INSTRUCTIONAL NOTES

ON

MAKING SUSPICIOUS TRANSACTION REPORTS

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1 General

1.1 Introduction

The Money Laundering and Terrorism (Prevention) Act, 2008, as amended, (the "Act") requires reporting of suspicious transactions by the individuals and entities described in section 2 of these instructional notes. If you are one of those listed, these instructional notes can help you meet your obligation to report suspicious transactions to the Financial Intelligence Unit of Belize ("FIU").

These instructional notes are meant to explain common reporting situations under the Act as well as the related Regulations. They are provided as general information only. These notes are not legal advice and are not intended to replace the Act or the Regulations.

A suspicious transaction is one for which there are reasonable grounds to suspect that the transaction is related to a money laundering offence or a terrorist financing offence. A suspicious transaction includes a transaction that was attempted. Throughout these instructional notes, any mention of a "transaction" includes one that is either completed or attempted as explained in subsection 3.2.

These instructional notes contain indicators of suspicious transactions (see sections 4, 7 and 8) that might be useful in helping you assess whether a transaction is suspicious and should be reported. It is not intended as a substitute for your own assessment, based on your knowledge and experience as well as the specific circumstances of the financial transaction.

Where an institution or individual knows or believes that money involved in a transaction or activity is the proceeds of crime, but continues with the transaction with the intention of reporting it and having a reasonable excuse for not doing so, no allegation can be made later that the intent was to assist the money launderer. Failure by financial institutions to comply with the law, that is, report suspicious transactions, may lead to prosecution. Furthermore, publicity in respect of assisting a money launderer may also irreparably damage personal and professional reputations.

With this in mind, it is essential to be vigilant to the possibility of money laundering, although, vigilance should not equate to paranoia. The law does not require anyone to play detective or presume all clients and prospective clients are money launderers unless the client can prove otherwise. ***A common sense approach is vital.***

If suspicion is aroused in the normal course of business, it should not be ignored. Necessary steps should be taken to report any suspicions, according to appropriate procedures within the organisation. Accordingly, it is essential to have a basic understanding of how money laundering works, as well as possible indicators and techniques that may give rise to suspicion.

1.2 What is money laundering?

The United Nations defines money laundering as "any act or attempted act to disguise the source of money or assets derived from criminal activity." Essentially, money laundering is the process whereby "dirty money"—produced through criminal activity— is transformed into "clean money" so that the criminal origin of the money is difficult to trace. There are three recognized stages in the money laundering process:

- **Placement** involves placing the proceeds of crime in the financial system.
- **Layering** involves converting the proceeds of crime into another form and creating complex layers of financial transactions to disguise the audit trail and the source and ownership of funds. This stage may involve transactions such as the buying and selling of stocks, commodities or property.
- **Integration** involves placing the laundered proceeds back in the economy to create the perception of legitimacy.

The money laundering process is continuous, with new dirty money constantly being introduced into the financial system.

Under the laws of Belize, a money laundering offence involves various acts committed with the intention to conceal or convert property or the proceeds of property (such as money) knowing or believing that these were derived from the commission of a designated offence. In this context, a designated offence means most serious offences under the Criminal Code or any other Act. It includes, but is not limited to those relating to illegal drug trafficking, bribery, fraud, forgery, murder, robbery, counterfeit money, stock manipulation, smuggling, trafficking in stolen, counterfeit or other illicit goods, tax evasion and copyright infringement. See the Act for a complete list.

A money laundering offence may also extend to property or proceeds derived from illegal activities that took place outside Belize.

You can access laws, including the Criminal Code, at the Attorney General's Belize Legal Information Network website http://www.belizelaw.org/web/lawadmin/. You can access the Act at the FIU website https://www.fiubelize.org/images/MLTPA%20as%20Amended%207%20Feb%202014.pdf.

1.3 Methods of money laundering

There are as many methods to launder money as the imagination allows, and the schemes being used are becoming increasingly sophisticated and complicated as technology advances. The following are some examples of common money laundering methods:

- **Nominees**
  This is one of the most common methods of laundering and hiding assets. A launderer uses family members, friends or associates who are trusted within the community, and who will not attract attention, to conduct transactions on their behalf. The use of nominees facilitates the concealment of the source and ownership of the funds involved.
- **Structuring or "smurfing"**
  Many inconspicuous individuals deposit cash or buy bank drafts at various institutions, or one individual carries out transactions for amounts less than the amount that must be reported to the government, and the cash is subsequently transferred to a central account. These individuals, commonly referred to as "smurfs," normally do not attract attention as they deal in funds that are below reporting thresholds and they appear to be conducting ordinary transactions.
- **"Cuckoo smurfing"**
  An innocent customer deposits money with an alternative remitter for transfer to the deposit account of another innocent customer. The alternative remitter is a part of a criminal network

and notifies the criminal of the transfer order. The criminal, using a "smurf", makes a deposit of dirty money into the innocent customer's deposit account and takes the legitimate money from the corrupt alternative remitter. The innocent customers think the legitimate transfer has been made as expected.

- **Asset purchases with bulk cash**
  Individuals purchase big-ticket items such as jewellery, cars, boats and real estate. In many cases, launderers use the assets but distance themselves from them by having them registered in a friend's or relative's name. The assets may also be resold to further launder the proceeds.
- **Exchange transactions**
  Individuals often use proceeds of crime to buy foreign currency that can then be transferred to offshore bank accounts anywhere in the world.
- **Currency smuggling**
  Funds are moved across borders to disguise their source and ownership, and to avoid being exposed to the law and systems that record money entering into the financial system. Funds are smuggled in various ways (such as by mail, courier and body-packing) often to countries with strict bank secrecy laws.
- **Gambling in casinos**
  Individuals bring cash to a casino and buy gambling chips. After gaming and placing just a few bets, the gambler redeems the remainder of the chips and requests a casino cheque.
- **Black-market peso exchange**
  An underground network of currency brokers with offices in North America, the Caribbean and South America allows drug traffickers to exchange pesos for U.S. dollars. The dollars stay in the United States and are bought by South American (mainly Colombian) companies, which use them to buy American goods for sale back home.

For more detailed information on methods of money laundering and indicators of suspicious transactions, see sections 4, 7 and 8.

1.4 Importance of combating money laundering

The vast majority of criminals would not be in the "business" of crime if it were not for the tremendous profits to be made. There is a direct relationship between the profitability of most types of crime and their prevalence. A major objective of the battle against crime in Belize and elsewhere is, therefore, to deprive criminals of the profits from their efforts. Only by effectively laundering illegal assets can criminals use them and thereby benefit from their crimes.

The sheer magnitude of money laundering activities demonstrates the importance of implementing strong anti-money laundering regimes in countries throughout the world. In Belize, money laundering is a multimillion-dollar problem. It is an integral element of organized criminal activity, and is the proven method by which organized crime groups seek to transform the proceeds of drug trafficking, contraband goods and people smuggling, extortion, fraud and other activities into apparently legitimately earned funds.

Laundered proceeds of crime provide seemingly legitimate financial support to drug dealers, terrorist organizations, arms dealers and other criminals to amass wealth and operate and expand their criminal empires. Investigations have revealed that those involved in money laundering attempts manipulate financial systems in Belize and abroad to foster a wide range of illicit activities. The economic and political influence of criminal organizations can potentially weaken the social fabric, collective ethical standards and, ultimately, the democratic institutions of society.

Money laundering activities have the potential to distort economic data and to cause economic growth to suffer. International Monetary Fund studies on the relationship between gross domestic product growth and money laundering in industrial countries have found evidence that significant reductions in annual gross domestic product growth rates were associated with increases in money laundering activities.

These are some of the reasons why Belize is serious in its commitment to combat money laundering. The increasingly international character of business and the often multinational nature of money laundering activities have resulted in stepped up international efforts and co-operation in the fight against money laundering.

1.5 What is terrorist financing?

Terrorist financing provides funds for terrorist activity. Terrorists need financial support to carry out terrorist activities and achieve their goals. In this respect, there is little difference between terrorists and other criminals in their use of the financial system. A successful terrorist group, much like a criminal organization, is one that is able to build and maintain an effective financial infrastructure. For this, it must develop sources of funding and means of obscuring the links between those sources and the activities the funds support. It needs to find a way to make sure that the funds are available and can be used to get whatever goods or services needed to commit terrorist acts.

Under the laws of Belize, terrorist financing offences make it a crime to knowingly collect or provide property, such as funds, either directly or indirectly, to carry out terrorist acts. This includes inviting someone else to provide property for this purpose. It also includes the use or possession of property to facilitate or carry out terrorist acts.

There are other offences associated with terrorist acts that are not specifically related to financing, such as participating in or facilitating terrorist activities, or instructing and harbouring terrorists. Only suspicion that a transaction is related to a terrorist financing offence triggers a requirement to report the suspicious transaction to FIU as related to terrorist financing.

1.6 Laundering of terrorist-related funds

The methods used by terrorist groups to generate funds from illegal sources are often very similar to those used by “traditional” criminal organizations. Like criminal organizations, they have to find ways to launder these illicit funds to be able to use them without drawing the attention of the authorities. For this reason, transactions related to terrorist financing may look a lot like those related to money laundering. Therefore, strong, comprehensive anti-money laundering regimes are key to also tracking terrorists’ financial activities.

2 Who Should Report Suspicious Transactions?

2.1 Reporting Entities

Under the Act, all reporting entities are required to make a STR when they know, or have reasonable grounds to suspect, that a transaction or activity may be related to the commission of a money laundering or terrorist financing offence. For more information on transactions and activities that may be considered suspicious, see section 3.

Reporting entities are any individuals or entities whose regular occupation or business is any one of the following:

- Acceptance of deposits and other repayable funds from the public
- Lending, including consumer credit, mortgage credit, factoring (with or without recourse) and financing of commercial transactions
- Financial leasing
- Transfer of money or value
- Money and currency changing (such as casa de cambio)
- Pawning
- Issuing and administering means of payment (such as credit and debit cards, traveller's cheques, money orders, bankers' drafts and electronic money)
- Issuing financial guarantees and commitments
- Trading, for own account or for account of customers, in money market instruments (such as cheques, bills, certificates of deposit, derivatives), foreign exchange, financial futures and options, exchange and interest rate instruments, transferable securities and commodity futures trading
- Credit union
- Participation in securities issues and the provision of financial services related to such issues
- Advice to undertakings on capital structure, industrial strategy and related questions, and advice and services relating to mergers and the purchase of undertakings
- Portfolio management and advice whether individual or collective
- Safekeeping and administration of securities
- Safe keeping and administration of cash or liquid securities on behalf of other persons
- Otherwise investing, administering or managing funds or money on behalf of other persons
- Gambling house
- Casino
- Internet Casinos or Online Gaming
- Buying or selling of gold bullion
- Insurance business
- Venture risk capital

- Unit trust
- A trust or company service provider not otherwise covered by this schedule which, as a business, provides any of the following services to third parties:
    - acting as a formation agent of legal persons
    - acting as (or arranging for another person to act as)a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons
    - providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement
    - acting as (or arranging for another person to act as) a trustee of an express trust
    - acting as (or arranging for another person to act as) a nominee shareholder for another person
- International (or Offshore) banking business as defined in the International Banking Act
- Lawyers, notaries, other independent legal professionals, accountants, auditors and tax advisers, when they prepare for or carry out transactions for their clients concerning the following activities:
    - buying and selling of real estate
    - managing of client money, securities or other assets
    - management of bank, savings or securities accounts
    - organisation of contributions for the creation, operation or management of companies
    - creation, operation or management of legal persons or arrangements, and buying and selling of business entities
- Real estate agent when involved in transactions for their clients concerning the buying and selling of real estate
- Dealing in precious metals and dealing in precious stones
- Dealing in vehicles
- International financial services as defined in the International Financial Services Commission Act
- A business operating in a free zone area
- Non-Governmental Organization
- Non-Profit Organizations

For purposes of suspicious transaction reporting, reporting entities include employees of the reporting entities described above.

2.2 Voluntary Reporting

Subsection 2.1 identifies reporting entities who are required by law to report suspicious transactions to the FIU. In addition to reporting entities, anybody can voluntarily provide information about suspicions of money laundering or terrorist financing to FIU. Anyone who does this is protected from any criminal and civil legal proceedings when they do so in good faith.

To find out how to provide information voluntarily to FIU about suspicions of money laundering or of the financing of terrorist activities, refer to the Reporting page of FIU's web site: https://www.fiubelize.org/index.php/suspicious-transaction-reports.

3 What are Suspicious Transactions?

It is difficult to define a suspicious transaction. As a general rule, however, a suspicious transaction will often be one that does not make economic sense or is not consistent with a customer's known, legitimate business or personal activities, or with the normal business for that type of customer.

3.1 Reasonable grounds to suspect

Suspicious transactions are financial transactions that you have reasonable grounds to suspect are related to the commission of a money laundering or terrorist financing offence. This includes transactions that you have reasonable grounds to suspect are related to the attempted commission of a money laundering or terrorist financing offence.

"Reasonable grounds to suspect" is determined by what is reasonable in your circumstances, including normal business practices and systems within your industry. While the Act and Regulations do not specifically require you to implement or use an automated system for detecting suspicious transactions, you may decide that such a system would be beneficial to your business. In this context, transactions include those that are completed or attempted as explained in subsection 3.2.

Your compliance regime has to include an assessment, in the course of your activities, of the risk of money laundering or terrorist financing. According to this assessment, in higher risk situations, you have to take reasonable measures to conduct ongoing monitoring for the purpose of detecting suspicious transactions.

For more information about risk assessment requirements, see the FIU website: https://www.fiubelize.org/index.php/compliance-regime/risk-based-approach/risk-assesment.

More information about money laundering and terrorist financing offences is provided below. Sections4, 7 and 8 have more information about how to identify a suspicious transaction.

3.2 Completed or attempted transactions

The requirement for you to report a suspicious transaction applies if you have reasonable grounds to suspect, as explained in subsection 3.1. This applies not only when the financial transaction has been completed, but also when it has been attempted.

Completed transactions

A completed transaction is one that has occurred. For example, if you process a deposit from a client towards the purchase of an asset such as a life insurance policy or a house, a financial transaction has occurred. This is true even if the final sale associated to the deposit does not go through. In this example, the refund of the deposit would also be a financial transaction.

Attempted transactions

An attempted transaction is one that a client intended to conduct and took some form of action to do so. An attempted transaction is different from a simple request for information, such as an enquiry as to the fee applicable to a certain transaction. An attempted transaction includes entering into negotiations or discussions to conduct the transaction and involves concrete measures to be taken by either you or the client. The following are examples of attempted transactions:

- A financial entity or casino refuses to accept a deposit because the client refuses to provide identification as requested.
- A securities dealer or life insurance agent refuses to process a transaction for which the client insists on using cash because their business practice is not to accept cash.
- A client of a real estate agent starts to make an offer on the purchase of a house with a large deposit, but will not finalize the offer once asked to provide identification.
- An individual asks an accountant to facilitate a financial transaction involving large amounts of cash. The accountant declines to conduct the transaction.
- A money services business will not process a request to transfer a large amount of funds because the client requesting the transfer refuses to provide identification requested.

For you to have to report an attempted transaction it must be one that you have reasonable grounds to suspect was related to money laundering or terrorist financing (as explained in subsection 3.1). An attempt to conduct a transaction does not necessarily mean the transaction is suspicious. However, the circumstances surrounding it might contribute to your having reasonable grounds for suspicion.

3.3 Transactions related to terrorist property

If you suspect that a transaction, whether completed or attempted, is related to terrorist financing, you have to make a suspicious transaction report to FIU. If you know, rather than suspect, that a transaction is related to property owned or controlled by or on behalf of a terrorist or a terrorist group, you should not complete the transaction. This is because terrorist property must be frozen under Belizean legislation, such as the United Nations Resolutions and Conventions (Enforcement) Act, 2002 and the Money Laundering and Terrorism (Prevention) Act, 2008.

For more information on transactions related to terrorist property, see the FATF Terrorist Financing Typologies Report, which can be accessed via the Resources page of the FIU website https://www.fiubelize.org/index.php/compliance-regime/training-and-awareness/resources

4 Identifying Suspicious Transactions

4.1 How to identify a suspicious transaction

Transactions, whether completed or attempted as explained in subsection 3.2,may give rise to reasonable grounds to suspect that they are related to money laundering or terrorist activity financing regardless of the sum of money involved. There is no monetary threshold for making a report on a suspicious transaction. A suspicious transaction may involve several factors that may on their own seem insignificant, but together may raise suspicion that the transaction is related to the commission or attempted commission of a money laundering offence, a terrorist activity financing offence, or both.

As a general guide, a transaction may be connected to money laundering or terrorist activity financing when you think that it (or a group of transactions) raises questions or gives rise to discomfort, apprehension or mistrust.

The context in which the transaction occurs or is attempted is a significant factor in assessing suspicion. This will vary from business to business, and from one client to another. You should evaluate transactions in terms of what seems appropriate and is within normal practices in your particular line of business, and based on your knowledge of your client. The fact that transactions do not appear to be in keeping with normal industry practices may be a relevant factor for determining whether there are reasonable grounds to suspect that the transactions are related to money laundering or terrorist activity financing.

An assessment of suspicion should be based on a reasonable evaluation of relevant factors, including the knowledge of the customer's business, financial history, background and behaviour. Remember that behaviour is suspicious, not people. Also, it could be the consideration of many factors—not just one factor—that will lead you to a conclusion that there are reasonable grounds to suspect that a transaction is related to the commission or attempted commission of a money laundering offence, a terrorist activity financing offence, or both. All circumstances surrounding a transaction should be reviewed. ***A common sense approach is vital.***

You have to assess whether there are reasonable grounds to suspect that a transaction, whether completed or attempted, is related to a money laundering offence or a terrorist activity financing offence. The following information concerning indicators is provided to help you with this.

4.2 Indicators relating to terrorist financing

Indicators to help establish suspicion that a transaction, whether completed or attempted, may be related to the commission or attempted commission of a terrorist financing offence mostly resemble those relating to money laundering. In fact, the indicators in these instructional notes are combined for both money laundering and terrorist financing. These are all intended to complement each other and reinforce already existing vigilance practices in dealing with financial transactions.

There are some small differences between money laundering and terrorist financing indicators. For example, amounts relating to terrorist financing generally may be smaller. However, there is no distinction made in the indicators included in sections 7 and 8.

4.3 Distinguishing between money laundering and terrorist financing suspicion

It may be difficult for you to distinguish between suspicion of money laundering and suspicion of terrorist financing. In fact, it is possible that a transaction, whether completed or attempted, could be related to both. For example, funds to be used for terrorist activity could be proceeds of criminal activity as well as from legitimate sources.

It is the information about the transaction and about what led to your suspicion, including why any attempted transaction was not completed, that is important in a STR. Provide as many details as possible in your report about what led to your suspicion, including anything that made you suspect that it might be related to terrorist financing, money laundering, or both. If you cannot make the distinction based on the information available, remember that it is the information about your suspicion that is important, not the distinction between money laundering and terrorist financing offences.

5 How to Make a Suspicious Transaction Report

5.1 Time to Report

Once you have detected a fact that amounts to reasonable grounds to suspect that a transaction is related to the commission or attempted commission of a money laundering offence or a terrorist financing offence, a suspicious transaction report must be sent to FIU as soon as possible, but in any event within 3 days of the date on which you knew or formed the suspicion. This applies to attempted or completed transactions, as explained in subsection 3.2. Reporting entities should ensure that their internal systems support the timely filing of STRs and avoid unnecessary delay.

NOTE: THE STR SHOULD NEVER BE COMPLETED IN THE PRESENCE OF THE CUSTOMER. THE CUSTOMER SHOULD NOT BE TOLD THAT A STR WILL BE MADE OR HAS BEEN MADE TO THE FIU.

5.2 Information Relevant to the Transaction

When you have to send a suspicious transaction report to FIU, you must take reasonable measures, before the transaction is reported, to identify the individual who conducted it, find out the purpose of the transaction, the origin and ultimate destination of the funds involved, and the identity and address of any ultimate beneficiary. This does not apply in the following circumstances:

- If you had already identified the individual as required or obtained the other information and you have no doubts about that previous information; or
- If you believe that doing so would inform the individual that you are submitting a suspicious transaction report.

Many of the fields in the STR apply only for transactions that have occurred. These are for information that you would need to be able to complete a transaction. If the suspicious transaction was attempted, you may not have as much information as you would have if it had been completed. In this case, if the information for any field in the report is not available because it was an attempted transaction, you should indicate that fact in the field.

5.3 Methods of Submitting a STR

The value of an STR depends on the quality of information it contains. A STR should set out in a clear manner the basis for knowledge or suspicion of money laundering or terrorist financing. When making a STR, you should include as much relevant information about the customer, transaction or activity that you have available from your records. STRs should be reported, in order of priority, by the following methods.

Electronic Submission

The FIU has established a secure reporting system on its web site at https://www.fiubelize.org/index.php/login2. The electronic STR form, found in the online STR portal should be used by all reporting entities. It is essential that reporting entities fill out all relevant fields in the form as completely as possible with accurate information.

If you are a reporting entity and you have not yet signed up for access to the online portal, you should do so without delay. You can sign up via the FIU website at https://www.fiubelize.org/index.php/component/rsform/form/11-fiu-registration.

Paper Submission

If you do not have access to the electronic reporting portal, you may complete a paper version of the STR form. The form may be obtained from the FIU website at: https://www.fiubelize.org/images/STR%20FORM.pdf, or by requesting a form directly from the FIU.

Once you have filled out the form as completely as possible, you may submit the form by any of the following methods:

- Hand delivered in a ***sealed*** envelope, marked "***CONFIDENTIAL***", and addressed to:

  The Director
  Financial Intelligence Unit
  4998 Coney Drive
  Belize City, Belize

- By registered post, in a ***sealed*** envelope, marked "***CONFIDENTIAL***", and addressed to the Director at the above address
- By facsimile to the urgent attention of the Director at (501) 223-2531. If sending via facsimile, contact the FIU by telephone at (501) 223-2729 prior to making the submission.

Supporting documents

You are to describe all supporting documentation, including documents facilitating the transaction and identifying the party or parties to the transaction. Where possible, attach or enclose photocopies of supporting documents with the STR. Be certain to retain copies for your own records.

5.4 Oral Reports

The Act requires STRs to be made in writing. However, a person may, in limited circumstances, make a STR orally to an authorised member of the FIU where the person believes the matter is urgent and the immediate attention of the FIU is required. Such urgency could arise:

- Where there is belief of an imminent crime or the situation requires immediate attendance by the FIU
- To avoid flight of assets out of Belize which may be irrecoverable
- Where your impression of a transaction has gone beyond suspicion and amounts to knowledge or belief that the transaction involves money laundering or financing of terrorism. For example, an armed robbery of a boledo outlet has occurred and a large quantity of $5 and $10 notes were taken. The next morning, a person appears at a bank wishing to change a large amount of $5 and $10 notes for $100 notes.

An oral report may be made by telephone or in person. In each case that an oral report is made, it must be followed without delay by a written report to the FIU in accordance with subsection 5.3.

6 Additional Information Related to Reporting to FIU

6.1 Confidentiality

You are not allowed to inform anyone, including the client, about the contents of a suspicious transaction report or even that you have made, or are considering making, such a report.

Because it is important not to tip your client off that you are making a suspicious transaction report, you should not be requesting information from the individual conducting or attempting the transaction that you would not normally request during a transaction. See subsection 5.2 for additional information about information relevant to a suspicious transaction.

6.2 Immunity

No criminal, civil, administrative or disciplinary proceedings may be brought against you for making a STR in good faith.

6.3 Penalties for non-compliance

There are penalties if you fail to meet the suspicious transaction reporting obligations. Failure to report a suspicious transaction could lead to an administrative penalty of up to $500,000. Alternatively, failure to meet the suspicious transaction reporting obligations can lead to an injunction by the Court and a fine in an amount directed by the Court.

Penalties for failure to report do not apply to employees who report suspicious transactions to their superior or to their employer's money laundering compliance officer.

There are also penalties if you tip anyone off about a suspicious transaction report, if you know or suspect that an investigation into money laundering, terrorism or the proceeds of crime has been, is being, or is about to be, conducted. Falsifying, concealing, destroying or otherwise disposing of any document (or directing someone else to do so) may also result in criminal and administrative penalties. For more information on penalties, you can also consult the Act.

6.4 Dealing with clients

There is no requirement under the Act to close a client's account or stop dealing with the client when you have reported, or are preparing to report, a suspicious transaction. This is entirely up to you and your business practices.

If you do decide to close an account or to stop dealing with an account, and this decision is made before you submit the suspicious transaction report to FIU, include information about whatever action is taken in the STR.

6.5 Protection of privacy

There are numerous safeguards to protect the privacy of individuals about whom information is sent to FIU, including the following:

- The independence of FIU from law enforcement and other agencies to which FIU is authorized to disclose information
- Criminal penalties for any unauthorized use or disclosure of the personal information under the FIU's control

6.6 Disclosure by FIU

The FIU is required to ensure that personal information under its control is protected from unauthorized disclosure. Information may only be disclosed to the appropriate authorities when the FIU determines that there are reasonable grounds to do so.

6.7 Request for Further information

The FIU may make a request for additional information from the reporting entity or from any other person in order to facilitate the exercise of its powers under the Act.

7 Examples of Common Indicators

The following are examples of common indicators that may point to a suspicious transaction, whether completed or attempted as explained in subsection 3.2. Many of the situations described in these examples would be reasonably normal in some business contexts, whereas in others they would not. It is the unusual that should put financial institutions and their staff on alert.

It should be noted, however, that the existence of one of these activities alone may not necessarily mean that a transaction is suspicious. As such, using a combination of common sense and intuition is advisable.

Please read section 4 for general information about identifying suspicious transactions and how to use these indicators.

7.1 General

- Client admits or makes statements about involvement in criminal activities.
- Client does not want correspondence sent to home address.
- Client appears to have accounts with several financial institutions in one area for no apparent reason.
- Client conducts transactions at different physical locations in an apparent attempt to avoid detection.
- Client repeatedly uses an address but frequently changes the names involved.
- Client is accompanied and watched.
- Client shows uncommon curiosity about internal systems, controls and policies.
- Client has only vague knowledge of the amount of a deposit.
- Client presents confusing details about the transaction or knows few details about its purpose.
- Client appears to informally record large volume transactions, using unconventional bookkeeping methods or "off-the-record" books.
- Client over justifies or explains the transaction.
- Client is secretive and reluctant to meet in person.
- Client is nervous, not in keeping with the transaction.
- Client is involved in transactions that are suspicious but seems blind to being involved in money laundering activities.

- Client's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact client shortly after opening account.
- Normal attempts to verify the background of a new or prospective client are difficult.
- Client appears to be acting on behalf of a third party, but does not tell you.
- Client is involved in activity out-of-keeping for that individual or business.
- Client insists that a transaction be done quickly.
- Inconsistencies appear in the client's presentation of the transaction.
- The transaction does not appear to make sense or is out of keeping with usual or expected activity for the client.
- Client appears to have recently established a series of new relationships with different financial entities.
- Client attempts to develop close rapport with staff.
- Client uses aliases and a variety of similar but different addresses.
- Client spells his or her name differently from one transaction to another.
- Client uses a post office box or General Delivery address, or other type of mail drop address, instead of a street address when this is not the norm for that area.
- Client provides false information or information that you believe is unreliable.
- Client offers you money, gratuities or unusual favours for the provision of services that may appear unusual or suspicious.
- Client pays for services or products using financial instruments, such as money orders or traveller's cheques, without relevant entries on the face of the instrument or with unusual symbols, stamps or notes.
- You are aware that a client is the subject of a money laundering or terrorist financing investigation.
- You are aware or you become aware, from a reliable source (that can include media or other open sources), that a client is suspected of being involved in illegal activity.
- A new or prospective client is known to you as having a questionable legal reputation or criminal background.
- Transaction involves a suspected shell entity (that is, a corporation that has no assets, operations or other reason to exist).

7.2 Knowledge of reporting or record keeping requirements

- Client attempts to convince employee not to complete any documentation required for the transaction.
- Client makes inquiries that would indicate a desire to avoid reporting.
- Client has unusual knowledge of the law in relation to suspicious transaction reporting.
- Client seems very conversant with money laundering or terrorist activity financing issues.
- Client is quick to volunteer that funds are "clean" or "not being laundered."

- Client appears to be structuring amounts to avoid record keeping, client identification or reporting thresholds.
- Client appears to be collaborating with others to avoid record keeping, client identification or reporting thresholds.
- Client performs two or more cash transactions of less than $10,000 each just outside of 24 hours apart, seemingly to avoid the requirement to report source of funds.

7.3 Identity documents

- Client provides doubtful or vague information.
- Client produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate.
- Client refuses to produce personal identification documents.
- Client only submits copies of personal identification documents.
- Client wants to establish identity using something other than his or her personal identification documents.
- Client’s supporting documentation lacks important details such as a phone number.
- Client inordinately delays presenting corporate documents.
- All identification presented is foreign or cannot be checked for some reason.
- All identification documents presented appear new or have recent issue dates.
- Client presents different identification documents at different times.
- Client alters the transaction after being asked for identity documents.
- Client presents different identification documents each time a transaction is conducted.

7.4 Cash transactions

- Client starts conducting frequent cash transactions in large amounts when this has not been a normal activity for the client in the past.
- Client frequently exchanges small bills for large ones.
- Client uses notes in denominations that are unusual for the client, when the norm in that business is different.
- Client presents notes that are packed or wrapped in a way that is uncommon for the client.
- Client deposits musty or extremely dirty bills.
- Client makes cash transactions of consistently rounded-off large amounts (e.g., $9,900, $8,500, etc.).
- Client consistently makes cash transactions that are just under the reporting threshold amount in an apparent attempt to avoid the reporting threshold.
- Client consistently makes cash transactions that are significantly below the reporting threshold amount in an apparent attempt to avoid triggering the identification and reporting requirements.
- Client presents uncounted funds for a transaction. Upon counting, the client reduces the transaction to an amount just below that which could trigger reporting requirements.

- Client conducts a transaction for an amount that is unusual compared to amounts of past transactions.
- Client frequently purchases traveller's cheques, foreign currency drafts or other negotiable instruments with cash when this appears to be outside of normal activity for the client.
- Client asks you to hold or transmit large sums of money or other assets when this type of activity is unusual for the client.
- Shared address for individuals involved in cash transactions, particularly when the address is also for a business location, or does not seem to correspond to the stated occupation (i.e., student, unemployed, self-employed, etc.)
- Stated occupation of the client is not in keeping with the level or type of activity (for example a student or an unemployed individual makes daily maximum cash withdrawals at multiple locations over a wide geographic area).
- Cash is transported by a cash courier.
- Large transactions using a variety of denominations.

7.5 Economic purpose

- Transaction seems to be inconsistent with the client's apparent financial standing or usual pattern of activities.
- Transaction appears to be out of the normal course for industry practice or does not appear to be economically viable for the client.
- Transaction is unnecessarily complex for its stated purpose.
- Activity is inconsistent with what would be expected from declared business.
- A business client refuses to provide information to qualify for a business discount.
- No business explanation for size of transactions or cash volumes.
- Transactions of financial connections between businesses that are not usually connected (for example, a food importer dealing with an automobile parts exporter).
- Transaction involves non-profit or charitable organization for which there appears to be no logical economic purpose or where there appears to be no link between the stated activity of the organization and the other parties in the transaction.

7.6 Transactions involving accounts

- Opening accounts when the client's address is outside the local service area.
- Opening accounts in other people's names.
- Opening accounts with names very close to other established business entities.
- Attempting to open or operating accounts under a false name.
- Account with a large number of small cash deposits and a small number of large cash withdrawals.
- Funds are being deposited into several accounts, consolidated into one and transferred outside the country.
- Client frequently uses many deposit locations outside of the home branch location.

- Multiple transactions are carried out on the same day at the same branch but with an apparent attempt to use different tellers.
- Activity far exceeds activity projected at the time of opening of the account.
- Establishment of multiple accounts, some of which appear to remain dormant for extended periods.
- Account that was reactivated from inactive or dormant status suddenly sees significant activity.
- Reactivated dormant account containing a minimal sum suddenly receives a deposit or series of deposits followed by frequent cash withdrawals until the transferred sum has been removed.
- Unexplained transfers between the client's products and accounts.
- Large transfers from one account to other accounts that appear to be pooling money from different sources.
- Multiple deposits are made to a client's account by third parties.
- Deposits or withdrawals of multiple monetary instruments, particularly if the instruments are sequentially numbered.
- Frequent deposits of bearer instruments (for example, cheques, money orders or bearer bonds) in amounts just below $10,000.
- Unusually large cash deposits by a client with personal or business links to an area associated with drug trafficking.
- Regular return of cheques for insufficient funds.
- Correspondent accounts being used as "pass-through" points from foreign jurisdictions with subsequent outgoing funds to another foreign jurisdiction.
- Multiple personal and business accounts are used to collect and then funnel funds to a small number of foreign beneficiaries, particularly when they are in locations of concern, such as countries known or suspected to facilitate money laundering activities.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

7.7 Transactions involving areas outside Belize

- Client and other parties to the transaction have no apparent ties to Belize.
- Transaction crosses many international lines.
- Use of a credit card issued by a foreign bank that does not operate in Belize by a client that does not live and work in the country of issue.
- Cash volumes and international remittances in excess of average income for migrant worker clients.
- Excessive demand for migrant remittances from individuals or entities based on migrant worker population.
- Transactions involving high-volume international transfers to third party accounts in countries that are not usual remittance corridors.
- Transaction involves a country known for highly secretive banking and corporate law.

- Transactions involving any countries deemed by the Financial Action Task Force as requiring enhanced surveillance.
- Foreign currency exchanges that are associated with subsequent wire transfers to locations of concern, such as countries known or suspected to facilitate money laundering activities.
- Deposits followed within a short time by wire transfer of funds to or through locations of concern, such as countries known or suspected to facilitate money laundering activities.
- Transaction involves a country where illicit drug production or exporting may be prevalent, or where there is no effective anti-money-laundering system.
- Transaction involves a country known or suspected to facilitate money laundering activities.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

7.8 Transactions related to offshore business activity

Any individual or entity that conducts transactions internationally should consider the following indicators.

- Accumulation of large balances, inconsistent with the known turnover of the client's business, and subsequent transfers to overseas account(s).
- Frequent requests for traveller's cheques, foreign currency drafts or other negotiable instruments.
- Loans secured by obligations from offshore banks.
- Loans to or from offshore companies.
- Offers of multimillion-dollar deposits from a confidential source to be sent from an offshore bank or somehow guaranteed by an offshore bank.
- Transactions involving an offshore "shell" bank whose name may be very similar to the name of a major legitimate institution.
- Unexplained electronic funds transfers by client on an in-and-out basis.
- Use of letter-of-credit and other method of trade financing to move money between countries when such trade is inconsistent with the client's business.
- Use of a credit card issued by an offshore bank.

8 Examples of Industry-Specific Indicators

8.1 Industry-specific indicators

In addition to the general indicators outlined above, the following industry-specific indicators may point to a suspicious transaction, whether completed or attempted as explained in subsection 3.2. Remember that **behaviour** is suspicious, not people. Also, it is the consideration of many factors—not any one factor—that will lead to a conclusion that there are reasonable grounds to suspect that a transaction is related to the commission or attempted commission of a money laundering or terrorist financing offence. All circumstances surrounding a transaction should be reviewed, within the context of your knowledge of your client.

Taken together, the general and industry-specific indicators that apply to your business may help you identify suspicious transactions. Depending on the services you provide, you may need information about indicators in more than one of the following sections. For example, if you are a financial advisor, you might sell both life insurance products and securities products. In this case, you should consider the indicators in subsection 8.5 (Life Insurance Companies, Brokers and Agents), as well as under subsection 8.6 (Securities Dealers).

8.2 Financial entities

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators.

The following indicators are for your consideration if you are an institution that opens accounts and holds deposits on behalf of individuals or entities. This includes banks, credit unions, trust companies and loan companies that accept deposit liabilities.

Personal transactions

- Client appears to have accounts with several financial institutions in one geographical area.
- Client has no employment history but makes frequent large transactions or maintains a large account balance.
- The flow of income through the account does not match what was expected based on stated occupation of the account holder or intended use of the account.
- Client makes one or more cash deposits to general account of foreign correspondent bank (i.e., pass-through account).
- Client makes frequent or large payments to online payment services.
- Client runs large positive credit card balances.
- Client uses cash advances from a credit card account to purchase money orders or drafts or to wire funds to foreign destinations.
- Client takes cash advance to deposit into savings or chequing account.
- Large cash payments for outstanding credit card balances.
- Client makes credit card overpayment and then requests a cash advance.
- Client visits the safety deposit box area immediately before making cash deposits.
- Client wishes to have credit and debit cards sent to international or domestic destinations other than his or her address.
- Client has numerous accounts and deposits cash into each of them with the total credits being a large amount.
- Client deposits large endorsed cheques in the name of a third-party.
- Client frequently makes deposits to the account of another individual who is not an employer or family member.
- Client frequently exchanges currencies.
- Client frequently makes automatic banking machine deposits just below the reporting threshold.

- Client's access to the safety deposit facilities increases substantially or is unusual in light of their past usage.
- Many unrelated individuals make payments to one account without rational explanation.
- Third parties make cash payments or deposit cheques to a client's credit card.
- Client gives power of attorney to a non-relative to conduct large transactions.
- Client has frequent deposits identified as proceeds of asset sales but assets cannot be substantiated.
- Client acquires significant assets and liquidates them quickly with no explanation.
- Client acquires significant assets and encumbers them with security interests that do not make economic sense.
- Client requests movement of funds that are uneconomical.
- Client makes unusually large hydro bill payments.
- High volume of wire transfers are made or received through the account.

Corporate and business transactions

Some businesses may be susceptible to the mixing of illicit funds with legitimate income. This is a very common method of money laundering. These businesses include those that conduct a significant part of their business in cash, such as restaurants, bars, parking lots, convenience stores and vending machine companies. On opening accounts with the various businesses in your area, you would likely be aware of those that are mainly cash based. Unusual or unexplained increases in cash deposits made by those entities may be indicative of suspicious activity.

- Accounts are used to receive or disburse large sums but show virtually no normal business-related activities, such as the payment of payrolls, invoices, etc.
- Accounts have a large volume of deposits in bank drafts, cashier's cheques, money orders or electronic funds transfers, which is inconsistent with the client's business.
- Accounts have deposits in combinations of monetary instruments that are atypical of legitimate business activity (for example, deposits that include a mix of business, payroll, and social security cheques).
- Accounts have deposits in combinations of cash and monetary instruments not normally associated with business activity.
- Business does not want to provide complete information regarding its activities.
- Financial statements of the business differ noticeably from those of similar businesses.
- Representatives of the business avoid contact with the branch as much as possible, even when it would be more convenient for them.
- Deposits to or withdrawals from a corporate account are primarily in cash rather than in the form of debit and credit normally associated with commercial operations.
- Client maintains a number of trustee or client accounts that are not consistent with that type of business or not in keeping with normal industry practices.
- Client operates a retail business providing cheque-cashing services but does not make large draws of cash against cheques deposited.

- Client pays in cash or deposits cash to cover bank drafts, money transfers or other negotiable and marketable money instruments.
- Client purchases cashier's cheques and money orders with large amounts of cash.
- Client deposits large amounts of currency wrapped in currency straps.
- Client makes a large volume of seemingly unrelated deposits to several accounts and frequently transfers a major portion of the balances to a single account at the same bank or elsewhere.
- Client makes a large volume of cash deposits from a business that is not normally cash-intensive.
- Client makes large cash withdrawals from a business account not normally associated with cash transactions.
- Client consistently makes immediate large withdrawals from an account that has just received a large and unexpected credit from abroad.
- Client makes a single and substantial cash deposit composed of many large bills.
- Small, one-location business makes deposits on the same day at different branches across a broad geographic area that does not appear practical for the business.
- There is a substantial increase in deposits of cash or negotiable instruments by a company offering professional advisory services, especially if the deposits are promptly transferred.
- There is a sudden change in cash transactions or patterns.
- Client wishes to have credit and debit cards sent to international or domestic destinations other than his or her place of business.
- There is a marked increase in transaction volume on an account with significant changes in an account balance that is inconsistent with or not in keeping with normal business practices of the client's account.
- Asset acquisition is accompanied by security arrangements that are not consistent with normal practice.
- Unexplained transactions are repeated between personal and commercial accounts.
- Activity is inconsistent with stated business.
- Account has close connections with other business accounts without any apparent reason for the connection.
- Activity suggests that transactions may offend securities regulations or the business prospectus is not within the requirements.
- A large number of incoming and outgoing wire transfers take place for which there appears to be no logical business or other economic purpose, particularly when this is through or from locations of concern, such as countries known or suspected to facilitate money laundering activities.

Transactions for non-profit organizations (including registered charities and NGOs)

- Inconsistencies between apparent modest sources of funds of the organization (e.g., communities with modest standard of living) and large amounts of funds raised.
- Inconsistencies between the pattern or size of financial transactions and the stated purpose and activity of the organization.

- Sudden increase in the frequency and amounts of financial transactions for the organization, or the inverse, that is, the organization seems to hold funds in its account for a very long period.
- Large and unexplained cash transactions by the organization.
- Absence of contributions from donors located in Belize.
- The organization's directors are outside Belize, particularly if large outgoing transactions are made to the country of origin of the directors and especially if that country is a high-risk jurisdiction.
- Large number of non-profit organizations with unexplained links.
- The non-profit organization appears to have little or no staff, no suitable offices or no telephone number, which is incompatible with their stated purpose and financial flows.
- The non-profit organization has operations in, or transactions to or from, high-risk jurisdictions.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

8.3 Businesses who send or receive electronic funds transfers, or remit or transmit funds

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are involved in the business of electronic funds transfers or the remittance or transmission of funds, consider the following indicators.

- Client is reluctant to give an explanation for the remittance.
- Client orders wire transfers in small amounts in an apparent effort to avoid triggering identification or reporting requirements.
- Client transfers large sums of money to overseas locations with instructions to the foreign entity for payment in cash.
- Client receives large sums of money from an overseas location and the transfers include instructions for payment in cash.
- Client makes frequent or large funds transfers for individuals or entities who have no account relationship with the institution.
- Client receives frequent funds transfers from individuals or entities who have no account relationship with the institution.
- Client receives funds transfers and immediately purchases monetary instruments prepared for payment to a third party which is inconsistent with or outside the normal course of business for the client.
- Client requests payment in cash immediately upon receipt of a large funds transfer.
- Client instructs you to transfer funds abroad and to expect an equal incoming transfer.
- Immediately after transferred funds have cleared, the client moves the funds to another account or to another individual or entity.
- Client shows unusual interest in funds transfer systems and questions the limit of what amount can be transferred.
- Client transfers funds to another country without changing the currency.

- Large incoming wire transfers from foreign jurisdictions are removed immediately by company principals.
- Client sends frequent wire transfers to foreign countries, but does not seem to have connection to such countries.
- Wire transfers are received from entities having no apparent business connection with client.
- Size of funds transfers is inconsistent with normal business transactions for that client.
- Rising volume of remittances exceeds what was expected from the client when the relationship was established.
- Several clients request transfers either on the same day or over a period of two to three days to the same recipient.
- Different clients request transfers that are all paid for by the same client.
- Several clients requesting transfers share common identifiers, such as family name, address or telephone number.
- Several different clients send transfers that are similar in amounts, sender names, test questions, free message text and destination country.
- A client sends or receives multiple transfers to or from the same individual.
- Stated occupation of the client or the client's financial standing is not in keeping with the level or type of activity (for example a student or an unemployed individual who receives or sends large numbers of wire transfers).
- Migrant remittances made outside the usual remittance corridors.
- Personal funds sent at a time not associated with salary payments.
- Country of destination for a wire transfer is not consistent with the nationality of the individual client.
- Client requests transfers to a large number of recipients outside Belize who do not appear to be family members.
- Client does not appear to know the recipient to whom he or she is sending the transfer.
- Client does not appear to know the sender of the transfer from whom the transfer was received.
- Beneficiaries of wire transfers involve a large group of nationals of countries associated with terrorist activity.
- Client makes funds transfers to free trade zones that are not in line with the client's business.
- Country of destination for a transfer is not a member of the Financial Action Task Force or an FATF Style Regional Body. To find out which countries are members of the FATF, refer to its website http://www.fatf-gafi.org.
- Client conducts transactions involving countries known as narcotic source countries or as trans-shipment points for narcotics, or that are known for highly secretive banking and corporate law practices.

8.4 Businesses who provide loans

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are involved in the business of providing loans (including mortgages) or extending credit to individuals or corporations, consider the following indicators.

- Client suddenly repays a problem loan unexpectedly.
- Client makes a large, unexpected loan payment with unknown source of funds, or a source of funds that does not match what you know about the client.
- Client repays a long term loan, such as a mortgage, within a relatively short time period.
- Source of down payment is inconsistent with borrower's background and income.
- Down payment appears to be from an unrelated third party.
- Down payment uses a series of money orders or bank drafts from different financial institutions.
- Client shows income from "foreign sources" on loan application without providing further details.
- Client's employment documentation lacks important details that would make it difficult for you to contact or locate the employer.
- Client's documentation to ascertain identification, support income or verify employment is provided by an intermediary who has no apparent reason to be involved.
- Client has loans with offshore institutions or companies that are outside the ordinary course of business of the client.
- Client offers you large dollar deposits or some other form of incentive in return for favourable treatment of loan request.
- Client asks to borrow against assets held by another financial institution or a third party, when the origin of the assets is not known.
- The loan transaction does not make economic sense (for example, the client has significant assets, and there does not appear to be a sound business reason for the transaction).
- Customer seems unconcerned with terms of credit or costs associated with completion of a loan transaction.
- Client applies for loans on the strength of a financial statement reflecting major investments in or income from businesses incorporated in countries known for highly secretive banking and corporate law and the application is outside the ordinary course of business for the client.
- Down payment or other loan payments are made by a party who is not a relative of the client.

8.5 Life insurance companies, brokers and agents

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you provide life insurance or annuities as your main occupation or as one of the many services that you offer, consider the following indicators. For insurance companies that provide loans, read subsection 8.4 also.

- Client wants to use cash for a large transaction.

- Client proposes to purchase an insurance product using a cheque drawn on an account other than his or her personal account.
- Client requests an insurance product that has no discernible purpose and is reluctant to divulge the reason for the investment.
- Client who has other small policies or transactions based on a regular payment structure makes a sudden request to purchase a substantial policy with a lump sum payment.
- Client conducts a transaction that results in a conspicuous increase in investment contributions.
- Scale of investment in insurance products is inconsistent with the client's economic profile.
- Unanticipated and inconsistent modification of client's contractual conditions, including significant or regular premium top-ups.
- Unforeseen deposit of funds or abrupt withdrawal of funds.
- Involvement of one or more third parties in paying the premiums or in any other matters involving the policy.
- Overpayment of a policy premium with a subsequent request to refund the surplus to a third party.
- Funds used to pay policy premiums or deposits originate from different sources.
- Use of life insurance product in a way that resembles use of a bank account, namely making additional premium payments and frequent partial redemptions.
- Client cancels investment or insurance soon after purchase.
- Early redemption takes place in the absence of a reasonable explanation or in a significantly uneconomic manner.
- Client shows more interest in the cancellation or surrender of an insurance contract than in the long-term results of investments or the costs associated with termination of the contract.
- Client makes payments with small denomination notes, uncommonly wrapped, with postal money orders or with similar means of payment.
- The duration of the life insurance contract is less than three years.
- The first (or single) premium is paid from a bank account outside the country.
- Client accepts very unfavourable conditions unrelated to his or her health or age.
- Transaction involves use and payment of a performance bond resulting in a cross-border payment.
- Repeated and unexplained changes in beneficiary.
- Relationship between the policy holder and the beneficiary is not clearly established.

8.6 Securities dealers

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are involved in the business of dealing in securities, segregated fund products or any other financial instruments, including portfolio managers and investment counsellors, consider the following indicators.

- Accounts that have been inactive suddenly experience large investments that are inconsistent with the normal investment practice of the client or their financial ability.

- Any dealing with a third party when the identity of the beneficiary or counter-party is undisclosed.
- Client attempts to purchase investments with cash.
- Client wishes to purchase a number of investments with money orders, traveller's cheques, cashier's cheques, bank drafts or other bank instruments, especially in amounts that are slightly less than $10,000, where the transaction is inconsistent with the normal investment practice of the client or their financial ability.
- Client uses securities or futures brokerage firm as a place to hold funds that are not being used in trading of securities or futures for an extended period of time and such activity is inconsistent with the normal investment practice of the client or their financial ability.
- Client wishes monies received through the sale of shares to be deposited into a bank account rather than a trading or brokerage account which is inconsistent with the normal practice of the client.
- Client frequently makes large investments in stocks, bonds, investment trusts or other securities in cash or by cheque within a short time period, inconsistent with the normal practice of the client.
- Client makes large or unusual settlements of securities in cash.
- The entry of matching buying and selling of particular securities or futures contracts (called match trading), creating the illusion of trading.
- Transfers of funds or securities between accounts not known to be related to the client.
- Several clients open accounts within a short period of time to trade the same stock.
- Client is an institutional trader that trades large blocks of junior or penny stock on behalf of an unidentified party.
- Unrelated clients redirect funds toward the same account.
- Trades conducted by entities that you know have been named or sanctioned by regulators in the past for irregular or inappropriate trading activity.
- Transaction of very large dollar size.
- Client is willing to deposit or invest at rates that are not advantageous or competitive.
- All principals of client are located outside of Belize.
- Client attempts to purchase investments with instruments in the name of a third party.
- Payments made by way of third party cheques are payable to, or endorsed over to, the client.
- Transactions made by your employees, or that you know are made by a relative of your employee, to benefit unknown parties.
- Third-party purchases of shares in other names (i.e., nominee accounts).
- Transactions in which clients make settlements with cheques drawn by or remittances from, third parties.
- Unusually large amounts of securities or stock certificates in the names of individuals other than the client.
- Client maintains bank accounts and custodian or brokerage accounts at offshore banking centres with no explanation by client as to the purpose for such relationships.

- Proposed transactions are to be funded by international wire payments, particularly if from countries where there is no effective anti-money-laundering system.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

8.7 Money services businesses

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are involved in the money services business, including foreign exchange dealers, money remitters, issuers of traveller's cheques and agents of the Crown that sell or redeem money orders, consider the following indicators. If you remit or transmit funds, read subsection 8.3 also.

- Client requests a transaction at a foreign exchange rate that exceeds the posted rate.
- Client wants to pay transaction fees that exceed the posted fees.
- Client exchanges currency and requests the largest possible denomination bills in a foreign currency.
- Client knows little about address and contact details for payee, is reluctant to disclose this information, or requests a bearer instrument.
- Client wants a cheque issued in the same currency to replace the one being cashed.
- Client wants cash converted to a cheque and you are not normally involved in issuing cheques.
- Client wants to exchange cash for numerous postal money orders in small amounts for numerous other parties.
- Client enters into transactions with counter parties in locations that are unusual for the client.
- Client instructs that funds are to be picked up by a third party on behalf of the payee.
- Client makes large purchases of traveller's cheques not consistent with known travel plans.
- Client makes purchases of money orders in large volumes.
- Client requests numerous cheques in small amounts and various names, which total the amount of the exchange.
- Client requests that a cheque or money order be made out to the bearer.
- Client requests that a large amount of foreign currency be exchanged to another foreign currency.

8.8 Accountants and accounting firms

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are an accountant, consider the following indicators when you are carrying out certain activities on behalf of your client, as explained in subsection 2.6.

- Client appears to be living beyond his or her means.
- Client has cheques inconsistent with sales (i.e., unusual payments from unlikely sources).
- Client has a history of changing bookkeepers or accountants yearly.
- Client is uncertain about location of company records.

- Company carries non-existent or satisfied debt that is continually shown as current on financial statements.
- Company has no employees, which is unusual for the type of business.
- Company is paying unusual consultant fees to offshore companies.
- Company records consistently reflect sales at less than cost, thus putting the company into a loss position, but the company continues without reasonable explanation of the continued loss.
- Company shareholder loans are not consistent with business activity.
- Examination of source documents shows misstatements of business activity that cannot be readily traced through the company books.
- Company makes large payments to subsidiaries or similarly controlled companies that are not within the normal course of business.
- Company acquires large personal and consumer assets (i.e., boats, luxury automobiles, personal residences and cottages) when this type of transaction is inconsistent with the ordinary business practice of the client or the practice of that particular industry.
- Company is invoiced by organizations located in a country that does not have adequate money laundering laws and is known as a highly secretive banking and corporate tax haven.

More information on which countries these characteristics may apply to can be found on the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section) and on the Organisation for Economic Co-Operation and Development's website http://www.oecd.org (navigate by topic to locate "Tax" under the area heading "Finance").

8.9 Real estate

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are in the real estate industry, consider the following indicators when you act as an agent in the purchase or sale of real estate, as explained in subsection 2.7. If you are a real estate developer, consider the following indicators when you sell a new house, a new condominium unit, a new commercial or industrial building or a new multi-unit residential building to the public, as explained in subsection 2.7.

- Client arrives at a real estate closing with a significant amount of cash.
- Client purchases property in someone else's name such as an associate or a relative (other than a spouse).
- Client does not want to put his or her name on any document that would connect him or her with the property or uses different names on Offers to Purchase, closing documents and deposit receipts.
- Client inadequately explains the last minute substitution of the purchasing party's name.
- Client negotiates a purchase for the market value or above the asked price, but requests that a lower value be recorded on documents, paying the difference "under the table".
- Client pays initial deposit with a cheque from a third party, other than a spouse or a parent.
- Client pays substantial down payment in cash and balance is financed by an unusual source (for example a third party or private lender) or offshore bank.

- Client purchases personal use property through his or her company when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client purchases multiple properties in a short time period, and seems to have few concerns about the location, condition, and anticipated repair costs, etc. of each property.
- Client insists on providing signature on documents by fax only.
- Client over justifies or over explains the purchase.
- Client's home or business telephone number has been disconnected or there is no such number.
- Client uses a post office box or General Delivery address where other options are available.
- Client wants to build a luxury house in non-prime locations.
- Client exhibits unusual concerns regarding the firm's compliance with government reporting requirements and the firm's anti-money laundering policies.
- Client exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- Client persists in representing his financial situation in a way that is unrealistic or that could not be supported by documents.
- Transactions carried out on behalf of minors, incapacitated persons or other persons who, although not included in these categories, appear to lack the economic capacity to make such purchases.
- A transaction involving legal entities, when there does not seem to be any relationship between the transaction and the activity carried out by the buying company, or when the company has no business activity.
- Transactions in which the parties show a strong interest in completing the transaction quickly, without there being good cause.
- Transactions in which the parties are foreign or non-resident for tax purposes and their only purpose is a capital investment (that is, they do not show any interest in living at the property they are buying).
- Transactions involving payments in cash or in negotiable instruments which do not state the true payer (for example, bank drafts), where the accumulated amount is considered to be significant in relation to the total amount of the transaction.
- Transactions in which the party asks for the payment to be divided in to smaller parts with a short interval between them.
- Transactions in which payment is made in cash, bank notes, bearer cheques or other anonymous instruments.
- Transactions which are not completed in seeming disregard of a contract clause penalizing the buyer with loss of the deposit if the sale does not go ahead.
- Recording of the sale of a building plot followed by the recording of the declaration of a completely finished new building at the location at an interval less than the minimum time needed to complete the construction, bearing in mind its characteristics.
- Transaction is completely anonymous–transaction conducted by lawyer–all deposit cheques drawn on lawyer's trust account.
- The following indicators apply to real estate brokers and sales representatives.

- Client sells property below market value with an additional "under the table" payment.
- Client purchases property without inspecting it.
- Client is known to have paid large remodelling or home improvement invoices with cash, on a property for which property management services are provided.
- Client buys back a property that he or she recently sold.
- Frequent change of ownership of same property, particularly between related or acquainted parties.
- If a property is re-sold shortly after purchase at a significantly different purchase price, without corresponding changes in market values in the same area.

8.10 Casinos

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. If you are engaged in the casino business, consider the following indicators.

- Any casino transaction of $6,000 or more when an individual receives payment in casino cheques made out to third parties or without a specified payee.
- Client requests a winnings cheque in a third party's name.
- Acquaintances bet against each other in even-money games and it appears that they are intentionally losing to one of the party.
- Client attempts to avoid the filing of a report for cash by breaking up the transaction.
- Client requests cheques that are not for gaming winnings.
- Client enquires about opening an account with the casino and the ability to transfer the funds to other locations when you do not know the client as a regular, frequent or large volume player.
- Client purchases large volume of chips with cash, participates in limited gambling activity with the intention of creating a perception of significant gambling, and then cashes the chips for a casino cheque.
- Client puts money into slot machines and claims accumulated credits as a jackpot win.
- Client exchanges small denomination bank notes for large denomination bank notes, chip purchase vouchers or cheques.
- Client is known to use multiple names.
- Client requests the transfer of winnings to the bank account of a third party or a known drug source country or to a country where there is no effective anti-money-laundering system.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

8.11 Dealers in precious metals and stones

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. Consider the following indicators if you purchase or sell precious metals, precious stones or jewellery or if you are an agent of the Crown that sells precious metals to the public.

General

- Client indiscriminately purchases merchandise without regard for value, size, or color.
- Purchases or sales that are unusual for client or supplier.
- Unusual payment methods, such as large amounts of cash, multiple or sequentially numbered money orders, traveller's checks, or cashier's cheques, or payment from third-parties.
- Attempts by client or supplier to maintain high degree of secrecy with respect to the transaction, such as request that normal business records not be kept.
- Client is reluctant to provide adequate identification information when making a purchase.
- Transactions that appear to be structured to avoid reporting requirements.
- A client orders item, pays for them in cash, cancels the order and then receives a large refund.
- A client asking about the possibility of returning goods and obtaining a cheque (especially if the client requests that cheque be written to a third party).
- A client paying for high-priced jewellery or precious metal with cash only.
- A client not asking for the reduced price or haggling over the list price.
- Purchase appears to be beyond the means of the client based on his stated or known occupation or income.
- Client may attempt to use a third party cheque or a third party credit card.
- Funds come from an offshore financial centre rather than a local bank.
- Large or frequent payments made in funds other than Canadian dollars.
- Transaction lacks business sense.
- Purchases or sales that are not in conformity with standard industry practice.

Wholesalers and suppliers

- Over or under-invoicing, structured, complex, or multiple invoice requests, and high-dollar shipments that are over or underinsured.
- Unwillingness by a supplier to provide complete or accurate contact information, financial references or business affiliations.
- Counterpart presence, such as an affiliated store or branch or associate, in non-cooperative countries and territories or country that is the subject of advisories issued by THE FIU or the Financial Action Task Force.

More information on the countries to which these characteristics may apply can be found at the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section).

8.12 Lawyers, notaries, other independent legal professionals

Please read sections 4 and 7 and subsection 8.1 for general information about identifying suspicious transactions, whether completed or attempted as explained in subsection 3.2, and how to use these indicators. The methods and techniques used by criminals to launder money may also be used by clients with legitimate means for legitimate purposes. Because of this, indicators should always be considered in context. The following indicators should be considered by legal professionals when you are carrying out certain activities on behalf of your client, as explained in subsection 2.1.

- Client uses an unknown intermediary to approach legal professional.
- Client wants to use foreign companies but does not seem to have a legitimate, legal or commercial reason for doing so.
- Client wishes to form or purchase a company with a corporate objective that is irrelevant to the client's normal profession or activities without a reasonable explanation.
- Client performs activities that are irrelevant to his or her normal activities or profession and cannot provide a reasonable explanation.
- Client repeatedly changes legal professionals within a short period of time without any reasonable explanation.
- Client often transfers funds or securities to a third party.
- Client is reluctant to discuss his or her financial affairs regarding behaviour that is inconsistent with his or her ordinary business practices.
- Client has a history of changing bookkeepers or accountants yearly.
- Client is uncertain about location of company records.
- Third party is present for all transactions but does not participate in the actual transaction.
- Client uses gatekeepers (legal professionals, trust and company service providers or other professionals) to structure deposits and purchase real estate.
- Client does not want to put his or her name on any document that would connect him or her with the property or uses different names on Offers to Purchase, closing documents and deposit receipts.
- Client negotiates a purchase for market value or above asking price, but records a lower value on documents, paying the difference "under the table".
- Client purchases personal use property under corporate veil when this type of transaction is inconsistent with the ordinary business practice of the client.
- Client purchases property in the name of a nominee such as an associate or a relative (other than a spouse).
- Client purchases multiple properties in a short time period and seems to have few concerns about the location, condition, and anticipated repair costs, etc. of each property.
- Client insists on providing signature on documents by fax only.
- Client frequently makes large investments in stocks, bonds, investment trusts or other securities in cash or by cheque within a short time period, which is inconsistent with the normal practice of the client.

- The entry of matching buying and selling of particular securities or futures contracts (called match trading), creating the illusion of trading.
- Client is willing to deposit or invest at rates that are not advantageous or competitive.
- Client's documentation to ascertain identification, support income or verify employment is provided by an intermediary who has no apparent reason to be involved.
- Client seems unconcerned with terms of credit or costs associated with completion of a loan transaction.
- Client frequently uses trust accounts for transactions where it may not make business sense to do so.
- Client is invoiced by organizations located in a country that does not have adequate money laundering laws and is known for high secretive banking and as a corporate tax haven.

More information on which countries these characteristics may apply to can be found on the Financial Action Task Force's website http://www.fatf-gafi.org (see "High-risk and non-cooperative jurisdictions" section) and on the Organisation for Economic Co-Operation and Development's website http://www.oecd.org (navigate by topic to locate "Tax" under the area heading "Finance").

For further information on indicators specific to legal professions, you can access the FATF Report on Money Laundering and Terrorist Financing Vulnerabilities of Legal Professionals on the FATF website http://www.fatf-gafi.org or via the FIU website https://www.fiubelize.org/index.php/compliance-regime/training-and-awareness/resources.

9 Comments?

These instructional notes will be reviewed on a periodic basis. If you have any comments or suggestions to help improve them, please send your comments to the mailing address provided below, or by email to compliance@fiubelize.org.

10 How to Contact THE FIU

For further information regarding the Belize FIU and measures to combat money laundering and terrorist financing, please visit the FIU's website (www.fiubelize.org) or contact us:

By Mail: Financial Intelligence Unit
Compliance Department
4998 Coney Drive
Coney Drive Plaza
P.O. Box 2197
Belize City, Belize

By Telephone: +510-223-2729
+510-223-0596

By Facsimile: +510-223-2531

By Email: compliance@fiubelize.org