



FINANCIAL INTELLIGENCE UNIT
OF THE PRINCIPALITY OF LIECHTENSTEIN

Annual Report 2013

Financial Intelligence Unit
of the Principality of Liechtenstein

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To know a thing well,
one must first have doubted it.

attributed to Aristotle, Greek philosopher

I. Foreword

Dear Readers,
Dear Colleagues,

2013 was a demanding year for the Financial Intelligence Unit (FIU). Entrusted with the leadership of the Working Group against Proliferation, Terrorist Financing, and Money Laundering (PROTEGE), we were responsible in this function for coordinating and steering the country assessment by the International Monetary Fund. The result of this assessment will be made available at the end of spring 2014. Already now, it can be said that the process was very detailed and resource-intensive. The legal bases in Liechtenstein are largely compliant with the global standards to combat money laundering and terrorist financing. The challenge lies in bringing proof that the measures taken are also implemented effectively. High demands are made in this regard on all countries, including Liechtenstein.

The PROTEGE working group was entrusted with another important task: implementation of the new FATF standard, which entered into effect in spring 2012. The focus is on expanding the catalogue of predicate offences to include serious tax offences (direct and indirect taxes). A sub-working-group was appointed for this purpose under the leadership of the Tax Administration, which considered various options during the reporting year. We also began the process of establishing a National Risk Assessment. On the basis of this analysis, we will henceforth be in an even better position to design measures to combat these forms of crime using a risk-based approach. An international meeting of experts took place for this purpose in autumn 2013 in Malbun, dealing with the needs of international financial centres when elaborating National Risk Assessments.

In terms of content, the year 2013 – like the previous year – was marked by continuity. The number of submitted suspicious activity reports (SARs) and other reports continued to be high. Detailed information is available in the statistics part of this report. While the number of SARs declined slightly, the number of reports under the Law on the Enforcement of International Sanctions (International Sanctions Act, ISA) increased somewhat.

The FIU has issued an instruction explaining the practice of the FIU and offering persons subject to due diligence help when submitting SARs. In this connection, the forms were also revised and a new website was launched containing all relevant information (www.fiu.li).

By its nature, the work of the FIU has a strong international orientation. This reflects the orientation of the financial centre. Thanks to our chairmanship of one of the five permanent working groups of the Egmont Group and our vice-chairmanship of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), we are in a good position in this regard. In 2013, the FIU was also able to conclude two additional memoranda of understanding with the Republic of South Africa and Japan.

On 1 January 2013, Michael Schöb began his service as the Deputy Director of the FIU and Head of the Operational Analysis Department.

This year once again, the surpassing efforts and professionalism of my staff were the foundation for our success. I would like to express my special thanks to them.

Daniel Thelesklaf
Director of the FIU

II. Activities of the FIU

6 | 1. Introduction

The website www.fiu.li contains information on the work of the FIU, the legal bases, forms, and the instruction on the submission of SARs, reports, and applications. The instruction serves as an interpretation aid for persons subject to due diligence and, in addition to presenting the most important legal bases, includes an illustration of practical aspects and references to the applicable standards.

2. Legal bases

2.1. Overview

The powers and responsibilities of the FIU are primarily set out in the Law on the Financial Intelligence Unit (FIU Act).¹ According to article 3 of the FIU Act, the FIU is the central administrative office for obtaining and analysing information necessary to detect money laundering, predicate offences of money laundering, organized crime, and terrorist financing. The powers and responsibilities are specified in articles 4 and 5 of the FIU Act.

The focus of daily work is on the receipt, evaluation, and analysis of reports submitted in accordance with article 17(1) of the Due Diligence Act (DDA)² in cases of suspicion of money laundering, a predicate offence of money laundering, organized crime, or terrorist financing. If the suspicion is substantiated on the basis of the analysis conducted, the FIU forwards the SAR together with the analysis report to the Office of the Public Prosecutor. The FIU is also authorized to obtain information itself from publicly available and non-publicly available sources.

According to the Market Abuse Act (MAA)³ the FIU is also responsible for receiving, evaluating, and analysing reports under article 6(1) MAA if there is suspicion that a transaction using financial instruments might constitute insider dealing or market manipulation (market abuse). If the suspicion of market abuse is well-founded, the FIU forwards the report to the Financial Market Authority (FMA).

Within the framework of the special ordinances on the Law on the Enforcement of International Sanctions (International Sanctions Act, ISA),⁴ the FIU also carries out various enforcement functions such as receiving reports and enforcing asset freezes.

¹ Law of 14 March 2002 on the Financial Intelligence Unit (FIU Act; LR 952.2).

² Law of 26 November 2004 on Due Diligence in Financial Transactions and Law of 11 December 2008 on Professional Due Diligence to Combat Money Laundering, Organized Crime, and Terrorist Financing (Due Diligence Act; DDA; LR 952.1).

³ Law of 24 November 2006 against Market Abuse in the Trading of Financial Instruments (Market Abuse Act; MAA; LR 954.3).

⁴ Law of 10 December 2008 on the Enforcement of International Sanctions (International Sanctions Act, ISA; LR 946.21).

2.2. Submission of suspicious activity reports

According to article 17(1) DDA, persons subject to due diligence must immediately report in writing to the FIU where suspicion of money laundering, a predicate offence of money laundering, organized crime, or terrorist financing exists. Likewise, all offices of the National Administration and the FMA are subject to the obligation to report to the FIU.

Right of the FIU to receive information

According to article 5 of the FIU Act, the FIU obtains information necessary to detect money laundering, predicate offences of money laundering, organized crime, and terrorist financing. Due diligence legislation further specifies these powers vis-à-vis persons subject to due diligence: Article 26(2) of the Due Diligence Ordinance sets out that the FIU may demand further information. All additional information may be demanded in this regard concerning persons or fact patterns connected with the SAR submitted; in particular also when the suspicion of the person subject to due diligence does not refer to those persons. During the reporting year, this provision was further specified by the Government to mean that the right to receive information also may be directed at persons subject to due diligence who have not themselves submitted a SAR.

Any professional secrecy does not defeat the right of the FIU to receive information, since the reporting obligations are special obligations that take precedence over professional secrecy. The exclusion of criminal and civil liability under article 19 DDA refers in this regard to all information transmitted in the context of the report, irrespective of whether the information was originally transmitted to the FIU or on the FIU's request.

Forwarding of SARs to the Office of the Public Prosecutor

According to article 5(1)(b) of the FIU Act, the FIU forwards SARs submitted pursuant to article 17(1) DDA to the Office of the Public Prosecutor if the analysis conducted by the FIU substantiates the suspicion of money laundering, predicate offences of money laundering, organized crime, or terrorist financing. This measure was taken in 62% (previous year: 60%) of the SARs submitted under the DDA.

Forwarding of a SAR to the Office of the Public Prosecutor is only one of the measures available in a specific case. Apart from that, the FIU may also further analyse the fact pattern and make additional clarifications. The SAR need not necessarily be forwarded before expiry of the 5-day period under article 18(2) DDA, but may also be forwarded at a later time. The person subject to due diligence submitting the SAR is informed when the SAR is forwarded. Otherwise, no report is made.

If the SAR is not forwarded, this does not necessarily mean that the suspicion no longer exists or that it has been eliminated. The SAR may also be forwarded at a later time. If, for instance, the Court of Justice does not impose a measure before the 5-day period under article 18(2) DDA expires, the person subject to due diligence is generally no longer prohibited from taking actions that might obstruct or interfere with orders under § 97a of the Code of Criminal Procedure.

2.3. Enforcement of international sanctions

Pursuant to article 1(1) in conjunction with article 2 of the International Sanctions Act (ISA), the Government may enact coercive measures in the form of ordinances to enforce international sanctions adopted by the United Nations or an important trading partner of the Principality of Liechtenstein.

These ordinances generally grant the FIU the power to receive reports of frozen assets and economic resources. The FIU is the enforcement authority for coercive measures and reviews requests for exemptions before forwarding them to the Government for a decision.

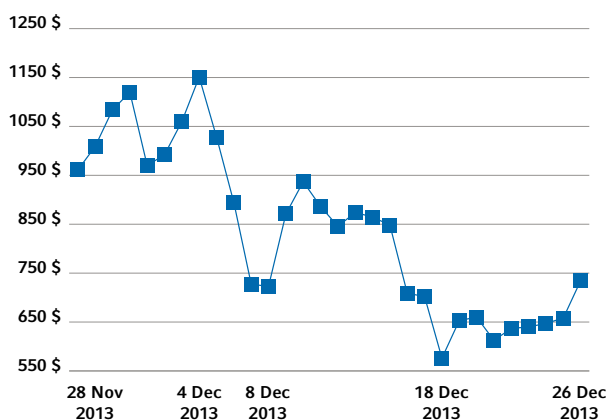
As in previous reporting years, most reports and requests during the reporting year were again pursuant to the Ordinance on Measures against the Islamic Republic of Iran. Requests for approval are reviewed by the FIU and forwarded to the Government with a recommendation. The Government grants approval if the money transfer does not violate the ordinance or the goods control or war material legislation.

3. Future developments

Virtual currencies (e.g. Bitcoin)

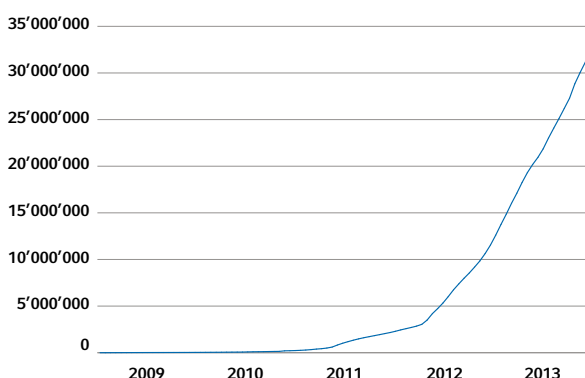
Bitcoin (abbreviated BTC) is a virtual currency. It consists of calculated and encrypted blocks of data. The name is an artificial word made up of "bit" (smallest unit of memory in a computer) and "coin". The inventor is said to be an Internet user with the pseudonym "Satoshi Nakamoto" who presented the concept in 2008. The BTC network was then developed at the beginning of 2009. A maximum of 21 million bitcoins can be generated. A bitcoin is divisible up to eight decimal places. At the end of 2013, an estimated 12 million bitcoins were in circulation. The price of a bitcoin fluctuates strongly. The following graph shows an example in 2013:

Price fluctuation



In order for bitcoin to be used, a virtual bitcoin "wallet" must first be installed on the user's personal computer. In principle, an arbitrary number of wallets can be created. Wallets do not allow inferences to be drawn about personal data regarding the identity of the user, the computer, or the Internet connection used. This means the wallet is anonymous and is created on a random basis. However, it must be noted that all other bitcoin users may view all transactions undertaken by every other user. Bitcoins can be created using computers. This is called "mining". Mining is accomplished using complicated formulas requiring a lot of computer power. A normal home computer takes several months to mine just a few bitcoins. This is the reason why numerous computer systems are linked together using the Internet, making it possible to create bitcoins in just a short time. In principle, it is not worthwhile for an individual computer user to mine bitcoins. The electricity costs are higher than the value of the bitcoins created. For this reason, goods or services are generally offered in return for bitcoins. It is also possible to exchange real currencies for bitcoins. The following graph shows how the total number of transactions between January 2009 and January 2014 developed:

Total number of transactions



In January 2009, one transaction was performed. In May 2012, there were already about 3 million transactions. From that point on, the number of transactions exploded, reaching a total number of about 33 million in January 2014.

In bitcoin trading, all persons with wallets can send any other person or themselves bitcoins – worldwide and independently of trading hours. Bitcoins can thus be moved anonymously from one place to another. Payments with bitcoins cannot be reversed. This is an advantage for sellers trading over the Internet. It also means that reimbursements are not possible for fraudulent purchases. Traders do not have to know each other or trust each other. The number of merchants worldwide is rising rapidly, and bitcoin ATMs already exist. Several auction platforms permit payment with bitcoins. Bitcoins are also bought by private traders with cash. Cash is then transferred using DHL packages, for instance.

As the situation described above shows, there is potential for abuse. It is possible to circumvent classic regulations; banks are superfluous when transferring assets; major worldwide transactions can be split up into a very large number of small transactions; and it becomes enormously difficult to assign transactions to individuals.

Bitcoins are therefore the “ideal” means of payment for abuse by criminal individuals and organizations. As the bitcoin trading volume increases, new merchants and issuers may arise. User friendliness may also increase. There is then a risk that criminal organizations will increasingly make use of the various possibilities, and the responsible authorities will have to prepare themselves for complex proceedings.⁵

4. International cooperation

4.1. Forms of cooperation

The FIU can work together with other FIUs by, for instance, requesting them to provide information or transmit documents necessary for the analysis of a case. It grants requests to this effect from abroad if the conditions set out in article 7(2) of the FIU Act are met. Exchange of information is governed by national legislation and the Principles of Information Exchange of the Egmont Group of Financial Intelligence Units.

International cooperation is not limited to case-specific exchange of information, however, but rather also encompasses a general exchange of information and participation in international working groups and organizations, such as expert work for the International Monetary Fund, the World Bank, and the United Nations. During the reporting year, the FIU was also represented at the second Arab Asset Recovery Forum initiated by the G8 (chairmanship: UK) and at the international forum on asset recovery (Lausanne VII) organized by the Swiss Federal Department of Foreign Affairs (FDFA). The FIU was also appointed by the Government as the national asset recovery focal point for the United Nations Office for Drugs and Crime (UNODC).

4.2. Egmont Group

The FIU has been a member of the Egmont Group of Financial Intelligence Units since 12 June 2001. This group is the worldwide gathering of national financial intelligence units, currently with a membership of 139. It governs and promotes mutual exchange of information at the international level and plays an important role in combating money laundering and terrorist financing. The FIU takes a lead role in some of the projects of the Egmont Group. The Director of the FIU chairs one of the five permanent working groups and accordingly has a seat on the executive committee of the Egmont Group.

At the bilateral level, the focus of the FIU has been on cooperation in concrete cases. To further consolidate and clearly regulate cooperation, 18 memoranda of understanding have been concluded in the past years. Further agreements with several G20 countries and other important international financial centres are in preparation.

4.3. Financial Action Task Force

The Financial Action Task Force (FATF) is an international working group with the mandate to analyse methods of money laundering and terrorist financing, to develop a worldwide standard to combat them, and to regularly monitor its member states with regard to implementation of these standards. The FATF is headquartered at the OECD in Paris, but is autonomous within the OECD. The FATF is composed of 34 member states (the OECD members and the largest financial centres) and two international organizations (the European Commission and the Gulf Cooperation Council).

The FATF has a procedure for identifying states that have not implemented the worldwide standard or have done so only insufficiently. This procedure leads to a cascade of named lists, with which countries are persuaded to bring about an improvement of the situation in dialogue with the FATF. If this does not occur, the FATF calls upon the member states (and other states) to take countermeasures. Currently, this call applies to Iran and North Korea.

⁵ In February 2014, the bitcoin exchange MtGox in Japan declared insolvency. Hackers are said to have stolen 850,000 bitcoins in the amount of approximately EUR 340 million from MtGox. The problems with the MtGox bitcoin exchange are generating calls for stricter regulation. The New York State Department of Financial Services (NYDFS) intends to push for controlled markets, and the EU is also considering steps. The foremost goal is to better protect users and combat money laundering.

The FIU also participates in an FATF working group dealing with risks, typologies, and methods of money laundering and terrorist financing (RTMG).

4.4. MONEYVAL

MONEYVAL is a committee of experts of the Council of Europe founded in 1997 to support the member states in their fight against money laundering and terrorist financing. MONEYVAL conducts a process of peer reviews. The goal of this process is to ensure that the member states' systems to combat money laundering and terrorist financing are effective and that they comply with the relevant international standards in this field (FATF, Council of Europe, and EU). The Director of the FIU heads Liechtenstein's MONEYVAL delegation. Pursuant to the transfer of the FATF presidency to the Russian Federation in 2013/2014 and the concomitant appointment of incumbent MONEYVAL chairman Vladimir Nechaev as FATF president, the position of MONEYVAL chairman became vacant. The incumbent vice-chairman Dr. Anton Bartolo (Malta) was then elected by the plenary meeting as the new chairman. The Director of the FIU was elected as vice-chairman for a term of 2 years.

The last country assessment of Liechtenstein, which the International Monetary Fund (IMF) conducted for MONEYVAL, took place in 2008. Numerous deficits identified at that time in Liechtenstein's implementation of the FATF recommendations were then remedied, especially in the context of implementation of the Third EU Money Laundering Directive. Other recommendations were still pending and were tackled during the revision of the Due Diligence Act, the Gambling Act, and the Code of Criminal Procedure in February 2013. The fourth round of MONEYVAL's country evaluation of Liechtenstein, which was again conducted by the IMF, began in June 2013 with a two-week visit by the evaluators, in which talks were held with all affected authorities and a large number of participants from the private sector. Four intensive negotiation rounds with the IMF then took place in succession before the end of the reporting year. The final report will be discussed and adopted at the spring plenary meeting in 2014.

4.5. EU/EEA

The FIU represents Liechtenstein in the FIU Platform of the EU/EEA member states. In this body, the FIU-relevant preparatory work for the Fourth EU Money Laundering Directive is discussed. Moreover, the Director of the FIU heads the Liechtenstein delegation to the meetings of the Expert Group of Money Laundering and Terrorist Financing (EGMLTF) of the EU/EEA member states.

A draft of the new EU directive was published in February 2013. Final adoption is expected in 2014. In this connection, adjustments to the legal bases in Liechtenstein will be necessary.

5. Typologies

The following case studies from the practice of the FIU are intended primarily to illustrate the interpretation of due diligence and reporting obligations and to give persons subject to due diligence additional indications of possible suspicious facts. To prevent inferences from being drawn regarding the involved persons, the cases have been anonymized and changed slightly. The fact patterns exhibit several indicators of money laundering, predicate offences of money laundering, organized crime, and terrorist financing as contained in the Annex of the Due Diligence Ordinance.

5.1. *Suspicious facts at the beginning of a business relationship*

A Liechtenstein bank was confronted with a new business idea by an existing client. The client was accompanied by a third party and explained that he would like to open additional accounts for new companies, whereupon another person from the Middle East was to pay in approximately EUR 10 billion with an intended use for "various projects". During these meetings, the client gave the bank a passport copy of the potential investor, but failed to provide a clear explanation of the origin of the funds or the precise intended use. The purpose of the companies to be established – "trade, purchase, corporate and financial services" – also did not manage to persuade the bank's client advisor of the business model.

The bank decided against taking up the business relationship and submitted a SAR to the FIU. The suspicious facts cited by the bank were the amount of the assets to be deposited, the unclear origin and use of the assets, indications in public sources of criminal dealings, and the disproportion between the amount of the transactions of the existing client and the transactions intended as part of the new business.

Subsequent clarifications by the FIU focused not only on the client newly introduced to the bank but also on all persons linked to the SAR. It was then discovered that a person was being sought internationally.

5.2. *Repeated change of strategy*

A Liechtenstein bank submitted a SAR to the FIU after an account that had existed at the bank for several years, more or less without being used, suddenly became very active again. The account was originally opened for depositing income of the client purportedly received through an employment relationship with a Swiss bank.

Based on a client e-mail, the client advisor noticed after several years that the client now apparently needed the account as a collective account for client assets, given that the client was now pursuing self-employed work according to information he provided. The bank informed

the client of the legal situation in Liechtenstein regarding pooling of assets and demanded new information in order to adjust the business profile. Shortly after this, a large amount was deposited on the account, which according to the client represented a loan repayment. The client wanted to immediately transfer that amount again after it was received, once the bank refused to pay it out in cash with reference to the guidelines of the Liechtenstein Bankers Association.

The analysis of the FIU then showed that criminal proceedings were apparently pending in another country against the bank client on suspicion of embezzlement to the detriment of the client's former employer and that the client's residence permit in that country had expired long before. The FIU then forwarded the case to the Liechtenstein Office of the Public Prosecutor.

5.3. *Inexplicable premium payment*

At the beginning of the year, a Liechtenstein insurance company had waived premiums for an insurance policy due to delinquent premium payments. Two months later, a payment of about EUR 5,000 was made for that policy. The payment originated with a foundation which, in the view of the insurance company, was not obviously linked to the policyholder who had until then paid the premiums on the policy. The insurance company then carried out special clarifications, which were however inconclusive. Research by the insurance accompany to gain information about the foundation and its links with the policyholder were fruitless because neither the intermediary nor the policyholder could be questioned in this regard, even though they were approached repeatedly by telephone, mail, and e-mail. While several meetings took place, they were unsatisfactory due to lack of competence, delay tactics, or lack of language skills. The insurance company then submitted a SAR because the suspicions could not be eliminated.

5.4. *Small cog in the big machine*

A Liechtenstein professional trustee submitted a SAR after having the suspicion that one of his clients could be linked to possible VAT fraud. For this client, the professional trustee maintained a company that had accounts at various Liechtenstein banks. On one of these accounts, extensive trading took place with goods throughout all of Europe, but the bank was not informed of the background of these activities. According to the information made available to the bank, the bank could assume that the company itself was involved in trading and not – as it later turned out – that it served as a platform for transactions between third parties. In fact, various companies bought and sold goods in Europe via the company administered by the professional trustee. Shortly after the professional trustee, the involved banks likewise submitted SARs. Clarifications by the FIU in cooperation with other authorities showed that the construction could be used

to launder money from VAT fraud in Liechtenstein. The alleged acts of VAT fraud took place by exploiting the free movement of goods among member states of the European Union and to the detriment of their tax authorities. The construction in Liechtenstein apparently served to further conceal the origin of the assets. This example shows that specific technical knowledge about criminal machinations can improve compliance with due diligence obligations.

5.5. *Nigeria emails, advance payment fraud, and hacking attacks*

Last year, the FIU repeatedly discovered that widespread patterns of fraud continue to be very popular among scammers. Once again during the reporting year, numerous potential victims of fraud were addressees of "Nigeria e-mails". Individuals in Liechtenstein were addressed in a targeted manner using e-mail or letters and confronted with a supposedly positive surprise. The sender informs the addressees that, after a long search, they have been identified as the last indirect descendants of a person who had died some time ago or even just recently. The supposed inheritance in a fantastic amount is just waiting – or so it would appear – to be paid out to that descendent. The letters are often characterized by poor language skills (English, but also German is used), although it has been observed that this identifying feature is becoming increasingly less important. After the potential victim of fraud responds, an attempt is generally made to induce that person to transfer an amount of several thousand francs supposedly necessary to settle administrative costs before the inheritance can be transferred. The FIU urgently recommends that recipients ignore such letters.

Fraudulent triggering of bank transactions by using falsified payment orders has also increased. These cases target clients who have arranged for their bank to make payments on the basis of client e-mails. In these cases, hackers target the e-mail account of the victim and spy on it in order to send the bank a payment order that looks as authentic as possible and resembles the usual transaction pattern of the client. Often, a copied signature of the victim is used that could be found in e-mail correspondence.

III. Statistics

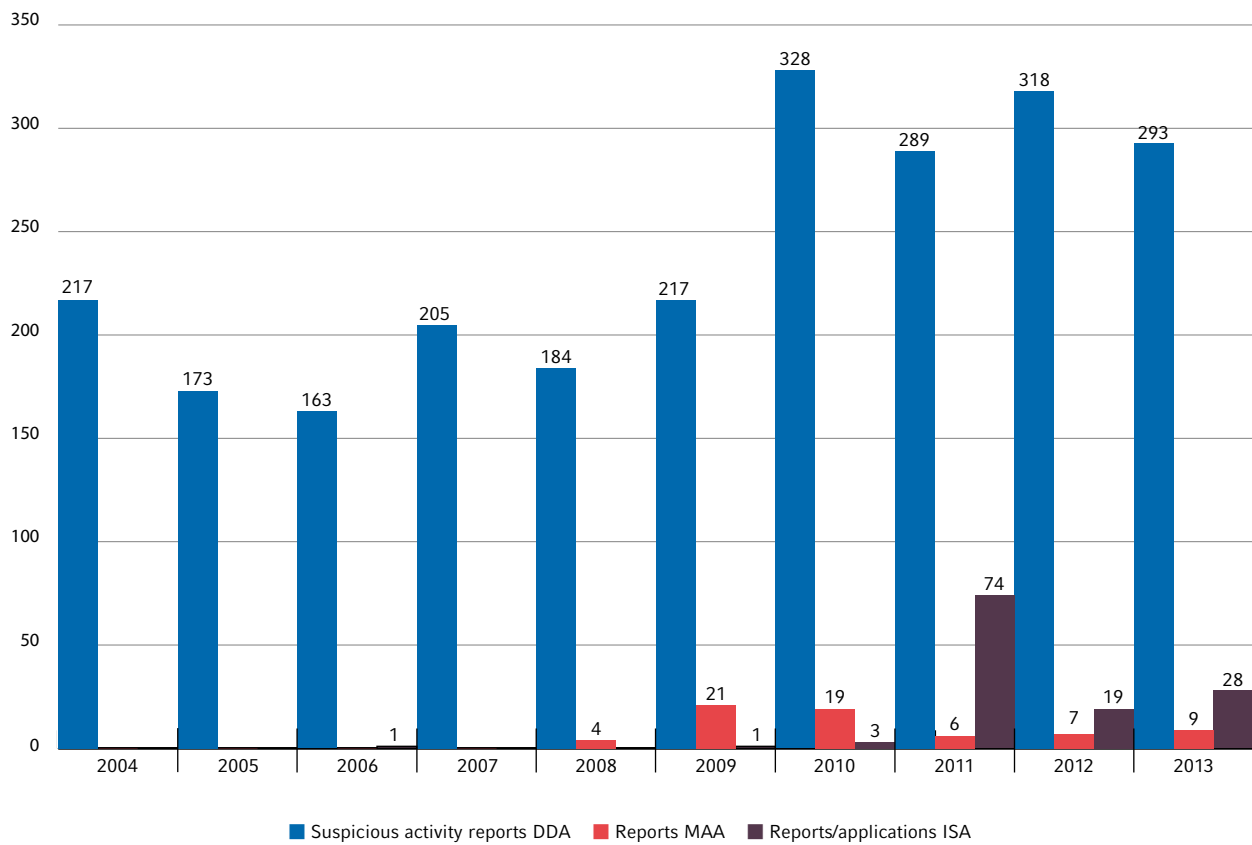
1. Overall view

During the reporting year 2013, which corresponds to the calendar year, a total of 330 SARs, reports, and applications were submitted to the FIU under the DDA, the MAA, and the ISA. This sum corresponds roughly to the figures from the two previous years and is higher than the average of the last 10 years. While SARs under the DDA declined slightly since the previous year, the number of

reports and applications under the ISA and the MAA increased.

In 2013, the FIU received a total of 293 SARs under the DDA (8.5% fewer than the previous year). This decrease to the level of 2011 is within range of the fluctuations of the last few years.

All SARs, reports, and applications for approval



2. Suspicious activity reports under the DDA

This heading covers the SARs submitted to the FIU by persons subject to due diligence pursuant to article 17 DDA in the case of suspicion of money laundering, a predicate offence of money laundering, organized crime, or terrorist financing.

2.1. Evaluation by sector

The SARs pursuant to the DDA received by the FIU in the years 2011 to 2013 came from the following sectors:

Sector	2011	2012	2013
Banks	126	199	185
Professional trustees	67	76	51
Payment service providers (PSPs)	n/a	n/a	21
Insurances/insurance intermediaries	37	29	16
Public authorities	21	3	10
Lawyers	5	2	7
Asset management	1	3	1
Dealers in goods	1	1	1
Investment undertakings	0	0	1
Auditors/audit companies	31	5	0
Total:	289	318	293

The term “payment service provider” (PSP) covers every natural or legal person whose commercial activity includes the provision of money transfer services. In previous years, this figure was not reported separately.

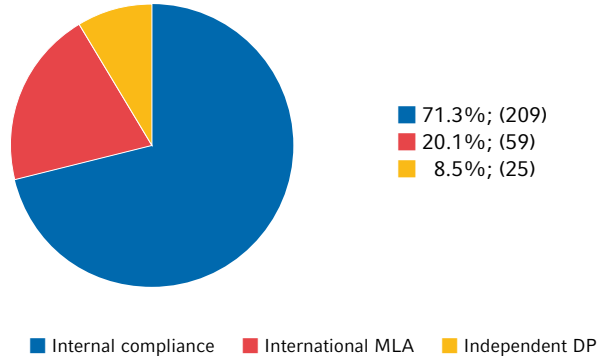
It is striking that the number of SARs submitted by auditors and audit companies has dropped to zero.

2.2. Reason for submitting a suspicious activity report

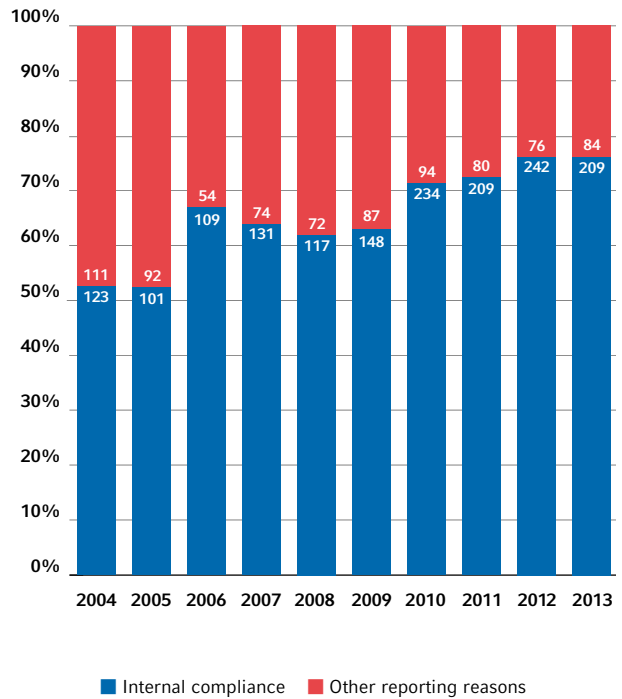
The SARs are classified according to whether they

- were submitted pursuant to own clarifications of unusual or conspicuous transactions (internal compliance),
- were submitted on the basis of knowledge gained by the person subject to due diligence pursuant to international requests for mutual legal assistance (MLA), or
- originated in independent domestic proceedings (DP).

Reasons for submission

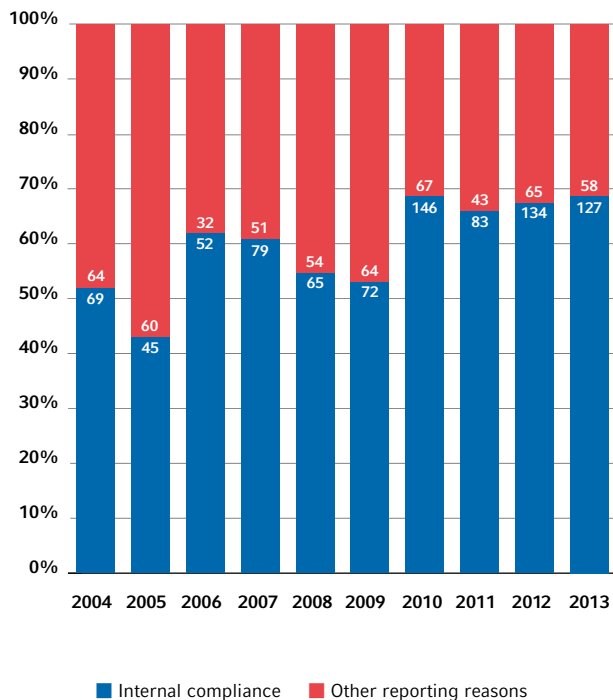


Reason for submission pursuant to internal compliance



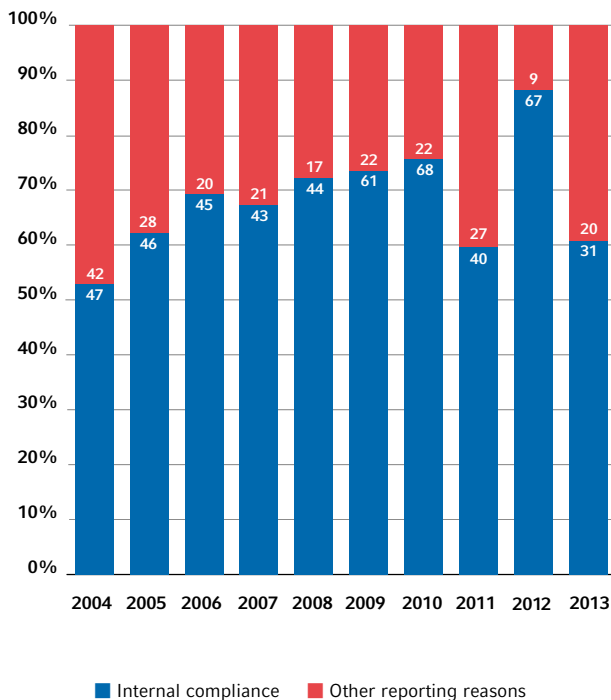
The share of SARs submitted pursuant to internal compliance is an important indicator of the effective implementation of the provisions for combating money laundering and terrorist financing. It must be pointed out, however, that the heading “internal compliance” also includes SARs submitted pursuant to newspaper reports or entries in commercial databases. The FIU believes these reasons for submission continue to make up the majority. In future, a more differentiated evaluation system will therefore be applied.

**Banks:
SARs pursuant to internal compliance**



Of the total of 185 SARs from the banking sector, 127 were pursuant to internal compliance. This ratio was maintained at a high level.

**Professional trustees:
SARs pursuant to internal compliance**



During the reporting year, 31 out of a total of 51 SARs from the professional trustee sector were pursuant to internal compliance, i.e., about 60%. This is a significant drop since the previous year.

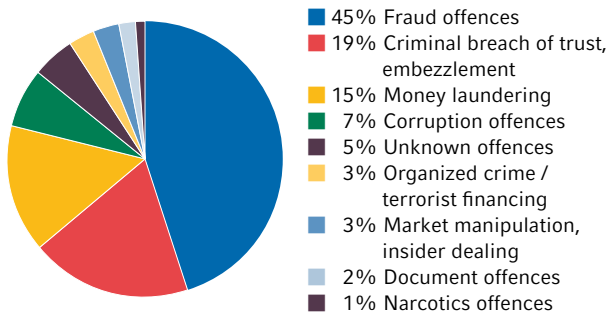
2.3. Statistics according to offence

These statistics provide information on the predicate offences (types, number, and places of commission) as well as on the nationalities (for natural persons) or domiciles (for legal persons) of the contracting parties of the persons subject to due diligence and of the beneficial owners of the assets.

Predicate offences

A predicate offence is the offence from which the assets originate or might originate. For the statistics, the predicate offences are relevant that are ascertained by the FIU’s analysis of the SARs pursuant to the DDA, even where these results are only preliminary. This assessment may change over the course of any criminal proceedings that might be conducted.

Predicate offences

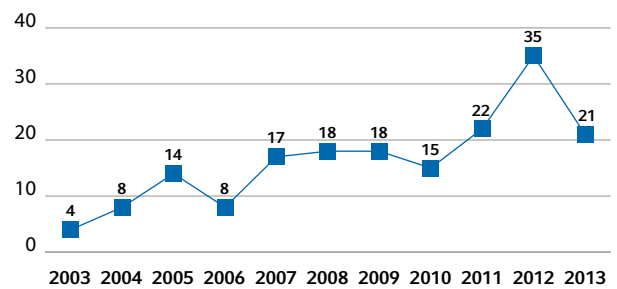


Corruption offences

In these statistics, corruption offences include bribery, acceptance of gifts by officials, and acceptance of gifts by leading employees of a public enterprise.

In the years 2003 to 2013, the FIU received a total of 180 SARs with a probable connection to corruption offences.

Corruption offences



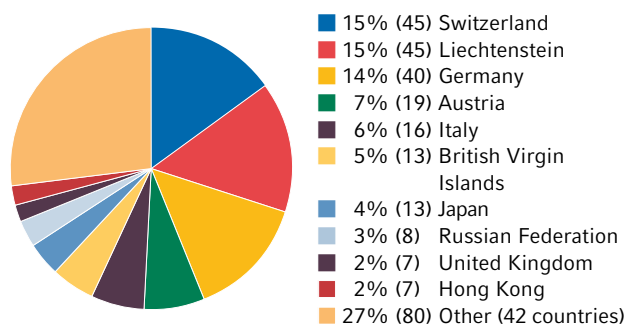
The number of SARs in connection with corruption offences has risen continuously over the years. Although the number fell again this year, it remains at a high level and is still significantly above the many-year average of slightly more than 16 SARs per year.

Of the 21 SARs submitted in the reporting year, 11 were pursuant to internal compliance, 7 pursuant to international mutual legal assistance, and 3 pursuant to independent domestic proceedings. 12 SARs were submitted by professional trustees, 8 by banks, and 1 by an insurer. There is nothing striking about the places where the predicate offences were committed.

Nationality/domicile of the contracting party

These statistics provide information on the nationality (for natural persons) or domicile (for legal persons) of the contracting party of the persons subject to due diligence indicated in the SARs.

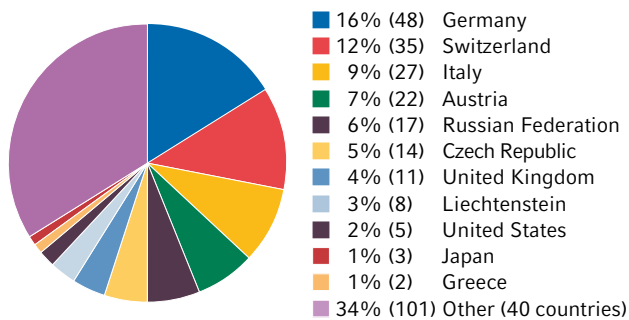
Nationalities/domiciles of contracting parties



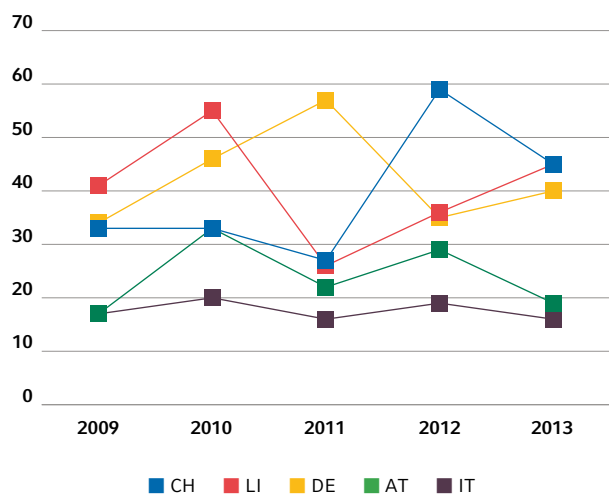
Nationality of the beneficial owners

These statistics provide information on the nationality of the beneficial owners indicated in the SARs.

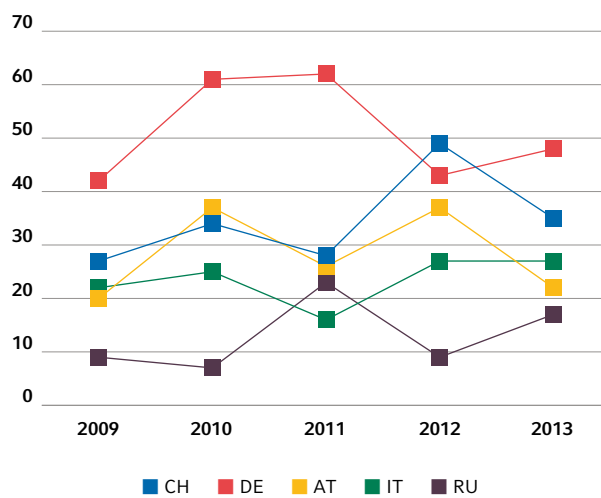
Nationalities of the beneficial owners



Nationalities/domiciles of contracting parties



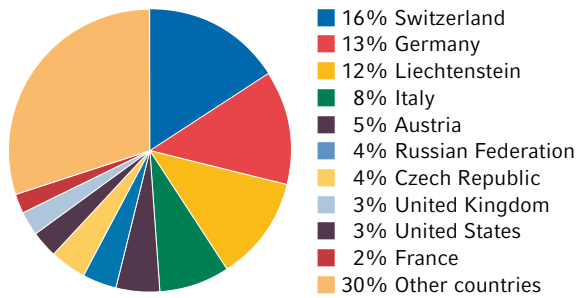
Nationalities of beneficial owners



Place of predicate offence

The following diagrams show in which countries the offences underlying the SARs were likely committed. The statistics rely on the FIU's preliminary analysis.

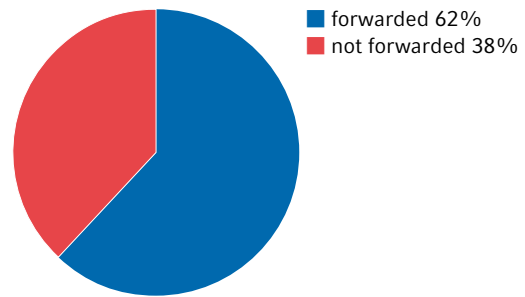
Countries in which the predicate offences were committed



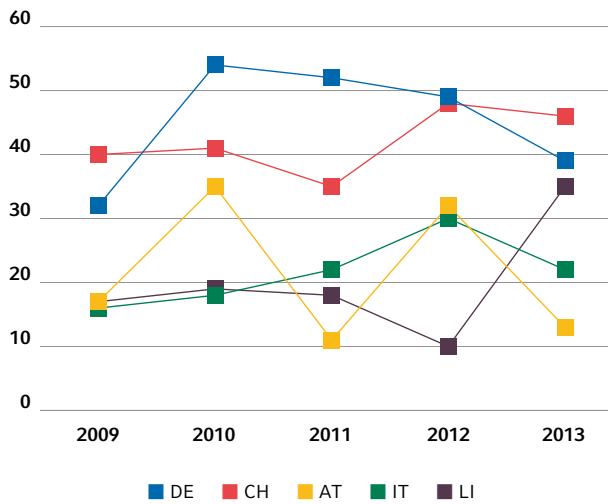
2.4. Forwarding of suspicious activity reports to the Office of the Public Prosecutor

If analysis leads to substantiation of a suspicion of money laundering, a predicate offence of money laundering, organized crime, or terrorist financing, the FIU forwards the SAR to the Office of the Public Prosecutor pursuant to article 5(1)(b) of the FIU Act.⁶

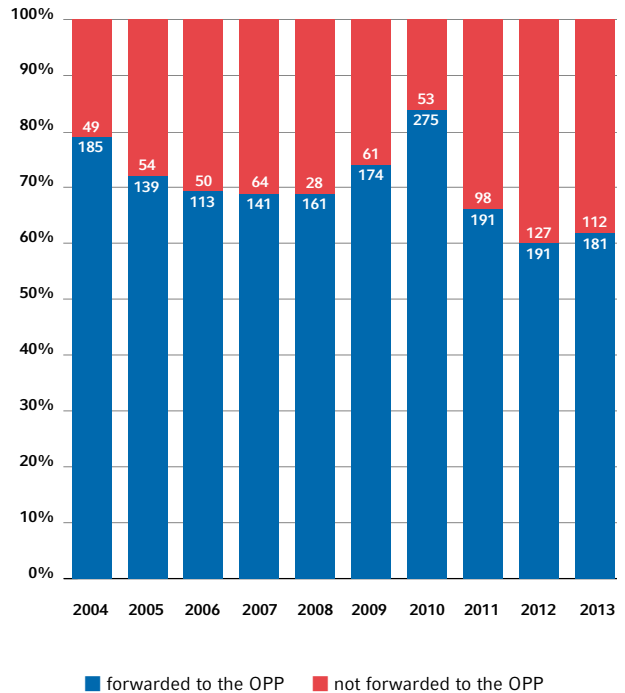
SARs forwarded to the OPP



Countries in which the predicate offences were committed



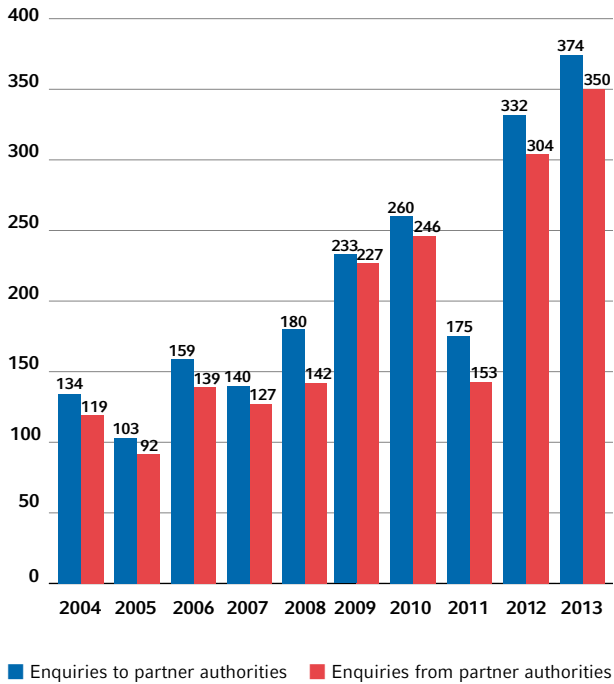
SARs forwarded to the OPP



Among the countries in which the predicate offences were committed, it is striking that there has been a strong increase in Liechtenstein from 10 to 35. This increase is due to the fact that of the total of 21 SARs received in the PSP (payment service provider) sector, 17 referred to Liechtenstein as the place of the offence. Otherwise, the level would be roughly the many-year average.

⁶ Law of 14 March 2002 on the Financial Intelligence Unit (FIU Act; LR 952.2).

Enquiries to and from foreign partner authorities

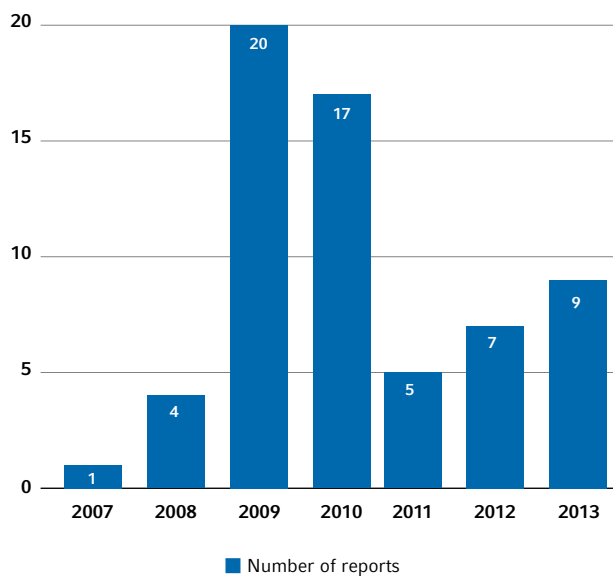


The rising trend of contacts with foreign partner authorities continues. Also in 2013, a rising number of enquiries were made by the FIU as well as addressed to the FIU. This shows that international cooperation in the detection of money laundering, predicate offences of money laundering, organized crime, and terrorist financing is becoming increasingly important.

3. Reports under the Market Abuse Act (MAA)

This heading covers the reports transmitted to the FIU pursuant to article 6 MAA, if there is a suspicion that a transaction with financial instruments might constitute market abuse. Persons with their registered office or a branch in Liechtenstein that carry out transactions with financial instruments on a professional basis are required to report to the FIU.

Number of reports under the MAA



The 9 reports submitted during the reporting year were again higher than last year's reporting volume. 7 of these were from the banking sector, 2 from the professional trustee sector. 6 reports were submitted pursuant to FMA administrative assistance proceedings and 3 pursuant to internal compliance.

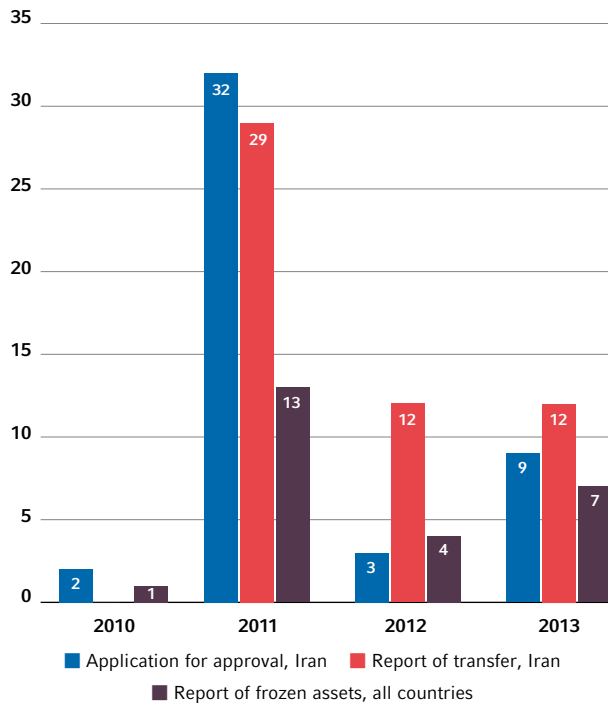
If there is justified suspicion of insider dealing or market manipulation, the report is forwarded to the Financial Market Authority pursuant to article 5(1)(h) of the FIU Act.

4. Approvals and reports under the International Sanctions Act (ISA)

This heading covers all reports and applications transmitted to the FIU pursuant to an ordinance on coercive measures. Persons with their residence, registered office, or a branch in Liechtenstein are required to report.

During the reporting year, 28 reports and applications for approval were received pursuant to the ordinances on enforcement of international sanctions in Liechtenstein. 21 of these concerned Iran.

Reports and applications under the ISA



In connection with reports and applications under the ISA, the FIU points out that a report must also be submitted under the ISA even if a SAR has already been submitted in the same connection under the DDA.

IV. Abbreviations

DDA	<i>Liechtenstein Law of 11 December 2008 on Professional Due Diligence to Combat Money Laundering, Organized Crime, and Terrorist Financing (Due Diligence Act)</i>
DP	<i>Domestic proceedings</i>
EEA	<i>European Economic Area; Liechtenstein became a full member of the EEA on 1 May 1995</i>
EU	<i>European Union</i>
FATF	<i>The Financial Action Task Force is an expert group established by the G7 and the European Commission in 1989 with the mandate to analyse methods of money laundering and to develop measures to combat it. It currently consists of 36 members, including 34 states and two international organizations (the European Commission and the Gulf Cooperation Council).</i>
FIU	<i>Financial Intelligence Unit (of the Principality of Liechtenstein)</i>
FIU Act	<i>Liechtenstein Law of 14 March 2002 on the Financial Intelligence Unit</i>
FMA	<i>Financial Market Authority Liechtenstein</i>
IMF	<i>International Monetary Fund</i>
ISA	<i>Liechtenstein Law of 10 December 2008 on the Enforcement of International Sanctions (International Sanctions Act)</i>
MAA	<i>Liechtenstein Law of 24 November 2006 against Market Abuse in the Trading of Financial Instruments (Market Abuse Act)</i>
MLA	<i>Mutual legal assistance</i>
MONEYVAL	<i>Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism</i>
OECD	<i>Organisation for Economic Co-operation and Development</i>
StPO	<i>Liechtenstein Code of Criminal Procedure of 18 October 1988</i>
UNODC	<i>United Nations Office On Drugs and Crime</i>

