

The investigation by the public prosecutor on violations of the War Materials Act and endangering public security with weapons is ongoing.

3.2.5 The parking meter pilferer

Facts of the case

A disclosure order by a cantonal public prosecutor brought the attention of a financial intermediary to one of their clients. According to the disclosure order, the suspect – a policeman – had been pilfering money from a parking meter, some of which had been paid into the suspect's account. The financial intermediary reported the account of the suspect's mother, over which the suspect had power of attorney.

MROS analysis

MROS established that cash payments had been made into the account of the suspect's mother during the period in which the suspect was said to be stealing money from parking meters, and had then been withdrawn the same day. MROS suspected that the purpose of the transactions had been to change coins into banknotes. After the suspect had lost power of attorney over the

account, the dubious payments stopped. MROS forwarded the SAR on suspected embezzlement to the cantonal prosecution authority, which had already opened a criminal investigation. Proceedings are underway.

3.2.6 Welfare fraud and romance scam

Facts of the case

A financial intermediary reported a client X, who was the legal guardian of her child and who had attempted to transfer money to a person abroad through the child's account to which X was the sole signatory. The financial intermediary analysed the transactions and established that large payments and cash withdrawals had been made into and out of the account at the end of the year. When the financial intermediary asked X about the transactions, they learned that X had transferred large sums out of the child's account in order to avoid a reduction in supplementary welfare benefits.

MROS analysis

MROS examined the payments since 2008 and discovered that more than CHF 200,000 had been redirected up to 2017. X had transferred part of the money directly into her own account. MROS' investigations revealed that the payment to the person abroad was probably linked to a romance scam, a form of internet fraud whereby fraudsters dupe their victims into believing they have found love in order to obtain financial benefits from them.

The information available indicated that X had abused her position as a legal guardian and could therefore be liable to prosecution under Article 138 SCC. In addition, X could be guilty of fraud under Article 146 SCC. MROS referred the case to the relevant prosecution authority for further evaluation.

3.2.7 A hotel funded with state money

Facts of the case

During an internal records inspection, a financial intermediary noticed the business relationships of two entrepreneurs (X and Y). According to media reports, X and Y, through several domicili-

ary companies, were the 100% beneficial owners of the foreign operative company, A. Since about 2013, A had received most of their contracts from B, a state-owned company domiciled in the same country. The contracts involved various strategically important public projects that brought A billions of Euros in revenue between 2014 and 2016. Neither X nor Y were citizens of the country of domicile of companies A and B.

The financial intermediary established that between 2013 and 2016 the business relationships had been used for numerous transitory payments. The clients maintained that the transactions were linked to the financing of a hotel project in their home country. According to publicly available information, some of the hotels and villas concerned were indirectly held by Z, the director and chairman of the board of the state-owned company B. According to allegations, X and Y had helped to siphon public funds from B out of the country, via company A, in order to use the misappropriated funds to finance the aforementioned hotel project. According to the press report, the main people involved in the case maintained close ties to political circles, especially to the state president.

MROS analysis

The FIU of X and Y's home country informed MROS, on the latter's request, that there were no pending criminal investigations involving X or Y yet, but that they were the focus of an inquiry by the FIU, and that the results of this inquiry had been sent to the appropriate prosecution authority. Enquiries on X and Y in the databases available to MROS did not reveal any further information. However, public sources confirmed the information reported by the financial intermediary. As part of a comprehensive transactions' analysis, MROS requested additional transactional documents from the financial intermediary. The analysis showed that the transitory payments had indeed taken place in the same period as the contracts for the state projects had been awarded and the hotel project had been launched.

Since the available information indicated that the assets that had passed through the reported business relationships could, at least in part,

be linked to the abuse of public office (Art. 312 SCC) or misconduct in public office (Art. 314 SCC), MROS forwarded the SAR to the relevant prosecution authority, which opened a criminal investigation.

3.2.8 Investment fraud using penny stocks

Facts of the case

Due to unusual transactions, a business relationship with start-up company A caught the attention of a financial intermediary. The financial intermediary noticed payments, which had been credited to A's account by several private individuals, and that the reason given for these credits was the purchase of shares in A. What struck the financial intermediary was that purchasers had paid considerably more than the nominal value for each share. The financial intermediary also noticed that, prior to these payments, other people had acquired the same shares at a considerably lower price. These other people appeared to be share brokers, who collected above-average commissions for the sale of so-called penny stocks to private investors.

During a transactional analysis, the financial intermediary came across a rather large payment to a company B, which according to its website was a venture capital company that invested risk capital in start-up companies. The financial intermediary's client claimed the payment was linked to a fiduciary agreement, but representatives of company A could not explain why such a contract had been concluded with a company that was not active in the fiduciary sector.

The financial intermediary's enquiries led to the suspicion that during telephone sales of A's shares, investors had been wilfully deceived into buying shares at an unrealistically high price, and that the deceit had been based on documents containing false and misleading information about A's actual business activities and an inflated description of its business potential. Moreover, a substantial amount of the money paid by the investors for the shares had flowed back to the brokers, who had charged above-average commissions.

MROS analysis

Database enquiries revealed that some of the people involved had already been recorded in certain databases on suspicion of fraudulent brokerage of shares. In addition, MROS was able to establish further connections between these brokers and other people or companies under suspicion of applying deceptive methods to sell shares. Since the manager of company A was a foreign national, who had only been living in Switzerland for a few years, MROS sent an inquiry about him to the relevant foreign FIU. In their response, the foreign FIU stated that person was the subject of investigations abroad relating to money laundering and the concealment of ill-gotten assets.

A transactional analysis by MROS revealed that the assets in A's account were mainly from putative investors; within less than four months, several million CHF had been credited to the account in this way. In terms of outgoings, around 20 per cent of the money paid into the account had been used for salary and commission payments to the brokers of the shares.

To understand the further use of the substantial assets paid to company B in connection with the supposed fiduciary agreement, MROS requested B's financial intermediary to provide further information on their client under Article 11a paragraphs 2 and 3 AMLA. The documents, which were subsequently transmitted to MROS, indicated that the afore-mentioned payment between company A and company B had also triggered a detailed transactional analysis by the second financial intermediary. As a result, a SAR was also transmitted to MROS by B's financial intermediary. B's statements of account showed that payments had been made to a foreign company which, according to publicly available information, specialised in foreign start-ups. The additional documentation sent to MROS by the second financial intermediary as part of their SAR contained a service agreement with the foreign company, from which it emerged that A intended to establish a fund abroad. This led MROS to suspect that A was attempting to conceal the origin of the assets through the foreign fund. MROS' enquiries led it to suspect that A's funds,

which came primarily from private investors and had been acquired by aggressive brokers and possibly professional brokerage companies, had been obtained by fraudulent means. MROS also suspected that the telephone sale of shares had violated duties of due diligence and trust towards the investors. Moreover, the unrealistic sales price of the shares indicated that brokers had provided untruthful, deceptive and misleading information to entice unqualified third-party investors to buy shares. MROS therefore decided to forward the SAR to the appropriate Swiss prosecution authority.

3.2.9 The dishonest lawyer

Facts of the case

The chairman of the board of directors of a company A drew a financial intermediary's attention to the business relationships of A and a person, X, who was an authorised signatory of company A. The chairman told the financial intermediary that, on checking the current account and noticing irregularities in the statements of account, he suspected that several millions of CHF had been misappropriated from company A. Subsequent clarifications showed, that the account statements the chairman had obtained from X did not tally with the original account statements of the financial intermediary.

An examination of A's account statements revealed that a sum to the tune of millions of CHF, which was supposed to have been used to repay a loan, had instead been transferred to the law firm where X worked as a lawyer. However, the loan no longer existed in A's business records. This aroused suspicion that the funds had been misappropriated. The examination also revealed that money had been transferred from A's current account to X's personal account. Three six-digit transactions were especially conspicuous: one payment had been immediately made by X to a lawyer's office abroad. A second transfer had been made to cover a negative balance that had resulted from the purchase of shares from a person Y and a third six-digit sum had been transferred from A's account the same day to a car dealer, containing the comment 'investment'.

MROS analysis

In order to trace the suspected misappropriated funds, MROS requested several Swiss financial institutions to disclose information under Article 11a paragraphs 2 and 3 AMLA. This revealed that the funds transferred to the lawyer's office where X worked, had been credited the following day to an escrow account held at a foreign bank. MROS therefore sent an inquiry to the FIU of the European country concerned.

On comparing the account statements submitted by X with the original statements of the financial intermediary, MROS discovered that they did not correspond: X's statements had been altered to conceal payments to X's private account and interest charges in connection with the supposed repayment of the above-mentioned loan. This fuelled the suspicion that the millions transferred to X's lawyer's office and the payments made to X's private account were not in the interests of the company, thereby indicating a case of misappropriation and/or criminal mismanagement.

MROS also discovered that the money, suspected of having been misappropriated from the company had promptly been spent. As the financial intermediary had already established, one transfer of funds was to cover a debit balance resulting from a payment to Y in connection with the purchase of shares. MROS discovered that Y was linked to dubious business activities around sporting events.

Evidence that X had misappropriated company assets and possibly other people's assets too, and the fact that A's bank statements had obviously been altered to conceal transactions from the company indicated a case of misappropriation (Art. 138 SCC) and/or criminal mismanagement (Art. 158 SCC). MROS therefore forwarded the SAR to the appropriate Swiss prosecution authority, which opened a procedure.

3.2.10 Lucrative cigarette smuggling

Facts of the case

A financial intermediary became aware of their business relationship with client X through negative press reports and through a hit in the World

Check database. According to these reports, X was one of the biggest cigarette smugglers in his country and imported tobacco products illegally from a neighbouring country. The smuggling ring associated with the activities had existed since the nineteen-nineties, but had been dispersed the previous year by local police. X had reportedly made payoffs to civilians, military personnel and federal police officers to facilitate his activities without hindrance. According to information from the relevant law enforcement service, X and about 20 other people faced court proceedings for participating in a criminal organisation, smuggling and corruption.

The business relationship with the reporting financial intermediary had been opened more than 15 years earlier. The assets used to open the account at the time – a sum of several million USD – had been transferred from another Swiss financial institution.

MROS analysis

Database searches on the people involved did not produce any relevant findings. Besides the press reports already received from the reporting financial intermediary, MROS came across further negative articles about X from earlier periods while consulting other open sources. According to these earlier articles X, in his role as suspected head of a smuggling ring, had been the focus of investigations by local law enforcement services. In 2003, X was convicted of smuggling and tax evasion, and sentenced to prison for a period of nearly five years. During a transactional analysis of the relevant business relationship, MROS did not discover any further credits to the account after the initial entry for several million USD when the account was opened. Although the assets back in 2002 had come from another Swiss financial intermediary, the statutory 10-year retention period for documents had expired and MROS was therefore unable to retrace the money flow under Article 11a paragraphs 2 and 3 AMLA.

After the initial credit, the account mainly showed securities transactions up to the end of 2008, although from mid-2003 to the end of 2007 there were no further active securities

investments besides regular bond repayments, and interest and coupon payments. This period corresponded with the presumed time of X's imprisonment – an indication that X had indeed been incarcerated during this period.

MROS had initially decided not to forward the SAR to the relevant Swiss prosecution authority. However, it did inform the FIU of the country concerned about the matter, whereupon the FIU informed MROS that the relevant prosecution authority in that country intended to submit a request for mutual assistance to Switzerland in order to have X's assets blocked as a precaution. For this reason, MROS later forwarded the SAR to the competent Swiss prosecution authority.

3.2.11 Ominous calendar entries

Facts of the case

According to press reports, the clients of the reporting financial intermediary – two brothers from a South American country – had paid bribes to senior officials in their home country in order to secure contracts for their company within the scope of three specific projects. With a contract volume of close to USD 100 million, the contracts were the company's largest and most lucrative projects, accounting for around 80 per cent of its total revenue. The investigating authorities in the country of domicile had information on suspicious entries in the diary of one of the brothers, corresponding to meeting dates, codes for officials and abbreviations for projects and amounts paid. These payments seemed to have been transferred just a few days before the company was awarded the contracts. An investigation had been launched in the country of domicile into the former owner of the company on the suspicion of bribery.

MROS analysis

In accordance with Article 11a paragraph 1 and 3 AMLA, the MROS asked the reporting financial intermediary to produce a declaration regarding the origin of the client's assets. According to the information provided in this declaration, the assets derived from the company's business operations and the proceeds of the sale of the

company in question dating back to 2012. However, all the entries on the reported account were made subsequent to the company's acquisition. This fuelled suspicion that the assets may have been linked to the aforementioned allegations of corruption of foreign agents or that the aforementioned sums were acquired illegally. MROS forwarded the case to the competent criminal prosecution authority in Switzerland, which opened a criminal investigation.

3.2.12 Casino visits at the employer's expense

Facts of the case

A financial intermediary was contacted by a governing body of Swiss company A and informed that A's accountant X had effected a range of transactions from A's corporate account to personal accounts of X that were held with the same financial intermediary. When the financial intermediary enquired with X as to the background of these transactions, X refused to disclose his whereabouts. Account movements nonetheless showed that X was probably abroad, making regular withdrawals from his accounts. This prompted the financial intermediary to report the business relationship it maintained with X to MROS. Within a short period of time, two further business relations of X, held with different financial intermediaries were reported. Also in these cases, assets from company A had been transferred to X's private accounts and were then withdrawn in cash or transferred on to other accounts.

MROS analysis

MROS found that X already had a criminal record in connection with fraud and the forgery of a document, and had already been convicted of the latter. Despite this, X had found employment as an accountant with company A. A transactional analysis of the business relationships reported by all three financial intermediaries showed that, in just under three months, X had in total transferred a six-figure sum from A's corporate account to his personal accounts, and had then spent the money on visiting casinos in Switzerland and abroad. MROS referred the case to the relevant criminal prosecution authority, which commenced criminal proceedings.

3.2.13 Qualified tax offence

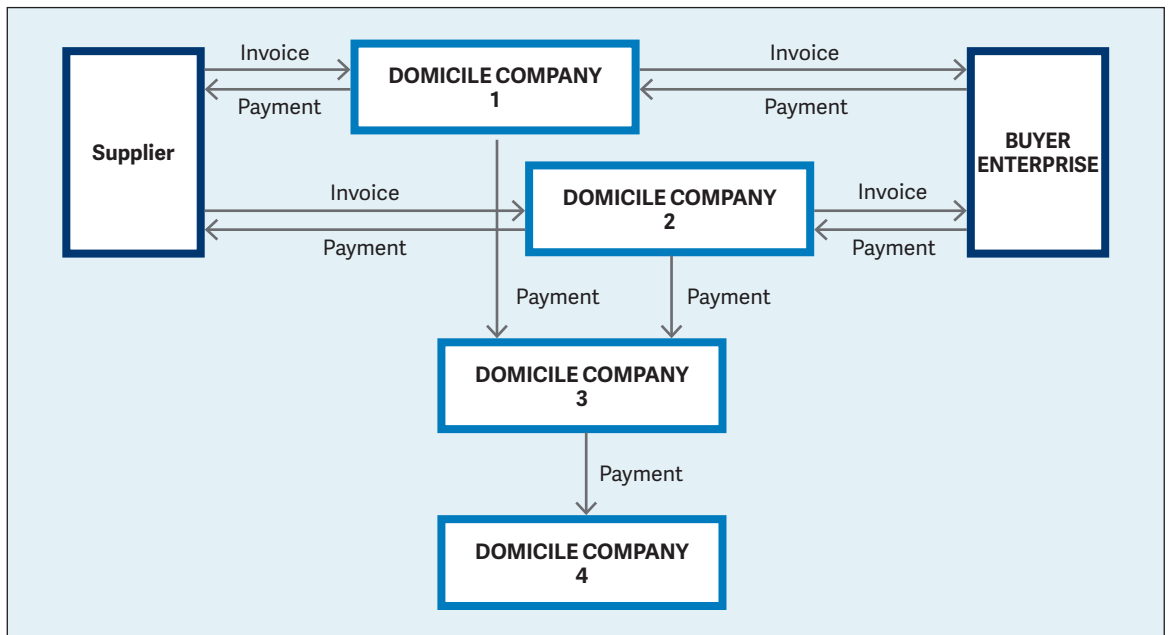
Facts of the case

A financial intermediary reported a series of business relationships with the domicile companies of a major agro-industrial group X operating in country Y. The financial intermediary analysed the money flows and came across a pattern in the transactions between companies operating in a South American country and four domicile companies.

Domicile companies 1 and 2 were responsible for the global supply of goods and the overseas market. Their buyers were major international clients. Domicile company 3 took the revenues that were generated from price undercutting and concealed the money flows to the account of domicile company 4, which functioned as the agro-industrial group's vault.

The financial intermediary began to doubt the nature of the activities that domicile companies 1 and 2 had claimed to be engaged in. It therefore made detailed enquiries with local and international consulting companies about these companies' fiscal circumstances. Since the results of these enquiries were ambiguous, the financial intermediary could not exclude the possibility of the companies' structure being illegal under the law of the South American country. In addition, the financial intermediary discovered from publicly available sources, that a further company belonging to the agro-industrial group, also domiciled in country Y, had been fined a very high sum of money by the authorities of Y.

In addition to the adverse reports in publicly available sources, domicile companies 1 and 2 were earning commissions of 97 per cent for their role as intermediaries between the supplier and buyer companies, a sum the financial intermediary considered unjustifiable. These circumstances gave rise to the suspicion that the purpose of the companies' structure and the respective transactions was to evade payment of a considerable sum of tax to Y, an act that constitutes a qualified tax offence and therefore qualifies as a predicate offence to money laundering.



MROS analysis

MROS' enquiries in publicly available sources revealed adverse information about X and some of their managers and shareholders. There was further information on a case involving V.A.T. fraud, for which a subsidiary company of X had been fined approximately CHF 60 million by the authorities of Y. MROS also discovered that some of X's managers and shareholders were involved in a corruption case, in which they had bribed officials of country Y to expedite proceedings on the refund of tax payments.

A transactional analysis by MROS confirmed the financial intermediary's doubts. The analysis showed that the accounts opened by the companies were transitory accounts. MROS suspected that the domicile companies were being used as a transit platform to hide the money flow between the operative companies in Y and the overseas clients. The financial intermediary suspected that goods were being invoiced from one foreign country to another in order to hide the revenues earned outside the country of origin of the goods from the tax authorities of Y.

In view of the many suspicious facts, MROS referred the case to the relevant criminal prosecution authority for a detailed assessment.

3.2.14 Cryptocurrency ICO

Facts of the case

Independently of each other, two financial intermediaries reported their respective business relationships with a company and other natural persons and legal entities associated with the company, which had conducted an initial coin offering (the first-time issue of a cryptocurrency) a short time before. The company was alleged to have issued tokens in a bond-like form. There had also been disputes and mutual recriminations among the company's management. Among those allegations, the company was accused of having generated more tokens than it had initially announced prior to the ICO. This allegedly resulted in the dilution of the cryptocurrency. Furthermore, the residual tokens had apparently been sold and the proceeds laundered via cryptocurrency exchanges.

MROS analysis

MROS' enquiries revealed that the protagonists involved had no criminal records in connection with offences related to money laundering. A transactional analysis showed that there was a plausible explanation for the whereabouts of around half of the proceeds generated by the ICO. Data on the website [coinmarketcap.com](https://www.coinmarketcap.com) confirmed, that more tokens than initially announced had been issued. Among other information, this website shows how many tokens of a given cryptocurrency are in circulation. However, MROS was not able to establish who, within the company's management, was responsible for generating and issuing the additional tokens. A further suspicious element was that one of the reported company accounts had been regularly used for transactions thought to be of personal nature for instance expenditures in restaurants, hotels, supermarkets, swimming pools, clubs and bars, and other outlets. Based on the available information, MROS concluded that a number of different criminal offences might have been committed in this case, specifically fraud as defined in Article 146 SCC, criminal mismanagement as defined in Article 158 SCC, and/or misappropriation of funds as defined in Article 138 SCC. The SAR was referred to a cantonal public prosecutor's office.

3.2.15 Arms trafficking and commission for a private individual**Facts of the case**

A financial intermediary noticed that a number of credit payments into a Swiss account held by an domiciliary company had not been adequately justified. They also noticed that payment orders had been received but not on behalf of the contracting party. When the financial intermediary asked their client about the background of this activity, the client supplied a new payment slip, which was identical to the first but with the contracting party amended.

A detailed transactional analysis of the account by the financial intermediary revealed that a number of payments had been made to a firm, which was suspected of acting as a shell compa-

ny for an internationally renowned arms dealer. A further company was suspected of supplying weapons to a rebel group according to publicly available sources. For these two reasons, the financial intermediary submitted an initial SAR to MROS.

Shortly thereafter, in the course of further internal transactional analyses, the reporting financial intermediary came across another account held by a natural person who had also received a payment from the account of the aforementioned domiciliary company. The financial intermediary noted that the payment did not correspond with the information in the client's KYC and submitted a second SAR to MROS.

MROS analysis

An analysis of the individuals and companies involved in the SARs confirmed the picture described by the financial intermediary: the account in question had indeed been used to pay for arms components from companies that, according to publicly available sources, had been involved in trafficking arms to rebel groups. The client of the reported business relationship was the defence ministry of a state.

According to a contract enclosed with the SAR file, the company reported to MROS, had been contracted to procure ammunition and vehicles for a specified total amount.

However, the account movements showed that the total amount transferred by the defence ministry had not been used to procure ammunition and vehicles, and that a part of it had in fact been transferred to the account held by the natural person, which was subsequently reported to MROS by the financial intermediary. The file on the second reported account contained a contract according to which the individual would receive commission from the first company that was reported to MROS.

However, the documents on the first account reported to MROS did not contain any indication that the individual who was subsequently reported was involved in the contract between the domiciliary company and the defence ministry. This led MROS to suspect that there might be embezzlement or criminal mismanagement

at play, since a portion of the amount paid by the defence ministry had not been used for the purpose set out in the contract between the defence ministry and the domiciliary company, but had instead been paid to the said individual. Both SARs were forwarded to the relevant criminal prosecution authority.

3.2.16 Bank guarantee fraud

Facts of the case

During a clarification request relating to transactions carried out involving large sums, client X, a player in the luxury goods sector, explained to the reporting financial intermediary, that the sums related to fees he had paid to a law firm, which had defended him and certain members of his family. Further investigations led the reporting financial intermediary to note, that a number of press reports mentioned cases of fraud committed by X and a member of his family against several foreign banks. Firstly, X was reported to have fraudulently obtained bank guarantees from an Asian financial intermediary. These bank guarantees then allowed him to obtain loans from other foreign banks. The employees of the Asian bank in question had allegedly participated in the scam by offering the guarantees at the expense of their employer. The scam involved sums totalling almost two billion USD. X was also the subject of an international search warrant. In light of this, the reporting financial intermediary submitted a SAR to MROS. This SAR was soon followed by reports from other financial intermediaries concerning the same state of affairs and the same individuals.

MROS analysis

Carrying out a transactional analysis for the period in question was complicated due to the sheer volume of transactions and the client's large asset structure. However, the tools that MROS had at its disposal helped to establish that criminal proceedings were underway in X's country of origin, in particular relating to the events mentioned in the press. The suspicious activity reports were forwarded to the relevant public prosecutor, who proceeded to freeze the report-

ed assets, some tens of millions of US dollars. Under such circumstances, the public prosecutor may consider transmitting the information to the country concerned in accordance with Article 67a of the Federal Act on International Mutual Assistance in Criminal Matters.

3.2.17 Corruption in the commodities sector

Facts of the case

The account holder A, was a businessman working in the commodities sector. For many years he had been a senior executive of a multinational company B, operating in the commodities sector. Later, A was thought to be acting on behalf of a number of companies, but no longer for B. A informed the reporting financial intermediary that he was being investigated in his home country for suspected corruption relating to the affairs of company B in a third country. On discovering this information, the financial intermediary carried out further enquiries. Numerous newspaper articles on the investigations into the dealings of company B were published shortly afterwards, mentioning A. In light of this, the financial intermediary submitted a SAR to MROS.

MROS analysis

The press articles enclosed with the SAR provided an overview of the facts that caused A to be mentioned in the investigation launched in his home country. Through a network of offshore companies, A and other individuals linked to company B were allegedly controlling a company, W, which had been set up to receive mining concessions, obtained on highly favourable terms from third countries. Furthermore, these shares had purportedly been bought using a loan granted by a Swiss commodity trading company D, which incidentally had recently taken steps to buy the offshore companies controlling W. The sale of these shares was just one episode in a more complex operation to restructure concessions from third countries with the aim of unduly benefitting officials from the country in question on the one hand, and company B or several of its executives on the other. An analysis of the transactions revealed that most of the assets on the

reported account came from an account opened by A at a financial institution in a third-party financial centre. Client A submitted statements from this account to the financial intermediary, which enclosed them with the SAR. When examining these statements, MROS noticed among the remitters the name of a company, which had previously been linked to individuals working for company D. Other payments came from companies mentioned in publicly available sources in relation to the ongoing investigation

into company B by the authorities in A's home country. In light of this, MROS concluded that the payments into the reported account may be the proceeds of the offences, which A was being investigated in his home country for. Consequently, the SAR was forwarded to the public prosecutor in the canton where the reported account had been opened and where company D was headquartered. The public prosecutor in this canton then initiated proceedings.

4. MROS' code of practice

4.1 Documentation requirements for SARs

In 2018, MROS received a number of SARs (under Article 2 letters a to d of the *Ordinance on the Money Laundering Reporting Office Switzerland* (MROSO)) from financial intermediaries, which only contained a summary of the factor/s leading to the SAR, with no in-depth analysis, and which did not fully meet the criteria specified in Article 3 of the MROSO. Note that Article 3 MROSO stipulates which information and documents must be attached to SARs.

In addition to a detailed list of the information and documents that must – without fail – be attached to SARs, financial intermediaries must supply documentary evidence of all points upon which their suspicions are based. Financial intermediaries do in fact have first-hand knowledge of their clients, and under Article 6 paragraphs 1 and 2 AMLA they are obliged to gather information on the subject, the aim and the economic background of their business relationships³. This gives them a considerable advantage when initial doubts about the business relationship are aroused. Their investigations based on Article 6 paragraph 2 AMLA predate the submission of a SAR to MROS, and the results of these investigations are attached to the SAR (Art. 3 para. 4 MROSO). The SAR sent to MROS must also meet the formal conditions laid down in Article 3 MROSO. The implications of this standard procedure are explained in the subsequent paragraphs:

Article 3 paragraph 1 MROSO lists the items that must be included in a SAR according to Article 2, letters a to d. As the wording of this paragraph infers (“SARs must indicate at least...”), the subsequent list (letters a to h) is not exhaustive.

In letters a to f, Article 3 MROSO lists a series of information/documentation that must – without fail – be enclosed to all SARs (information/documents relating to the financial intermediary completing the SAR, identification details of the client, the beneficial owner of the funds, authorised signatories, account balances, etc.).

According to Article 3 paragraph 1 letter g, SARs must also include “a description, as precise as possible, of the business relationship, including the numbers of the relevant accounts and the dates on which they were opened”.

Article 3 paragraph 1 letter h MROSO then states that SARs must include “a description, as precise as possible, of the suspicions, on which the SAR is based, including account statements and detailed supporting documentation showing the suspicious transactions, as well as any links to other business relationships”. Here too, the letter of the law (“including”) clearly indicates that the list citing “account statements” and “detailed supporting documentation” is not exhaustive. Pursuant to this provision, the financial intermediary is obliged to provide a description that is as precise as possible of the elements upon which their suspicions are based, and the documents that substantiate these suspicions.

There are different levels of, and reasons for suspicion: They may be aroused by transactions, negative information that is publicly accessible

³ THELESKLAF Daniel, GwG Art. 9, N 5, S. 112, in: THELESKLAF Daniel et al., GwG-Geldwäschereigesetz, Zurich 2019.

(articles in the press or other electronic media), information from prosecution authorities, third parties or from sources within the corporate group⁴.

If the suspicions have been aroused by dubious transactions, the financial intermediary must attach the “documents relating to the financial transactions and to the requisite investigations undertaken” under Article 6 paragraph 2 AMLA and Articles 15 and 16 AMLO-FINMA. In specific terms, this means the documents established under Article 7 AMLA relate to the investigations into transactions of, or persons related to business relationships, which have been identified as “risky”.

If financial intermediaries base their SAR on information obtained in the course of the fulfilment of their due diligence obligations under Article 6 paragraph 1 AMLA and Articles 15 and 16 AMLO-FINMA, they must attach to the SAR a copy of the documents containing this information as “supporting documentation”. These may be profiles of clients and/or business relationships (KYC – know your customer) or other documents containing information on the subject, the aim and the economic background of the business relationship.

Note also that the manner in which this information must be provided assumes the transmission of copies of the documents upon which the suspicions are founded.

Article 3 paragraph 1 letter h MROSO mentions the obligation to provide “a description that is as precise as possible of the suspicions on which the SAR is based, including account statements and detailed supporting documentation”. This implies that financial intermediaries must systematically enclose to the SAR a copy of the account statements and the detailed supporting documents showing the suspect transactions. Simply listing these transactions on the SAR form does not suffice.

Moreover, Article 3 paragraph 4 MROSO (“documents [...] supporting documentation...”) explicitly states that financial intermediaries cannot merely supply the information leading them to submit the SAR in this section, but must provide copies of the documents from which they have taken this information.

Article 3 paragraph 4 MROSO also states that the financial intermediary must attach “other supporting documentation” to the SAR. This other supporting documentation refers to other sources of suspicion, which might have justified the SAR’s submission. Without claiming to be exhaustive, the reporting form provided by MROS indicates what such documents might be under the heading “Annexes”: “printed copies of World Check data, newspaper or online media articles or other available documents”⁴.

The above considerations show that financial intermediaries must systematically enclose to their SARs copies of the documents on which their suspicions are based. If the SAR is based on information arising from investigations (Art. 6 para. 2 AMLA) or on information gathered while applying Article 6 paragraph 1 AMLA, the financial intermediary must supply the documents containing this information – for example, the KYC documents.

Depending on the circumstances, if SARs are submitted incompletely and consequently not accepted by MROS, financial intermediaries might not be released from their obligation to report.

To make it easier for financial intermediaries to provide the required information, MROS has introduced changes to the SAR forms. These updated forms, have been available on the fedpol website since March 2019 and financial intermediaries are requested to use these new forms when submitting SARs to MROS (Art. 3 para. 3 MROSO).

⁴ See the suspicious activity report forms published on the MROS website.

5. International scene

5.1 The Egmont Group

MROS is a member of the Egmont Group, a network of central intelligence units – also known as Financial Intelligence Units (FIUs) – which specialise in detecting and combating money laundering, its predicate offences and the financing of terrorism. The Egmont Group is a non-political, international forum of independent, operational FIUs. Its objectives are to:

- create the conditions necessary for a systematic and reciprocal international exchange of information;
- assist FIUs in improving their efficiency by expanding available training and encouraging knowledge transfer by means of staff exchange programs;
- ensure a high level of security within the scope of international information exchange between FIUs by using relevant technologies, such as stand-alone internet connections;
- promote operational independence of FIUs;
- support the establishment of centralised intelligence units.

The Egmont Group intersessional meeting was held in March 2018 and gathered heads of FIUs, the Egmont Committee and various working groups. During the event, the former head of MROS was elected as Chair of the *Membership, Support and Compliance Working Group* (MSCWG). MROS is also part of the *External Relations and Communications Reference Group*. The Egmont Committee convened in August 2018, ahead of the 25th Egmont Group *Plenary Ses-*

sion, which took place in September 2018. The French-speaking FIUs held their annual two-day gathering earlier in September to prepare for the Plenary. In addition to attending all latter meetings, MROS regularly participated in the *Policy and Procedures Working Group*.

During these meetings, members of the Egmont Group recognised and discussed the unique role of FIUs in addressing the money laundering of proceeds of corruption. It was acknowledged – among other factors – that the FIU's operational independence and autonomy contribute decisively to an FIU's effectiveness in fighting corruption. The newly established *Egmont Centre of FIU Excellence and Leadership* (ECOFEL) subsequently drafted a paper on FIU Operational Independence and Autonomy to promote understanding of this important element. The paper was published in October 2018.

Other focal points of 2018 include the endorsement of the new strategic plan for the Egmont Group 2018–2021, which focuses on enhancing bilateral and multilateral exchange of financial information between FIUs as well as increasing the competence of FIUs through traditional and non-traditional partnerships. The Egmont Group recognises the importance of the role played by Public-Private Partnerships (PPPs) in the fight against money laundering and the financing of terrorism. PPPs should be based on mutual trust and add value to all partners, for example by improving the quality of Suspicious Activity Reports or providing a flexible and quick response to money laundering and terrorism financing threats.

In October 2018, the FIUs of Benin, the Republic of the Congo, and Zambia were welcomed as new members of the Egmont Group, bringing the total number of jurisdictions to 159. MROS has been a member of the Egmont Group since its establishment in 1998. According to the 2012 revision of the Financial Action Task Force (FATF) recommendations, membership of the Egmont Group is a crucial factor in establishing a well-functioning system to combat money laundering and terrorism financing (AML/CFT). MROS is convinced that direct contact and exchange with its foreign counterparts is decisive to its mandate.

As members, FIUs must comply with the Egmont Group Charter and the principles for the exchange of information between FIUs when dealing with money laundering and terrorism financing cases.

5.2 About the FATF

FATF is an inter-governmental body established by the G7 at a summit in Paris in July 1989. As the leading international body to fight money laundering and the financing of terrorism, it defines international standards for fighting these crimes and verifies member country compliance with these standards through regular reviews. The reviews and individual country rankings are published in a corresponding report.

In February 2012, the FATF published the latest version of its recommendations. The recommendations establish a complete and coherent framework of measures that member states must implement in order to combat money laundering and the financing of terrorism. For the current fourth round of mutual evaluations, the FATF is testing both the level of technical compliance and the recently introduced criteria of effectiveness.

As part of these evaluations, the FATF produces two public documents assessing the level of compliance of certain non-member countries. The first document, the FATF's "Public Statement" identifies high-risk jurisdictions perceived to be

uncooperative and where money laundering and the financing of terrorism are rife: the legislation and measures of these countries do not comply with the FATF's international standards. The second public document, "Improving Global AML/CFT Compliance: On-going Process", identifies jurisdictions with strategic AML/CFT deficiencies that have however provided a high-level of political commitment to address the deficiencies through implementation of an action plan developed with the FATF.

As part of the Swiss delegation to the FATF, MROS participates in the meetings of the *Risks, Trends and Methods Group* (RTMG). The aim of the RTMG is to study specific cases in an effort to identify and analyse recurring patterns and features associated with money laundering and the financing of terrorism in order to tackle these phenomena more effectively. In addition, MROS takes part in the meetings of the *Policy Development Group* (PDG), which monitors and ensures consistency in the mutual country review process and the subsequent measures (follow-up process). Other working groups include the *International Cooperation Review Group* (ICRG) and the *Global Network Coordination Group* (GNCG).

The terrorist attacks of the last few years continue to influence the work of the FATF. At its plenary meetings, the FATF publishes its latest findings on the financing of terrorism by and of Islamic State and Al Qaeda, and makes this information available to the delegations. In 2018, it published reports on tracking financial flows from human trafficking and migrant smuggling and on professional money laundering networks. In July 2018 it published a paper on "Concealment of Beneficial Ownership", which contains over 100 case studies showing how criminals attempt to conceal beneficial ownership of companies or structures. MROS actively contributed to the latter report and is also involved in compiling reports on virtual currencies and how they are misused to launder money and finance terrorism.

6 Links

6.1 Switzerland

6.1.1 MROS

www.fedpol.admin.ch

Federal Office of Police fedpol

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

Money Laundering Reporting Office MROS

<https://www.fedpol.admin.ch/fedpol/en/home/kriminalitaet/geldwaescherei/meldung/meldformular.html>

Reporting form

6.1.2 Supervisory authority

www.finma.ch

Swiss Financial Market Supervisory Authority
FINMA

www.esbk.admin.ch

Federal Gaming Commission

6.1.3 National Associations and organisations

www.swissbanking.org

Swiss Bankers Association

www.abps.ch

Swiss Private Bankers Association

www.foreignbanks.ch

Association of Foreign Banks in Switzerland

www.svv.ch

Swiss Insurance Association

6.1.4 Self-regulatory organisations

www.arif.ch

Association Romande des Intermédiaires
Financiers (ARIF)

www.oadfct.ch

OAD Fiduciari del Cantone Ticino (FCT)

www.oarg.ch

Organisme d'Autorégulation des Gérants de
Patrimoine (OARG)

www.polyreg.ch

PolyReg General Self-regulatory Association

www.sro-sav-snv.ch

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

www.leasingverband.ch

SRO Schweizerischer Leasingverband /
Association of Swiss Leasing Companies (SLV)

www.sro-treuhandswisse.ch

SRO Schweizerischer Treuhänderverband (STV)

www.vsv-asg.ch

Swiss Association of Asset Managers (SAAM)

www.vqf.ch

Verein zur Qualitätssicherung von
Finanzdienstleistungen (VQF)

www.sro-svv.ch

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

www.sfama.ch

Swiss Funds & Asset Management Association (SFAMA)

www.svg.org

Swiss Association of Investment Companies (SAIC)

6.1.5 Further links

www.ezv.admin.ch

Federal Customs Administration

www.snb.ch

Swiss National Bank

www.bundesanwaltschaft.ch

Office of the Attorney General of Switzerland

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

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

www.bstger.ch

Federal Criminal Court

6.2 International

6.2.1 Foreign FIUs

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

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

6.2.2 International organisations

www.fatf-gafi.org

Financial Action Task Force on Money Laundering

www.unodc.org

United Nations Office on Drugs and Crime

www.egmontgroup.org

Egmont Group

www.cfatf-gafic.org

Caribbean Financial Action Task Force

6.2.3 Further links

www.worldbank.org

World Bank

www.bis.org

Bank for International Settlements

www.interpol.int

Interpol

www.europa.eu

European Union

www.coe.int

Council of Europe

www.ecb.europa.eu

European Central Bank

www.europol.europa.eu

Europol

www.fincen.gov/

Financial Crimes Enforcement Network, USA

www.fbi.gov

FBI-Federal Bureau of Investigation, USA

https://www.zoll.de/DE/Fachthemen/FIU/fiu_node.html

FIU Germany

