



**THE SERVICE FOR
PREVENTION AND CONTROL
OF MONEY LAUNDERING**



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ORDER

8 June 2018

no. 16

***concerning approval of Guidelines for
identification of terrorist financing
suspicious activities and transactions***

Pursuant to the provisions of Government Decision no. 496 dated 25.05.2018 “On the approval of the Methodology for the identification of money laundering and terrorist financing suspicious activities and transactions ”, art. 11 para. (9), art. 22 para. (1), let. k), art. 22 para. (2), art. 37 para. (10), para. (12) of Law no. 308 of 22.12.2017 “on prevention and fight against money laundering and terrorist financing”,

I HEREBY ORDER:

1. Approval of “Guidelines for identification of money laundering and terrorist financing suspicious activities and transactions” as per annex.
2. In case of the occurrence of new tendencies/typologies, the Surveillance and Compliance Service within the Office for Prevention and Fight against Money Laundering shall submit proposals to establish other criteria to identify activities or transactions suspected for money laundering and terrorism financing.
3. The interaction with reporting entities, their supervisory and regulation bodies, as well as the control over the enforcement of this order will be incumbent upon the Surveillance and Compliance Service under the Office for Prevention and Fight against Money Laundering.
4. This Guidelines shall come into force on 23 August 2018.

Director

Vasile ŞARCO

GUIDELINES FOR IDENTIFICATION OF TERRORIST FINANCING SUSPICIOUS ACTIVITIES AND TRANSACTIONS

Section I GENERAL DISPOSITIONS

(1) Scope of these Guidelines

The purpose of these Guidelines is identification of terrorist financing suspicious activities and transactions which shall allow safeguarding of banking and non-banking financial system and of other related professionals against being used by terrorists and / or terrorist groups.

Therefore, these Guidelines represent a summary of theoretical and practical experience gathered in the field of prevention and control of terrorism financing both by the Service on national level and by other organizations at international level. The object of these Guidelines is to guide reporting entities in identification of terrorist financing suspicious transactions and activities, providing criteria and typologies intended to improve the assessment process. Provisions in these Guidelines are intended as recommendations, and the responsibility to determine whether or not a transaction or an activity is actually suspicious belongs to the reporting entity.

In the same time, application of criteria set forth in these Guidelines is directly dependent on the internal assessment which the reporting entity is subject to, and this is how applicability or non-applicability of such criteria to the competent body is justified. Reporting entities must be capable to prove that the amplitude of actions taken and consequences to the client are proportional to the risk identified. In this meaning, allocation of technical, financial and human resources is strictly required for generation and maintenance of an efficient system for prevention and control of terrorism financing as per legal requirements in force. Additionally, for maintenance and promotion of international standards elaborated by the International Financial Action Task Force (FATF-GAFI), reporting entities shall adopt internal control procedures. Identification of terrorist financing suspicious actions and transactions is based on the principle of an efficient and qualitative assessment performed by the reporting entity, which is to exclude the formality principle in selection of suspicious transactions and activities subject to reporting based on legislation concerning prevention and control of terrorism financing.

The Office for Prevention and Fight against Money Laundering and bodies

responsible for supervision shall periodically assess the system for identification and reporting of suspicious transactions and activities, notifying the reporting entity on compliance or non-compliance of suspicions identified by reporting entities.

(2) Legal framework and regulatory grounds

The legal frame for identification of terrorist financing suspicious actions and transactions is represented by Law no. 308 dated 22.12.2017 on prevention and control of money laundering and terrorism financing, Law no. 120 dated 21.09.2017 on control of terrorism, Law no. 25 dated 04.03.2016 on application of international restrictive measures, the lists of the Intelligence and Security Service with persons, groups and entities involved in terrorist activities, standards of the International Financial Action Task Force (FATF-GAFI), the International Convention for the Suppression of the Financing of Terrorism 54/109 dated 09.12.1999, the Action plan for mitigation of risks in the field of money laundering and terrorism financing for 2017-2019 approved by Government Decision no. 791 dated 11.10.2017, the universally accepted regulations of international law, international treaties which Republic of Moldova is a party to and other regulatory documents regulating relations in this field.

(3) Basic terms

suspicious activity or transaction – activity or transaction with goods or illicit goods, including financial means and funds, about which the reporting entity knows or indicates reasonable grounds for suspicion that actions of money laundering, associated offenses, actions of terrorist financing and of proliferation of weapons of mass destruction are in course of preparation, of attempt, of accomplishment or are already performed;

terrorist financing - actions established in art. 279 of the Criminal Code and in the international treaties to which the Republic of Moldova is a party;

terrorism – a concept with a high level of social danger, characterized by a radical ideology and a practice for influencing, by violence, the decision-making process of public authorities or institutions or international organizations, accompanied by public intimidation and / or other illicit violent actions;

terrorist act - generation of an explosion, of a fire or execution of another act that generates the risk of death or injury of body integrity or health, critical damages to property or environment or other serious consequences, if such act is committed to intimidate population or part thereof, to attract society's attention on political, religious or other views of the offender or to force the state, an international organization, a private individual or a legal entity to perform or to refrain from performing any action, as well as the threat to commit such acts for the same purposes.

terrorist activity (terrorist activities) – activities that include:

- planning, preparation, attempt to execute or execution of any terrorist act or another actions that represent crimes of a terrorist nature;
- set-up of an illegal army force, of a criminal organization, of a group organized for the purpose of execution of one or ore crimes of terrorist nature;
- recruitment, enabling, arming, training and use of terrorists;
- affiliation to terrorist organizations or participation in activities of such organizations;
- financing of preparation or execution of terrorist act or of other crimes of a terrorist nature, financing of a terrorist organization, of a terrorist group or of a terrorist, as well as provision of support by other means;
- provision of informational support or other support for the planning, preparation or execution of terrorist acts or of other crimes of a terrorist nature;
- instigation to terrorism-related purposes, public endorsement of terrorism, propaganda for terrorist views, dissemination of materials or information promoting terrorist activities or justifying performance of such activities;
- any of the aforementioned actions performed through IT systems and electronic communication networks;
- any other actions that represent crimes of a terrorist nature;

international terrorist activity – terrorist activities performed:

- by a terrorist, a terrorist group or a terrorist organization on the territory of two or more states, causing prejudices to such states and/or to international organizations;
- by citizens of state against the citizens of another state or on the territory of another state;
- when both the terrorist and the victim are citizens of the same state or of different states, but the crime was committed outside the territories of these states;

crime of a terrorist nature – any of the crimes set forth in art. 134¹¹ in the Criminal Code of the Republic of Moldova;

terrorist group – an association of two or more persons, established for the purpose of performance of a terrorist activity;

terrorist organization – an organization established for the purpose of performance of terrorist activities or an organization that admits resorting to terrorism in its activity. An organization is considered terrorist if any of its structural subdivisions performs a terrorist activity;

terrorist – a person involved in any manner in a terrorist activity;

risk zone – a state or a region, vulnerable from a security perspective, following armed conflicts or terrorist activities performed in that region by organizations or entities known as terrorist/paramilitary by international or regional organizations which the Republic of Moldova is a party to. States or regions that represent risk zones shall be determined by Parliament Decision.

Section II

DIFFERENCE BETWEEN MONEY LAUNDERING AND TERRORIST FINANCING

For developed or developing countries, money laundering and terrorism financing are activities that compromise stability, transparency and efficiency of financial systems. Money laundering and terrorism financing are, fundamentally, simple concepts. If money laundering is the process where incomes achieved from illicit activities are transformed to separate them from their illegal origin, terrorism financing is the financial support, under any form, of terrorism or of people encouraging or involved in terrorism. Many times both money laundering and terrorism financing are based on similar transactions, most of them being related to concealment of funds. Money launders transfer illicit funds using illegal channels in order to conceal their criminal origin, while persons financing terrorism transfer funds, whether legal or illegal, using means that conceal the source and purpose thereof - support of terrorism. Techniques used in money laundering are essentially the same with those used to conceal the source or purpose of terrorism financing. Funds used to support terrorism may originate from legal sources, criminal activities or both. Equally important is concealment of the source of terrorist financing, disregarding whether such source is legal or illegal. If the source may be concealed, it shall remain available for future funding of terrorist activities. Similarly, it is important that terrorists conceal the purpose of funds, so that the financing activity remains undetected. It is known that many times terrorism is financed with occult funds, with "*black money*" or laundered money originated from crimes, apart from other funds used in preparation and execution of criminal actions. Most often the financial support of terrorist organizations originates from legal activities (donations, sales, trade actions), as it is very difficult to identify, among legal funds that support activities of terrorist organizations, those originating from an illegal activity when these funds are mixed together. Also, terrorist organizations, in order to conceal themselves, must use seemingly legal values. Only after funds originating from crimes were converted in seemingly legal values they may be conveyed (a process that is frequently used) to terrorist organizations, so that they can use them for criminal purposes. Also we cannot exclude terrorist acts destined to procure values that, after laundering, are used for other terrorist actions.

Control on origin and destination of funds used by terrorist organizations is difficult to achieve by investigation of the volume of international transfers. In case of operations that preceded the attacks on 11 September 2001, individual transactions did not reach ten thousand dollars and they were performed by simple bank transfers, by persons known as students that seemed to receive the money as state scholarships

or from their parents. Usually, international transfers that are destined for terrorist financing do not involve large volumes, but they are more discreet, repetitive, bank transfers. Application of money laundering control measures that would also lead to control of terrorist financing is even more difficult in case of licit incomes, in diversion operations and concealment of links between terrorist groups and financiers and of any other correlations. The effect of terrorist attacks and of new directions of action in money laundering practically leads to the amendment and update of regulations and strategies for control of money laundering and terrorism financing, both at national and international level, in order to mitigate the risk exposure to these two criminal activities.

Chapter III

CHARACTERISTICS OF TERRORIST FINANCING

At the same time, apart from the difference in criminal object, terrorist organizations also need financial support in achievement of their goals.

A successful terrorist group, like any criminal organization, is a group that is capable build and maintain an efficient financial infrastructure. To this purpose, it must develop funding sources, means to launder those funds and finally a method to provide that they can be used in procuring materials and logistics required for execution of terrorist acts.

Financing of terrorist organizations

Similar to criminal organizations, incomes of a terrorist organization may be acquired following crimes or other illegal activities.

A terrorist organization in a certain region may acquire income following kidnapping and extortion. In this scenario, ransoms paid for release of hostages, together with a special “revolutionary fee” claimed, provide the required financial resources and they also play a secondary role of means of intimidation of the target population.

Except for kidnapping and extortion, terrorist organizations may also engage in general smuggling, in various types of fraud (e.g. using credit cards), theft or burglary and/or drug traffic.

Financing of terrorist organizations, contrary to the case of criminal organizations, may also include incomes from legitimate sources or a combination of licit and illicit sources.

Therefore, this funding from legal sources is a major difference between terrorist organizations and traditional criminal organizations. The importance of the role played by such legal money in support of terrorism vary depending on the respective terrorist organization and whether the funding source is in the same

geographic area with the terrorist acts prepared by that organization.

Requests from communities and recourse to fund raising are very efficient means to gather funds in support of terrorism. Many times such actions are performed in the name of organizations statuted as charitable or support entities and they may be targeted to a certain community, and some members of that community and mislead to believe that they donate money for a good cause.

Preponderantly, charity organizations that receive donations are in fact legitimate, to the extent to which they actually engage in activities that they claim to perform. However, most members of an organization are not aware that part of the funds raised by such charity organization are directed to terrorist causes.

For example, supporters of a terrorism movement in a country may develop apparently legal activities in another country in order to acquire financial sources. Supporters of such movement take possession funds by infiltrating in, and taking control of, institutions in communities of immigrants in the second country. Some specific fund collection methods may include: collection of membership fees and/or subscriptions; sale of publications, excursions, cultural and social events; fund raising in community; appeal to wealthy community members and donation of a part of their personal gains. Terrorist organizations need funds to execute activities specific to terrorist attacks and to gather intelligence before the actual execution phase. This includes travel to and from the target location, use of vehicles and other transportation means, purchase of a range of firearms like light weapons or construction of improvised explosive devices (IED). Funds are also required to purchase fake ID documents and for living expenses, like accommodation, meals and medical care. Terrorist organizations also need funds to remunerate personnel involved in their activity, like couriers used to send messages or to transport cash to a certain country.

Terrorist organizations need funds to successfully recruit new members and to gather funds, which may prove costly as this recruitment process involves the use of various means. Use of internet provides a less expensive mechanism to facilitate initial recruitment phases, however subsequent actions involve additional costs. Use of means of mass communication for terrorist recruitment and propaganda has become a priority in the process of control of terrorist financing. While many terrorist organizations used social media to solicit funds from supporters, more complex terrorist organizations invest money in sophisticated propaganda activities that include publishing of magazines and newspapers, and purchase of internet domains, administration of websites. Some terrorist groups even purchased TV and radio stations to promote their views to the world.

All terrorist organizations search funds to allow training of professionals and simple supporters in various fields, including training in the use of firearms, manufacture of explosives, encrypted or tapped communication, and also

ideological education. In this context, many times terrorist groups purchase lands to be used as training camps, refuge buildings for trainers and trainees, to provide training facilities. Virtual training is also achieved through internet to extend the network of supporters.

Many terrorist organizations allocate funds for the salaries of their leaders and members, and also for the families of imprisoned or deceased members. Provision of financial aid and incentives to group members may strengthen their loyalty to the purpose and ideology of organization. Terrorist organizations may also provide long-term financial support to the families of deceased agents.

Many terrorist groups use financial resources to set up or support social institutions that provide health or education services. Terrorists act in this manner to undermine credibility of legitimate governments - providing services and claiming that the state neglects them - and to acquire support among the local population which contributes to recruitment efforts.

Funding of small groups, terrorist cells, of foreign terrorist fighters and of individual (lone) terrorists

Contrary to large terrorist organizations, small groups, terrorist cells and individual (lone) terrorists are faced with minor financial needs, as costs for execution of terrorist attacks are low. Thus, individual (lone) terrorists and small cells of terrorist networks have much lower funding requirements, given that they do not control territories, conventional armed groups, they are not engaged in recruitment or propaganda operations, they do not operate control points and they do not provide various social services. As such, they must only have financial means to provide food, shelter, communication devices, transportation and purchases needed for execution of terrorist attacks. Based on a report of the Norwegian Defense Research Establishment concerning financing of small terrorist cells, app. 75% of the 40 violent terrorist attacks in Europe (between 1994 and 2013) that were surveyed costed less than the equivalent of USD 10,000. In terrorist attacks involving individual (lone) terrorists and small cells, it is possible that costs associated to the lethal component of attacks (e.g. acquisition of weaponry, explosives, funding of pre-execution preparations, of travels outside the country for training etc.) is the most expensive element of what would finally be a low-cost attack. The funding needs of foreign terrorist fighters (FTF) are generally modest, and they include transportation, accommodation during travel, clothing, camping equipment, mobile phones, food products and other general living expenditures. It is possible that FTF have certain requirements right before entering the conflict zone, like purchase of weaponry. In certain cases, FTF were used as additional funding sources when they joined the terrorist group. In the current context, especially with regard to ISIS, FTF seem to have more value as human resource

than funding sources.

Section IV

TRADITIONAL METHODS AND NEW TRENDS IN TERRORIST FINANCING

Traditional terrorist financing methods

a. Private donations

Donations to terrorist organizations may originate from a wide variety of sources. An analysis performed by the task forces in United States shows that, starting in 2001, 33% of terrorism financing cases involved financial support directly from private individuals. For this purpose, wealthy private donors may represent an important source of incomes for some terrorist groups. For example, ISIS received funds from wealthy private donors in that region. Previous reports of FATF also acknowledged the important role played by sponsors in the support of some terrorist organizations.

b. Abuse and misuse of Non-Government Organizations (NGOs)

Terrorist entities target certain Non-Government Organizations (NGOs) to access their funds and resources and also to operate their networks, willingly abusing NGOs. A survey of the International Financial Task Force (FATF-GAFI) in 2014 shows that abuse of NGOs or the risk of misuse thereof is manifested in five distinct modes:

- diversion of donations through individuals affiliated to terrorist organizations;
- use of NGOs administrators for the purposes of a terrorist organization;
- abuse in programming of resources for the support of terrorist organizations;
- assistance for recruitment in terrorist organizations;
- creation of false non-government organizations.

c. Incomes from criminal activities

Terrorist organizations shall engage in a range of illicit activities to generate funds. For example, terrorist organizations use identity theft to raise funds based on credit card fraud. Also, other frauds associated to lending and insurance sectors are used, as well as illegal trade, including cigarettes, to collect financial means to fund terrorist activities.

d. Extortion

In order to provide financial support to objectives established, terrorist

organizations use means of extortion of money both from the local population, as well as from members of diasporas, including the business sector.

e. Kidnapping for ransom

Kidnapping for ransom is a major source of income for terrorist groups, including ISIS. Ransom amounts paid to terrorist groups vary from EUR 600 thousand to EUR 8 million, based on factors like the size of group and local economic conditions in the geographical region where actions are executed, and each ransom may cover between 5 and 50% of the total annual funding of a terrorist group.

f. Legal entrepreneurial activity

A series of international enquiries and prosecutions found links between legally operated companies, including used car dealers and restaurants, and terrorist organizations, where incomes of companies were directed to the support of terrorist activities.

g. Terrorist financing from state funds

A variety of sources available to the public, and also national governments, claimed that certain terrorist groups were and still are supported financially by several national governments.

New trends in terrorist financing

a. Foreign terrorist fighters (FTF)

The issue of foreign terrorist fighters (FTFs) is not new, however the recent magnitude taken by this trend in the conflict in Syria and Iraq became alarming. Resolution no. 2178 of the Security Council of the United Nations underlines the concern related to creation and establishment of international terrorist networks, which is relevant considering the number of countries where FTFs originate from. Although FTFs are not currently considered as a significant source of funding for terrorist organizations, they bring their contribution to the terrorist financing threat. Furthermore, FTFs are considered one of the main forms of support for terrorist groups and therefore they are a significant terrorism financing threat. Self-financing engaged by individuals and financing through recruitment / facilitating networks are considered the most common methods used to acquire funds for the financial support of FTFs.

b. Financing through social media

The wide spread and anonymity provided by the internet, especially the fast expansion of social media is used by terrorist groups to raise funds from supporters

all over the world, thereby becoming a major vulnerability in terrorism financing. Social media are widely used by terrorist groups to disseminate radical propaganda and to gain worldwide supporters. Many FTFs in Europe and in the West use social media actively to document in real time experiences from conflict zones.

c. Products and payment services

State-of-the-art payment systems, online services and electronic currency represent a vulnerability that may increase in short-term as the global use of this systems becomes more intensive, and many of these systems may be accessed internationally and used for fast transfer of money. Also, certain online payment services and digital currencies are essentially anonymous, making them attractive for terrorist financing especially when payment systems are located in jurisdictions with rather poor methods for prevention and control of money laundering and terrorism financing.

d. Exploitation of natural resources

In countries where governments do not have an effective control of their territories and resources, the natural resources sector may be vulnerable to exploitation for funding of terrorist. Terrorist organizations may use these resources as means to acquire funds by control or exploitation of a large range of vulnerable resources that include gas, oil, wood, diamonds, gold (and other precious metals). These sectors represent a major source of incomes and they may also be attractive due to poor control from authorities.

Section V

NATIONAL TERRORISM FINANCING RISKS

Assessment of security status, evaluation of extremist-terrorist risks and threats in Republic of Moldova shows a negative progress of security status in anti-terrorist sector. This was determined both by the security circumstances at regional/global level and also by internal interfering factors, enabled to a more or less extent by external influences. As per the data of the Institute for Economy and Peace, the terrorism index dropped, in 2014, down to 0.04, from 0.35 in 2013, recording in the same time an average value of 0.78 for the period between 2002 – 2014. The indicated terrorism index calculates the direct and indirect impact of terrorism, including the effect arising from the number of people killed, injured, property damage and psychological effects. This is a score based on which countries are ranked, based on impact of terrorism, on a scale from 0 to 10 (maximum impact).

The geo-strategic location and the socio-economic and political situation of

Republic of Moldova also represented favorable premises for recrudescence of risks and threats related to terrorist activities.

- Republic of Moldova may become a transit country, being crossed by the flows of travelers from / to risk areas or European countries. People involved in terrorist activities, especially the recently introduced foreign terrorist fighters may use the territory of the Republic of Moldova as a transshipment point on the travel route (from conflict zones in Syria (through Turkey) to the Russian Federation and EU) to states, other than their country of residence, for terrorist purposes.

- The issue of Foreign Terrorist Fighters

Although Republic of Moldova is not a country that exports foreign terrorist combatants, some events were still noted when RM citizens that were radicalized and involved in activities of international terrorist organizations. During the first quarter of 2016, the Anti-terrorist Center of SIS of RM, together with Prosecutor bodies, documented and prevented 13 cases of crimes to be committed by this group. Most of the documented foreign citizens were expelled from Republic of Moldova. In the same time, at regional level, cases were noted where RM citizens were involved in mercenary practices in the area of anti-terrorist operations in Ukraine. Also, it is noticeable that several young people from Republic of Moldova participated in the Ukraine conflict. One of them, 21 years old, also activated as a camp commander in the rebels detachment „Сомали”, in Donetsk region, code name „Академик” holding the title of lieutenant-major. Recently, this military man returned from eastern Ukraine, where he took part in the military conflict. He also held a military book of the paramilitary structures of the so-called People's Republic of Donetsk, military uniform with the distinct features of said detachment, topographical maps of combat regions, military documents, the flag of „Сомали” detachment. He claimed his intentions to travel to the region rmn, and subsequently to Odessa, where he intended to recruit citizens from Transnistria region to be sent to Odessa in order to take destabilizing actions. This military also said that he had instructions to recruit citizens of Republic of Moldova from the left bank of Dniester, to be stimulated to fight for the so-called separatist republic in eastern Ukraine for a remuneration of USD 500-600 per month. In this case, decision was taken to refer the person suspected of terrorist actions to Ukrainian authorities. Following the approach of SIS to BMA of the MAI, the arrested person was assigned the statute of “undesirable person”, for a 5-years period, being escorted and referred to the Ukrainian Security Service.

- The flow of foreign citizens from risk areas

Over the past years, a massive flow of citizens (immigrants/refugees) from risk areas was noted, which travelled mainly to the European continent. Risks involved by this issue against the national security reside in the fact that, persons involved in terrorist activities enter and establish in European states under the shelter of the

refugee statute. In this context, during 2014-2015, Republic of Moldova was also faced with an increased flow of foreign citizens from risk areas, requesting asylum or willing to become permanent residents of our country. Thus, the highest number of citizens that were targeted by national authorities and verified through informational databases originates from countries like: Afghanistan, Pakistan, Lebanon, Libya, Irak, Syria, Yemen. Considering the currently existing trends, as well as the statute of Republic of Moldova as a transit country, we can forecast an increase of the flow of immigrants and asylum applicants, during this year and in immediate future. Noticeably, at the beginning of 2015, specialized authorities of R. Moldova investigated the activity of a group of individuals suspected of ties with the Islamic State terrorist group. Following searches made, four adults and three children were found. The purpose of these individuals was to get to Syria, to take part in the conflict on Islamic State's side. The first couple is a man from Dagestan and a underage Chechen girl. As per their statements, his brother died in Syria, while also fighting for the Islamic State. He was accompanied by a 16 years old Chechen girl. She arrived in Republic of Moldova from Norway on 24 April 2015, and they both were expelled to the Russian Federation.

Concerning the second couple, the woman had arrived from France, having a residence permit issued by French authorities, and the man is of Chechen origin, but he held a fake passport from the Republic of Tajikistan. The man declared that he had previously participated in the Syrian conflict. Another high-profile case discovered by Moldovan authorities, this time involving radioactive chemicals that may be used for manufacture of mass destruction weapons took place in 2014. Seven members of a group involved in smuggling of nuclear chemicals were retained, after several searches were performed on the territory of R. Moldova, and arrest warrants were issued for four of the persons involved. Following the measures taken by representatives of Moldovan authorities, in cooperation with agents of the US Federal Bureau of Investigations, 200 grams of uranium and one kilogram of mercury were confiscated. Chemicals were presumably brought by train from the Russian Federation at the beginning of the year and relocated in various places: Chişinău, Orhei and Edineţ. The suspects intended to sell these chemicals for EUR 8000/1 gr. and they demanded EUR 1.6 million for the entire quantity of uranium. Detainees admitted their guilt. For collection of evidence required for documentation of this case, an undercover policeman was infiltrated in the group. Under judicial control, a sample of radioactive material of five grams was purchased, against a down payment of USD 15,000. Initially the suspects demanded EUR 30,000. For research, the chemical was referred to the US Federal Bureau of Investigations (FBI), which confirmed radioactivity. This material could be used for manufacture of “dirty bombs”, however the smugglers did not intend to manufacture such bombs, but they were only pursuing financial interests.

Section VI
CHARACTERISTICS OF TERRORIST FINANCING SUSPICIOUS
ACTIONS AND TRANSACTIONS

The activity of reporting entities must be based on operational, tactical and strategic assessments, taking into consideration the individual elements of transactions and activities that may indicate suspicions concerning the use of funds or goods for terrorist financing.

Suspicion criteria for identification of suspect transactions and activities are intended to reveal the type of actions that may be subject to increased and/or additional control by reporting entities. Criteria described are not exhaustive, and they also do not replace any obligation that may be imposed by competent authorities related to reporting of unusual activities or transactions or suspected for terrorism financing. In parallel with these Guidelines, reporting entities shall take into consideration provisions of the Guidelines for identification of money-laundering suspicious activities and transactions.

These criteria must be considered by reporting entities in conjunction with other available data (including any lists of individuals suspected of terrorism, of terrorist groups, of persons and entities involved in terrorist acts issued by the Security Council of United Nations and / or by the Intelligence and Security Service), the actual source of transaction, parties involved in transaction, as well as any other guiding instructions that may be provided by competent authorities responsible for prevention and control of terrorism financing.

Compliance with one or more criteria may guarantee an increased control on transactions and activities. However, compliance with one of these criteria does not mean that a transaction or activity is suspicious or out of the ordinary.

In their activity, reporting entities shall follow the criteria below:

General criteria for identification of suspicious transactions and activities

1. Diversion of funds, directing amounts collected for charity to terrorist groups and organizations.
2. Use of intermediary corporations or companies that provide goods and money to terrorist groups and organizations.
3. Execution of payments consisting in transfers to community associations and international transfers to private individuals, where the orderer is known to be connected to members of terrorist groups.
4. Purchases of goods and transfers of money through internet using credit cards pertaining to intermediary persons, required for the activity of terrorist groups.
5. Use of expats or diaspora communities by terrorist groups and their supporters to collect funds by blackmail and transfer of such funds to countries with

high terrorism risk.

6. Frequent money transfers to account in various countries, for payment of rent, purchase and sale of vehicles and other electronic components to be used by terrorist groups.

7. Opening and plenishing of accounts on territory of Republic of Moldova with large amounts of money in foreign currency by companies active in processing of precious metals and stones, and debiting of such accounts through transfers in other currency to the Middle East.

8. Transfer of funds to risk areas using cash couriers.

9. Crediting of funds to the account of a company by community associations, justified as consulting services, and the transfer thereof to charity organizations in risk areas.

10. Frequent travels of private individuals carrying large amounts of money and travelling through multiple jurisdictions to conceal the final destination of such amounts.

11. Multiple international transactions in a short time period, to hinder identification of the source of funds.

12. Frequent transfers to the account of a person known as not having significant incomes, but which takes multiple travels.

13. Parties involved in transaction (owner, beneficiary, etc.) originate from countries that are known to support terrorist organizations and terrorist activities.

14. Inclusion of a person or entities in the UN list of sanctions or in European Union regulations concerning persons/entities suspected of terrorism financing.

15. Use of false identity, to conceal connections with terrorist organizations.

Criteria for identification of suspect transactions and activities associated to improper use of NGOs.

1. The use of funds by NGOs is not consistent with its declared purpose;

2. The accounts of NGOs or charity funds are used to collect and gather funds for a small number of foreign beneficiaries, especially in high risk areas;

3. Financial transactions are performed without any clear logical economic purpose or without any clear connection between the declared activity of organization and the other parties involved in transaction;

4. Charity activities are performed in conflict zones.

Criteria associated to foreign terrorist fighters and individual (lone) terrorists:

1. Payments to/from an unusual number of non-affiliated counterparties, especially if they are located in conflict zones, in other countries adjacent to conflict zones and/or in jurisdiction known to have high risk of terrorism financing;

2. Intensification of transfer payments sent to a person, followed by the sale/liquidation of personal goods;
3. Excessive cash withdrawal, progressive emptying of the bank account;
4. New phone numbers may appear in client's profile, as the FTF prepares to travel (e.g. the client calls from different mobile phones);
5. Request for an increase of ATM cash withdrawal limit or for conversion of the existing debit card into an internationally valid credit card, not in consistence with client's transaction history;
6. The client requests access to ATMs in conflict zones or in other countries adjacent to conflict zones;
7. The client obtains consumer loans which are then used to purchase expensive/luxury goods (e.g., expensive cars) which are immediately sold to acquire money (the sale transaction may be passed through the bank account and than converted in cash);
8. Non-repayment of consumer loans, of credit card balances, of credit lines etc. For example, repayments are interrupted suddenly, and the client cannot be found;
9. Accounts are used only as deposit accounts (with funds received from non-affiliated third parties, which may be, for example, sponsors identified through social media and other crowdfunding strategies);
10. Periods of inactivity of transactions, which may be the result of terrorism preparations or of a combat engagement; or significant ATM withdrawals before the account and the payment instrument becomes inactive;
11. The client accesses accounts and/or uses debit or credit cards in high risk jurisdictions (including cities or regions of interest), especially in countries (and neighboring regions) in conflictual and/or political instability or known to support terrorist activities and terrorist organizations;
12. The client identified by mass-media or by law enforcement authorities travelled or attempted/intended to travel to high risk jurisdictions (including cities or regions of interest), especially in countries (and neighboring regions) in conflictual and/or political instability or known to support terrorist activities and terrorist organizations;
13. The client performed purchases related to travels to high risk jurisdictions (including cities or regions of interest), especially in countries (and neighboring regions) in conflictual and/or political instability or known to support terrorist activities and terrorist organizations;
14. Payments identified in transit points (for example, ATMs or credit card payments in fueling stations, airports, road toll, hotels, railways, car wash facilities, car rental services) show that the client has an unusual travel route (unrelated to client's economic profile);

15. Sudden purchase and feeding of prepaid cards not consistent with client's transaction history;

16. Logging with IPs originating in conflict zones or on borders with neighboring countries.

Fund transfers:

1. A large number of inputs or outputs of funds are made through an account where there is no clear logical activity or no clear economic purpose for transfers, especially when this activity involves high risk areas;

2. Fund transfers are ordered in small amounts, clearly for the purpose to evade application of identification or reporting criteria;

3. Fund transfers do not include data on initiating party or on the person on behalf of which the transaction is made, when such information should be provided.

4. Bank transfers to conflict zones.

Other criteria:

1. Sudden conversion of financial assets into a virtual currency or the use of a virtual currency intermediate, that enables anonymity;

2. The declared profession of the client is not consistent with its activity level or type;

3. Persons involved in currency transactions share a common address or phone number, especially when the address is a commercial location that does not seem consistent with the declared profession (for example, student, unemployed or freelancer);

4. Multiple accounts are used to collect and gather funds for a small number of foreign beneficiaries, both private individuals and legal entities;

5. The client performs unusual purchases (like camping equipment, weaponry, ammonium nitrate, hydrogen peroxide, acetone, propane etc.);

6. The client provides several versions of name, address, phone numbers or other ID data;

7. A client acquires a loan instrument or engages in commercial financial transactions that involve transfer of funds to or from high risk areas, when there are no logical reasons to establish business relations and to collaborate with such areas.

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