



Bundeskriminalamt

2011 ANNUAL REPORT
Financial Intelligence Unit (FIU)
GERMANY

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Contents

1	Foreword	7
2	Reporting behaviour	8
2.1	Reports filed pursuant to the Money Laundering Act (MLA) and the Fiscal Code	8
2.1.1	Suspicious transaction reports filed pursuant to the Money Laundering Act	8
2.1.2	Possible causes for the increase in the number of suspicious transaction reports filed pursuant to the MLA	11
2.1.3	Reports filed by the tax authorities pursuant to Section 31 b of the Fiscal Code	12
2.1.4	Number and nationality of persons reported	12
2.1.5	Corporate headquarters	14
2.1.6	Grounds for suspicion	14
2.2	Results of processing	17
2.2.1	Status of report processing at the close of the reporting year	17
2.2.2	Connections to types of crime identified in cases transferred to specialised investigation agencies	18
2.3	Reports filed pursuant to the Iran Embargo Regulation	19
2.4	Summary	19
3	Follow-up responses by public prosecutor's offices pursuant to Section 11 (8) of the Money Laundering Act	20
3.1	Statistical analysis	20
3.2	Assessment of content	21
3.2.1	Judgments, penalty orders, indictments and other follow-up reports	21
3.2.2	Dismissal orders	21
3.3	Conclusion	22

Contents

4	Analysis of suspicious transaction reports	22
4.1	Case analysis	22
4.2	Trends and typologies	23
4.2.1	Financial Agents	23
4.2.2	Electronic payment systems	25
4.2.3	VAT fraud / trade in engery	26
4.2.4	Fraud to the detriment of senior citizens	26
4.3	Supplementing suspicious transaction reports	27
5	National issues and developments	28
5.1	The Money Laundering Act Reform (law for the optimisation of the prevention of money laundering)	28
5.2	Public Relations Work	28
5.3	The Working Party of Banks and Chambers	29
5.4	Case collection	30
5.5	Progress of the money laundering supervision in the “non-financial sector”	30
6	International cooperation	31
6.1	Exchange of information with other FIUs	31
6.2	International events /contacts	33
6.3	EU Project “Fight against Organised Crime”	33
6.4	Investigative successes	34
7	Financing of terrorism	35
7.1	General remarks	35
7.2	STRs filed pursuant to the MLA on the “terrorist financing phenomenon”	35
7.3	FIU correspondence	37
7.4	Conclusion	38
8	Summary and outlook	38
9	Attachments	40

Graphs

Graph 1: Suspicious transaction reports filed pursuant to the Money Laundering Act, 2002–2011	8
Graph 2: Suspicious transaction reports filed pursuant to the MLA without the “financial agents” phenomenon	11
Graph 3: Reports relating to money laundering pursuant to Section 31 b of the Fiscal Code	12
Graph 4: Results of processing by the money laundering clearing offices of the state criminal police offices	17
Graph 5: Connections to types of crime identified by clearing offices in cases transferred to other investigative agencies	18
Graph 6: Monitoring of suspicious transaction reports – Noteworthy cases	23
Graph 7: Number of STRs filed in connection with the “financial agents” phenomenon since 2006	23
Graph 8: Number of reports involving “financial agents” compared to the total number of STRs	24
Graph 9: Development of the case numbers of the FIU information exchange	31
Graph 10: Distribution of STRs filed for suspected “terrorist financing”	37

Tables

Table 1: Number of reports filed pursuant to the Money Laundering Act by reporting party	10
Table 2: Nationality of the persons reported	13
Table 3: Headquarters of the companies reported	14
Table 4: Grounds for suspicion indicated by the parties required to report	15
Table 5: Number of follow-up responses in relation to the number of suspicious transaction reports	20
Table 6: Overview of judgments / penalty orders / indictments / other	20
Table 7: Predicate offences for money laundering and other offences to which the court orders refer	21
Table 8: Domestic and international requests for information addressed to the FIU Germany (Top 20)	32
Table 9: Suspicious transaction reports filed for suspected involvement in the financing of terrorism	36



1 Foreword

During the year under review, the development of the Law for the Optimisation of the Prevention of Money Laundering (“Gesetz zur Optimierung der Geldwäscheprevention”) and its entry into force on 29 December 2011 played a central role. Among the new legal provisions, the specification of the threshold of suspicion and the introduction of a reporting obligation in case disclosure obligations are violated by contracting partners are especially worth mentioning. Furthermore, clarification has been provided with the introduction of a new German term for suspicious transaction report [translator's note: “Verdachtsmeldung” is used instead of “Verdachtsanzeige”; makes no difference in the English translation]. However, in view of the date of entry into force, this adjustment was intentionally not yet taken into account when drawing up this report. It remains to be seen how these new provisions will affect the work of the FIU in detail.

Considerable changes are also foreseeable at an international level. In a quite long working process, the 40+9 FATF recommendations were subjected to a thorough review. The adoption of the new 40 recommendations in February 2012 will be followed by the work on the new assessment methodology. Furthermore, the revision of the “Third EU Money Laundering Directive” has begun within the EU. Besides the legal framework, monitoring systems or suppression strategies of the police also need to be optimised permanently, for example, with regard to new forms of payment and modified modi operandi. An example here is the predicted growth of the E-money market. It will only be possible to meet the new challenges if all parties concerned join forces and stand united. Against this background, I look forward to fruitful and successful cooperation with all cooperation partners also in the future and hope that this report will be interesting reading for you.

Dr. Michael Dewald
(Head of FIU Germany)



2 Reporting behaviour¹

As the new German term *Verdachtsmeldung* (for suspicious transaction report) had not yet been established since the Law for the Optimisation of the Prevention of Money Laundering entered into force at the end of the 2011 reporting year, the term *Verdachtsanzeige* is still used in the German version of the report.

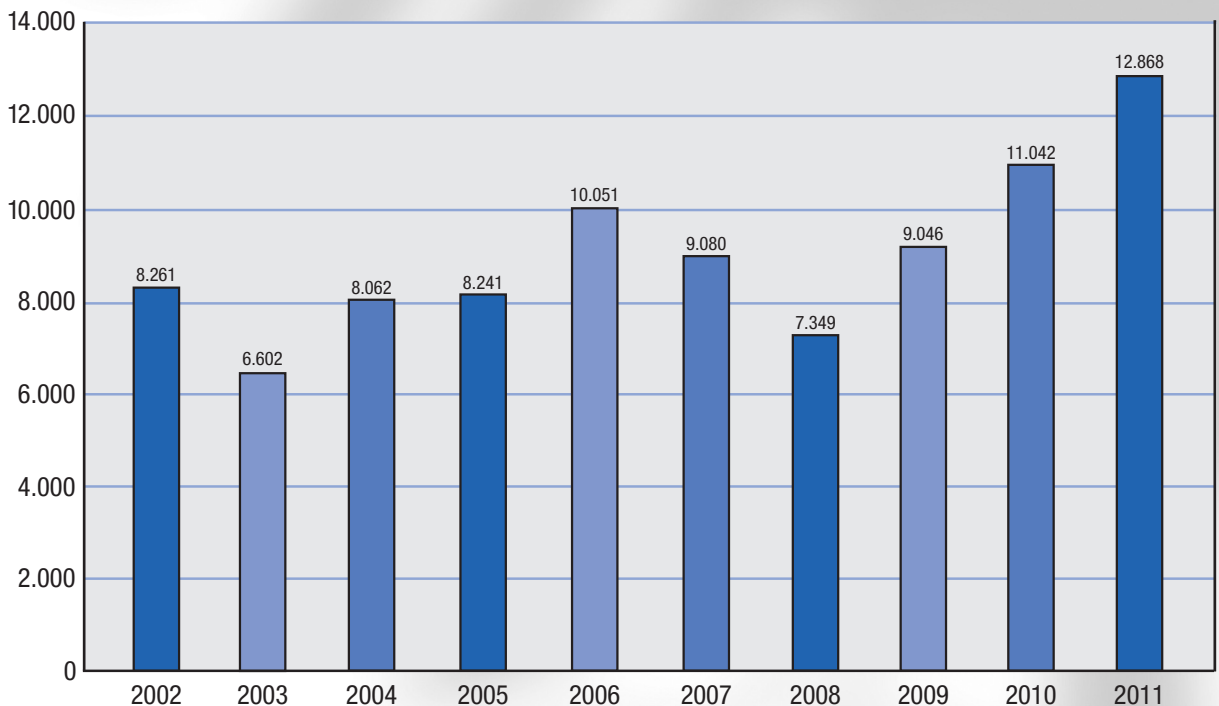
¹ The case figures mentioned in this report and the graphs and tables published in chapters 2, 3 and 4 are based on data provided to the FIU Germany due to its original jurisdiction. Only when drawing up graph 4 ("Results of processing by the clearing offices of the state criminal police offices") and graph 5 ("Connections to types of crime identified by the clearing offices in cases forwarded to other investigative agencies") has use been made of the data held by the clearing offices of the state criminal police offices, which are competent for the police handling of suspicious transaction reports.

2.1 Reports filed pursuant to the Money Laundering Act (MLA) and the Fiscal Code

2.1.1 Suspicious transaction reports filed pursuant to the Money Laundering Act

As in the two previous years, the trend towards growing numbers of suspicious transaction reports filed pursuant to the Money Laundering Act also continues in 2011 with a total of 12,868 STRs. Compared to 2010 (11,042 STRs), this is an increase of 1,826 suspicious transaction reports or nearly 17%. Although this rate of increase is below that recorded in the previous year (22%), it results in a new peak of suspicious transaction reports filed during one year since the Money Laundering Act came into force in 1993. Graph 1 shows the development of the STRs filed pursuant to the MLA (without follow-up reports) from 2002 to 2011:

Graph 1: Suspicious transaction reports filed pursuant to the Money Laundering Act, 2002–2011



Furthermore, a total of 676 follow-up reports (containing additional information on "initial reports") were processed by the FIU in the 2011 calendar year, so that the total amount of reports processed increased to 13,544.

As in the previous years, the vast majority of the STRs received at the FIU Germany had been filed by the credit institutions.

Between 2008 and 2010, there had been a continuous increase in the number of STRs filed by these reporting parties. Their percentage increased from 86% in 2008 and 90% in 2009 to 92% in 2010. In the 2011 reporting year, the number of reports filed by the credit institutions further increased, but – compared to the previous year – there was a slight decrease of their share in the total number of reports filed. The credit institutions filed a total of 11,606 STRs, which is a percentage of 90%.

While the figures recorded for the credit institutions slightly declined, the number of cases reported by the financial service institutions increased. For the first time in several years, the number of suspicious transactions reports filed

by this sector is above the figures of the previous year. In 2010, the FIU Germany recorded 574 reports (5% of the total number of STRs) filed by financial service institutions. In 2011, this number increased to 935 STRs, which is a percentage of 7%.

Especially those required to report pursuant to Section 2 (1) No. 7–12 MLA, some of whom are made up of relatively strong (occupational) groups in terms of numbers – e.g., lawyers, auditors, brokers or persons trading in goods – continue to be clearly under-represented in the filing of reports with a share of approx. 0.9% of the total number of reports filed.

As already mentioned in the last Annual Report, the number of suspicious transaction reports filed by "persons trading in goods" is at a very low level. In the total year 2010, merely 33 STRs were received from this sector. 86 reports are recorded for the year 2011. This means that there is a slight trend upwards for this sector. All in all, however, the number of STRs received from this group is still at a very low level.



The following table shows the distribution of the suspicious transaction reports by reporting party:

Table 1: Number of reports filed pursuant to the Money Laundering Act by reporting party

		2011	2010
Banks	Credit banks	3.561	2.789
	Saving banks and state central banks	4.057	3.946
	Credit unions and co-operatives	2.460	2.163
	Deutsche Bundesbank and main branches	19	16
	Other	1.509	1.313
	Total	11.606	10.227
Insurance companies		106	97
Financial service providers		935	574
Financing companies		96	7
Government authorities (Sec. 14 and 16 of Money Laundering Act)		5	6
	Total	1.142	684
Parties required to report (Sec. 2(1) no 7-12 of the MLA)	Lawyers	11	10
	Legal advisers	4	0
	Patent attorneys	0	0
	Notaries	7	4
	Auditors	1	0
	Certified accountants	0	0
	Tax consultants	2	3
	Agents in tax matters	0	0
	Real-estate brokers	0	0
	Casinos	4	11
	Persons trading in goods	86	33
	Total	115	61
Other reports filed pursuant to the Money Laundering Act		5	70
Total		12.868	11.042

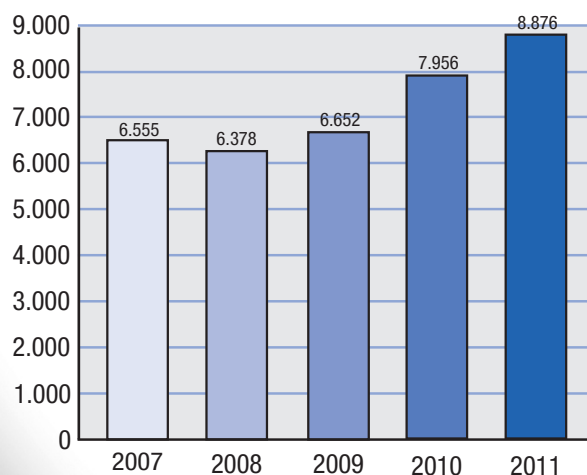
2.1.2 Possible causes for the increase in the number of suspicious transaction reports filed pursuant to the MLA

- Increased and continuously high share of the “financial agents” phenomenon in the total number of STRs filed

For years, the “financial agents” phenomenon has been the major individual phenomenon observed for all STRs filed. Changes in the reporting behaviour in this field thus have a strong influence on the overall number of STRs filed. In the period under review, the share of reports filed in connection with “financial agents” is 31% of the total amount, which constitutes a new peak. The number of STRs with a “financial agent” background increased from 2,394 in 2009 (26%) and 3,086 in 2010 (28%) to 3,992 in 2011.²

However, this explains only part of the overall increase: If the number of STRs filed in connection with “financial agents” is not included in the total number of STRs filed, the number of STRs increased by nearly 12% from 2010 to 2011. The following graph shows the “adjusted” number of suspicious transaction reports, excluding the financial agents phenomenon:

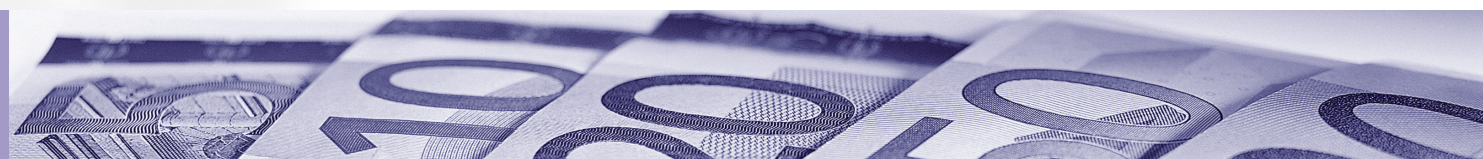
Graph 2: Suspicious transaction reports filed pursuant to the MLA without the “financial agents” phenomenon



- Specifying the threshold of suspicion

The rate of increase observed regarding the suspicious cases reported in the last year could also be due to the special awareness raised among the parties required to report. Both the discussions held on the “threshold of suspicion” issue after the FATF assessment and the consideration of the modified German terms (*Verdachtsanzeige/Verdachtsmeldung*, see translator’s note in the introduction), started prior to the last amendment of the law, might have had a considerable influence on the reporting behaviour. In 2011, the FIU noticed that also cases with a “low degree of suspicion” were reported. It is assumed that this trend will continue even more so with the entering into force of the law reform.

² Chapter 4.2.1 contains further information on the “financial agents” phenomenon.



2.1.3 Reports filed by the tax authorities pursuant to Section 31 b of the Fiscal Code

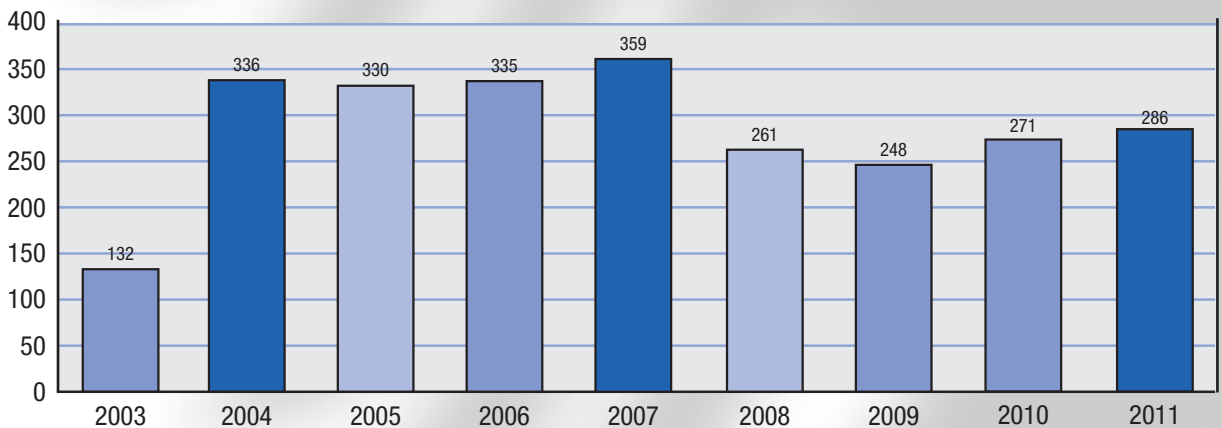
Apart from the suspicious transaction reports filed pursuant to the MLA, the FIU received a total of 286 reports in 2011 filed by the tax authorities pursuant to Section 31 b of the Fiscal Code. According to Section 31 b sentence 2 of the German Fiscal Code, tax authorities shall without undue delay report “facts suggesting that an offence pursuant to Section 261 of the Criminal Code or terrorist financing (...) has been or will be committed or attempted”.

Compared to 2010, the tax authorities filed 15 more reports. Thus, a slight but constant increase in the number of such reports has been recorded since 2009. However, the higher level of the years 2004–2007 has not yet been reached again.

2.1.4 Number and nationality of persons reported

In 2011, the FIU recorded a total of 22,129 persons who were mentioned in suspicious transaction reports filed pursuant to the MLA and in reports filed pursuant to Section 31 b of the Fiscal Code. This is a slight decrease compared to the previous year (22,208). Though the mere numerical values are still roughly at the same level, a clear decrease in the number of persons mentioned on average in one STR has been established when considering the fact that the total number of STRs increased by almost 17% in 2011. The causes for this development are not apparent.

Graph 3: Reports relating to money laundering pursuant to Section 31 b of the Fiscal Code

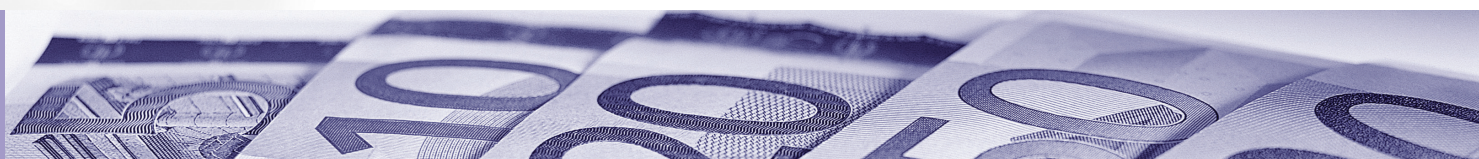


All in all, the parties required to report mentioned the nationality for 12,667 persons. The percentage of German nationals was 58% and is thus only slightly below the previous year with 61%. A total of 152 different nationalities were mentioned.

Compared to 2010, there is a noteworthy increase in the number of British (+56%), Ukrainian (+52%), Greek (+41%) and Russian (+ 36%) nationals reported. Due to the increase in the number of cases, the nationalities British, Greek and Serbian were included in the list of the most frequently reported nationalities in 2011.

Table 2: Nationality of the persons reported

Nationality	2011	2010
Total number of all persons	22.129	22.208
Total number of nationalities reported	12.667	10.810
Germany	7.300	6.655
Turkey	660	593
Russia	373	275
Romania	319	295
Poland	312	281
Latvia	220	254
Bulgary	200	158
Italy	200	184
United Kingdom	134	86
China	124	127
Greece	124	88
Serbia	122	82
Ukraine	122	80
Other	2.457	1.652
unclear / unknown	9.462	11.398



2.1.5 Corporate headquarters

In the suspicious transaction reports filed pursuant to the MLA and the reports filed pursuant to Section 31 b of the Fiscal Code, a total of 4,608 companies were mentioned in 2011 (2010: 4,477). This is an increase of 3%. The corporate headquarters of 2,718 companies – nearly 60% – were mentioned. A total of 1,686 of these companies had their headquarters in Germany, which accounts for 62%, like in the previous year.

The headquarters of the companies reported are located in 98 countries compared to 108 countries in 2010.

2.1.6 Grounds for suspicion

The factors mentioned as circumstances arousing suspicion by the reporting parties are summarised under the term “grounds for suspicion” by the FIU. Usually, several grounds for suspicion can be indicated in one STR. For the 2011 reporting year, the grounds for suspicion fall into the following categories:

Table 3: Headquarters of the companies reported

Corporate headquarters	Number	
	2011	2010
Total number of all companies	4.608	4.477
Total number of all headquarters	2.718	2.808
Germany	1.686	1.739
Switzerland	101	116
Great Britain	101	125
Cyprus	74	76
British Virgin Islands	64	66
Russian Federation	48	72
USA	46	50
United Arab Emirates	42	11
Panama	31	23
Austria	29	32
Other	496	463
unclear	1.890	1.669

Table 4: Grounds for suspicion indicated by the parties required to report (Part 1)

Category	Ground for suspicion	Number	
		2011	2010
Special hints / links to known cases	Transfer fraud	4.017	3.172
	Link to known investigation	1.054	738
	Internet transactions	872	517
	Press releases / Open source information	274	193
	Fraudulent offers	181	69
	Direct debit fraud	61	65
	Other (special) hints/links to known cases	596	342
	Total	7.055	5.096
Document /certificate/ identification	Document forgery	837	422
	Smurfing	122	77
	Difficulties in/refusal of identification	119	55
	Other (document / certificate / identification)	57	12
	Total	1.135	566
Company	Business activity	584	184
	Fictitious / letter-box company	115	62
	Structure / network of companies	152	53
	Others (Company)	423	106
	Total	1.274	405
Kind of business ("how")	Cash	4.381	1.755
	Credit	344	161
	Barter	190	130
	Insurance	140	87
	Non-Cash	319	68
	Other (kind of business)	150	38
	Total	5.524	2.239
Business purpose ("what")	Precious metals	191	394
	Cheque	487	341
	Real estate	557	292
	Vehicle	463	210
	Electronics	142	70
	Building and construction	192	64
	Other (business purpose)	477	140
	Total	2.509	1.511

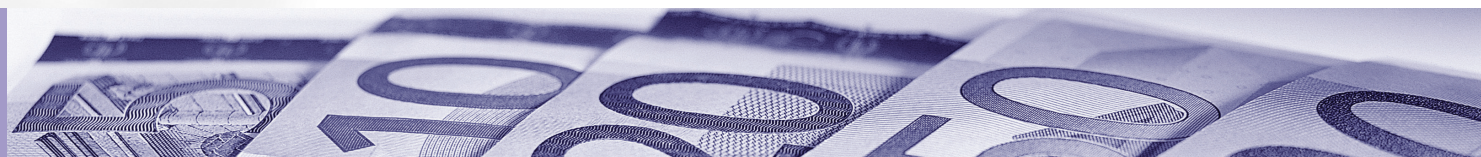


Table 4: Grounds for suspicion indicated by the parties required to report (Part 2)

Category	Ground for suspicion	Number	
		2011	2010
Account opening / account keeping	Account use	6.226	3.485
	Economic background	4.906	1.564
	Transactions	2.532	1.468
	Online banking	2.573	247
	Economic authorisation	962	173
	Transfers through uneconomic / indirect channels	140	53
	Other (account opening / keeping)	188	44
	Total	17.527	7.034
Product / customer	Customer behaviour	1.044	695
	Other (product / customer)	396	87
	Total	1.440	782
Financing of terrorism	Criminal association / organisation	59	35
	Matches with listed persons	38	34
	Other (financing of terrorism)	165	15
	Total	262	84
No specific grounds for suspicion		25	80
Total		36.751	17.797

The significant increase in the total number of grounds for suspicion is not an indicator for a qualitative change of the suspicious transaction reports. It rather suggests that the case-specific details forwarded in the STRs were subjected to more thorough analysis.

The high percentage of cash withdrawals is striking here. They have turned out to be the factor arousing suspicion in many reports. This results, among other things, from the large number of “financial agent” cases in which fraudulently obtained funds were finally withdrawn in cash by the “financial agent”. The frequent reference to transfer fraud as a ground for suspicion is probably also linked to this fact. This makes clear how closely linked these two fields of crime are in many cases.

Atypical transactions and/or transactions for which the customers could not furnish a plausible explanation were also very often mentioned. Here, the professional implementation of the “Know-your-customer” principle, i.e. close contact with the customer, has proven to be especially helpful.

A significant increase can also be seen in the reports which contained information on suspicious “online banking” transactions.

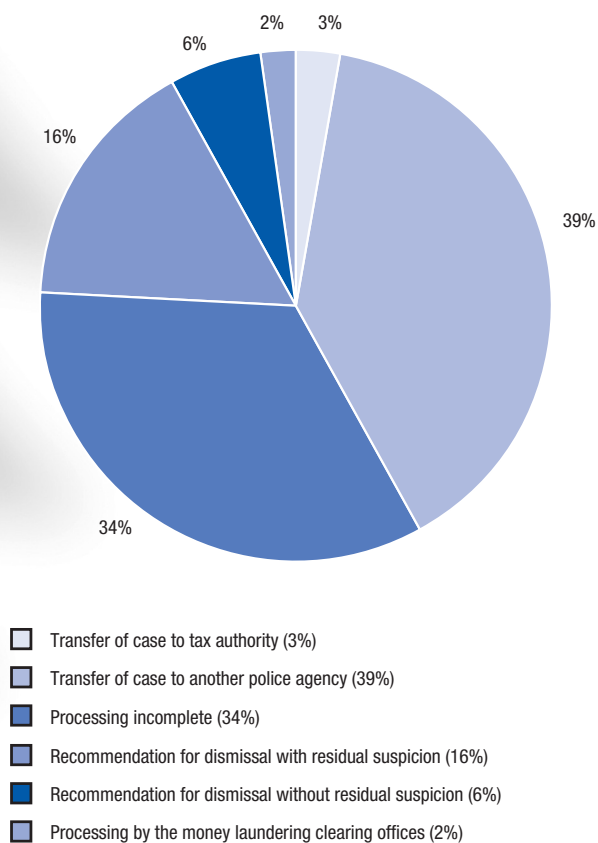
Doubts about the beneficial ownership of the person making the transaction increasingly often led to the filing of a suspicious transaction report, too.

2.2 Results of processing

2.2.1 Status of report processing at the close of the reporting year

Of the investigative proceedings initiated in 2011 pursuant to Section 11 of the Money Laundering Act, 34% have not yet been concluded in the calendar year. 3% of all STRs processed in the clearing offices of the state criminal police offices in 2011 were transferred to the tax authorities, 39% were transferred to other specialised police investigation offices for further processing, and for 22% of the cases, a dismissal order was recommended (6% without residual suspicion, 16% with residual suspicion). Compared to the previous year, there have been no significant changes.

Graph 4: Results of processing by the money laundering clearing offices of the state criminal police offices



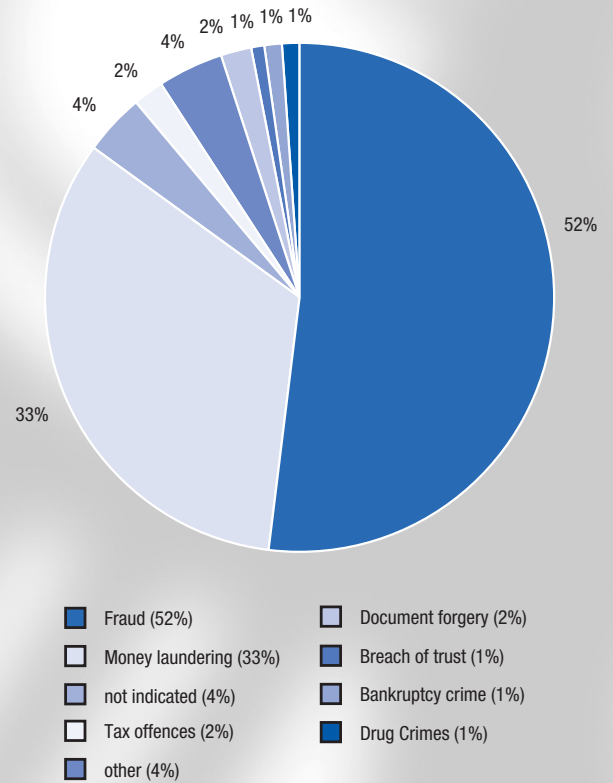
2.2.2 Connections to types of crime identified in cases transferred to specialised investigation agencies

After completion of the clearing processes at the state criminal police offices and transferral to other specialised units in 2011, connections to the following types of crime were identified (multiple listings in a single report were also considered in the following graph):

With 52% of the total number of cases, connections to "fraud" as type of crime were most frequently identified. This high percentage corresponds to last years' results (2009: 63%, 2010: 33%) and to the relatively large number of clearing cases handled in connection with the "financial agents" phenomenon where it must be assumed that fraud is, as a rule, the predicate offence.

With regard to the other types of crime, no significant changes were established compared to the previous years.

Graph 5: Connections to types of crime identified by clearing offices in cases transferred to other investigative agencies



2.3 Reports filed pursuant to the Iran Embargo Regulation

In 2011, the FIU received a total of 52 reports filed pursuant to the Iran Embargo Regulation³ which were forwarded to the Customs Criminal Investigation Office for further handling (especially for checking their proliferation relevance). Compared to the 265 reports received in 2010, this constitutes a clear decrease of approx. 80%. This is due to the fact that a bank which had filed the majority of the reports during the previous reporting periods, itself fell under the Embargo Regulation because of Council Implementing Regulation (EU) No. 503/2011 of 23 May 2011 and consequently almost ceased to act as a “reporting party” in 2011.

2.4 Summary

- In 2011, a total of 12,868 suspicious transaction reports were filed pursuant to the MLA. Compared to the previous year, this is an increase of 1,826 STRs or almost 17%, resulting in a new peak since the entering into force of the MLA.
- Besides the significant increase in the “adjusted” number of suspicious transaction reports, a significant rise in the number of reports relating to “financial agent” activities was again identified in 2011.
- The drop in the number of reports filed by the tax authorities pursuant to Section 31 b of the Fiscal Code, which had been established in the 2009 Annual Report, has not continued. In 2011, an increase in the number of such reports can again be observed.
- As before, the large majority of the reporting parties comes from the field of the credit institutions; 90% of all STRs were filed by this group.
- The number of suspicious transaction reports filed by “persons trading in goods” and by the group of the so-called “legal advisors” was very low again in 2011, considering the large number of natural persons and legal entities belonging to this group.
- The by far largest part of the suspicious transaction reports filed was based on suspicion of fraud. The results achieved by the clearing offices at the state criminal police offices also prove that the cases had mostly been transferred for suspected fraud.
- The ground for suspicion in connection with *online banking* has increased extraordinarily in comparison to the previous year.

³ Council Regulation (EU) No. 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) No. 423/2007



3 Follow-up responses by public prosecutor's offices pursuant to Section 11 (8) of the Money Laundering Act

Pursuant to Section 11 (8) of the Money Laundering Act, the competent public prosecutor's office shall inform the Bundeskriminalamt – Financial Intelligence Unit – of the commencement of public prosecution and the outcome of proceedings in criminal cases in which a report was filed pursuant to Section 11 (1) or Section 14 MLA, or in other criminal cases relating to an offence pursuant to Section 261 of the German Penal Code or in which suspected offences within the meaning of Section 1 (2) MLA were investigated. Such notification shall be effected by sending a copy of the indictment, the decision to dismiss the case, setting out the reasons for such decision, or the verdict. The following evaluation results are exclusively based on the related follow-up responses received at the FIU in the reporting year.

3.1 Statistical analysis

In the 2011 reporting year, a total of 7,681 follow-up responses by public prosecutors' offices pursuant to Section 11 (8) MLA were recorded and analysed. The following development of the response reporting practice of the prosecutors' offices has been ascertained since 2003: The above comparison of the follow-up responses with the suspicious transaction reports received by the FIU shows that the number of follow-up responses increased by more than 50% between 2010 (5,007) and 2011 (7,681). Due to the enormous increase in the number of follow-up responses and the comparatively small increase in the number of suspicious transaction reports filed in 2011, the "response quota" is at its highest level with approx. 60%.

Table 5: Number of follow-up responses in relation to the number of suspicious transaction reports

Year	Number of follow-up responses	Number of STRs pursuant to MLA	Quota in %
2003	13	6.602	0,2
2004	518	8.062	6
2005	1.680	8.241	20
2006	3.018	10.051	30
2007	4.107	9.080	45
2008	3.850	7.349	52
2009	4.838	9.046	54
2010	5.007	11.042	46
2011	7.681	12.868	60

Note:

A direct comparison between the suspicious transaction reports filed during the calendar year and the follow-up responses received by the FIU cannot automatically be made due to the fact that the follow-up responses may also refer to suspicious transaction reports filed in previous years. A trend comparison is, however, possible since this "distortion" is probably largely evened out by the monitoring over several years.

Table 6: Overview of judgments / penalty orders / indictments / other

Year	Judgements	Penalty Orders	Indictments	Other	Total
2008	31	138	42	–	211
2009	32	143	82	–	257
2010	60	262	96	79	497
2011	58	342	95	91	586

3.2 Assessment of content

3.2.1 Judgments, penalty orders, indictments and other follow-up reports

Of all follow-up responses received from public prosecutors' offices (7,681), a total of 495 were made in 2011 by sending judgments, penalty orders and bills of indictment. This is an increase of 77 cases (about 20%) compared to the previous year.

Another 91 follow-up responses were reports submitted pursuant to the Directive on Reporting in Criminal Cases (*MiStra*) and applications for penalty orders which are listed in the following table under "other follow-up responses".

Considering the 495 indictments / penalty orders / judgments forwarded, it is noted that, in 341 cases (69 %), so-called financial agents had come to notice for money laundering preceded by offences from the field of (computer) fraud. Besides this, convictions of so-called "goods agents" were established in a total of 34 cases (7%) in 2011. They take over the same function as a financial agent, with the only difference that they do not pass on money but goods which had been delivered by fraudsters beforehand.

Follow-up responses relating to investigations for suspected terrorist financing were not received in 2011.

3.2.2 Dismissal orders

Nearly 93% (7,095) of all 7,681 follow-up responses received at the FIU from the public prosecutors' offices are dismissal orders.

Beyond the information "dismissal for prosecutorial reasons", these follow-up responses only seldom contained explanatory information or information of typological relevance. Moreover, it was often not possible to establish if the proceedings dropped for suspected money laundering were continued for a suspected other offence.

Table 7: Predicate offences for money laundering and other offences to which the court orders refer⁴

Predicate offence	Number	in %
Fraud	422	78,88%
of these, computer fraud 250		
Document forgery	26	4,86%
Bankruptcy	8	1,50%
Breach of trust	8	1,50%
Drug crime	6	1,12%
Tax offences	6	1,12%
Bankruptcy crime	3	0,56%
Transfer fraud	3	0,56%
Violation of the Pharmaceuticals Act	2	0,37%
Offences against the KWG Act	2	0,37%
Withholding or embezzlement of wages/salaries	2	0,37%
Theft	1	0,19%
Handling stolen goods	1	0,19%
Capital investment fraud	1	0,19%
Cheque fraud	1	0,19%
Obstruction of debt enforcement	1	0,19%
Customs offence	1	0,19%
Not indicated	41	7,65%
Total	535	100,00%

⁴ The data are based on judgments, penalty orders and indictments. Multiple listings are possible.



3.3 Conclusion

In the 2011 reporting year, a sharp increase in the number of follow-up responses by nearly 54% was established. This led to a positive development of the response quota, compared to the total number of suspicious transaction reports, by 14% to 60%. However, the rise in the number of follow-up reports is almost exclusively due to the increase in dismissal orders transmitted. Usually, the dismissal orders did not contain any information relevant to analysis because the reasons for dismissal were not mentioned or not mentioned in detail.

In order to be able to make reliable statements in the future, it is indispensable to receive high-quality follow-up responses suitable for typological evaluation (i.e. especially judgments). In terms of offences, most of the reported judgments were, as in previous years, passed for money laundering in the context of an activity as "financial agent".

4 Analysis of suspicious transaction reports

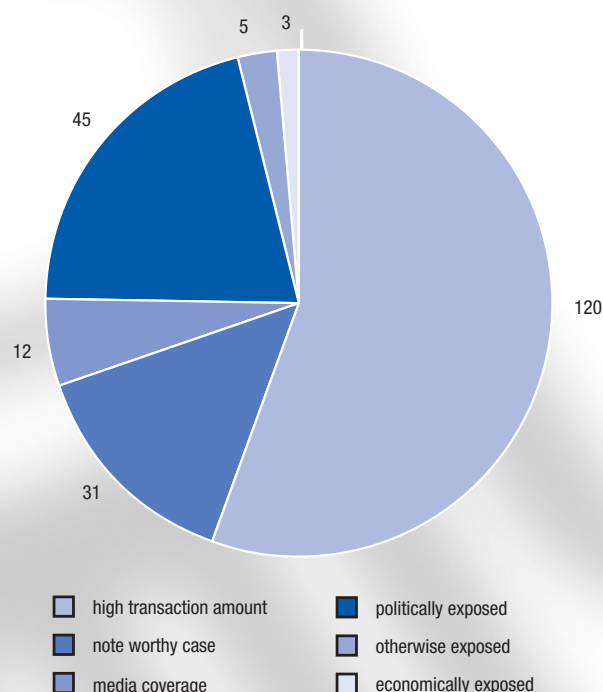
The FIU subjects all suspicious transactions reports filed pursuant to the MLA and all reports filed pursuant to Section 31 b of the Fiscal Code to intensive monitoring in order to regularly inform the parties obliged to report under the MLA on typologies / methods of money laundering and terrorist financing as well as to identify the current trends observed in this connection. Further goals are the carrying out of detailed evaluations on phenomena identified and the initiation and support of investigative proceedings.

4.1 Case analysis

In the course of the case analysis, 216 cases of all the 12,868 suspicious transaction reports transmitted to the FIU in 2011 and of the 286 reports filed and transmitted pursuant to Section 31 b of the Fiscal Code, were classified as "noteworthy cases". This classification was made on the basis of the amount of the transaction reported (exceeding EUR 3 million), the persons involved (persons in prominent political, economic or other positions), other significant case-specific features (special modus operandi or exceptional nature of the commodity traded) or on the basis of the high level of public interest (media coverage). The distribution of these 216 cases is as follows for 2011 (2010):

- 120 cases involving transaction amounts of over EUR 3 million each (93)
- 45 cases involving politically exposed persons (13)
- 5 cases involving otherwise prominent persons (5)
- 3 cases involving persons in prominent business positions (0)
- 31 special case constellations (74)
- 12 cases involving a high level of public interest (media coverage) (9)

Graph 6: Monitoring of suspicious transaction reports – Noteworthy cases



The reports filed on the basis of high transaction volumes form the largest share of the noteworthy cases listed here. Compared to the figures for the previous year, the significant increase in the reported cases involving politically exposed persons is especially noteworthy. The fact that a total of 45 of such cases were reported means that the volume of the reports has tripled compared to the previous year and also shows a very clear increase compared to 2009 (6 cases), 2008 (7 cases) and 2007 (11 cases).

4.2 Trends and typologies

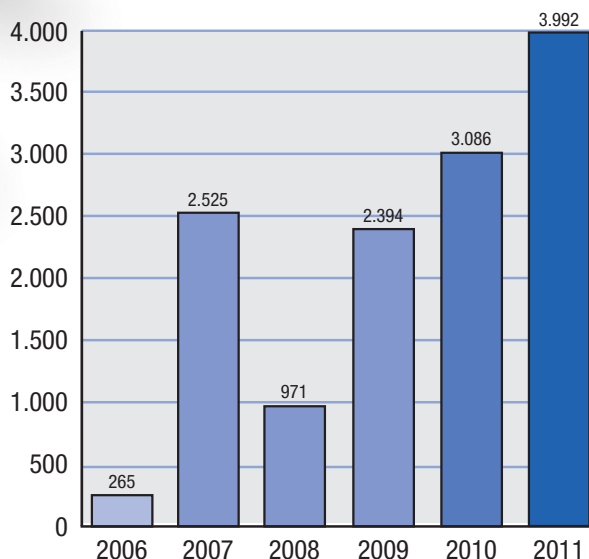
If the analysis reveals any indications of new trends or typologies with regard to money laundering or terrorist financing phenomena which are of relevance to analysis or investigation (such as an unusual accumulation of similar grounds for suspicion, facts of the case, or the like), this trend is closely monitored. The following trends were monitored more closely in 2011:

4.2.1 Financial Agents

In 2011, 3,992 STRs were filed in connection with the “financial agents” phenomenon. The number of these reports has increased for three consecutive years now – compared to the previous year alone (3,086 reports) by approx. 29%.

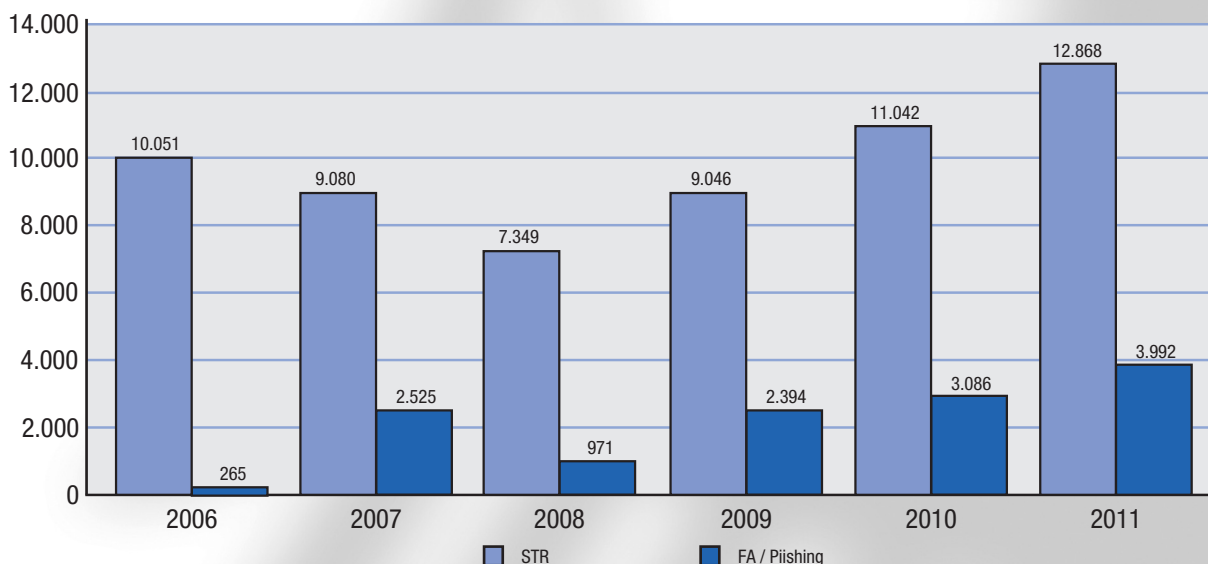
The following graph reflects the development of the number of reports filed in connection with “financial agents” since 2006:

Graph 7: Number of STRs filed in connection with the “financial agents” phenomenon since 2006



The following graph shows the development of the relation between suspicious transaction reports filed pursuant to the MLA and reports with links to “financial agent” activities.

Graph 8: Number of reports involving “financial agents” compared to the total number of STRs



In 2011, the share of suspicious transactions reports with links to “financial agents” in the total number of STRs filed was approx. 31%. In 2010, this share was approx. 28%; in 2009, approx. 26% of all suspicious transaction reports referred to “financial agents”.

Compared to the previous year, the increase rate of STRs with links to “financial agents” exceeds 29% and is thus higher than the increase rate of all STRs (nearly 17%).

In February 2012, an alert regarding the “financial agents” phenomenon was published on the website of the Police Crime Prevention Program of the Federation and the federal states (www.polizei-beratung.de). This alert explicitly warns against dubious job offers and offers to make additional money through which “enterprises” are looking for financial agents. Interested persons are promised to “make

quick money” as financial agents – the fact that such activities are punishable and the risk to come into the focus of the investigating authorities are concealed.

The FIU requested all those obliged to report under the MLA to continue to monitor this modus operandi and to raise the awareness of their customers/partners for this issue regularly.

The trend that, in addition to the financial services institutions, also credit institutions increasingly often filed STRs with links to “financial agents” was confirmed again in 2011. The vast majority of the presumed predicate offences mentioned in the STRs with links to “financial agents” continue to relate to fraud in connection with online banking. In 2011, 58% of all STRs with this modus operandi showed links to online banking.

4.2.2 Electronic payment systems

Since 2008, the FIU has been conducting the “electronic payment systems” trend monitoring. The aim is to determine how this phenomenon develops in the field of suspicious transaction reports.

The FIU applies the following working definition for its analysis:

The term “electronic payment systems” comprises all systems and procedures through which payments can be made electronically – especially via the Internet. The means of payment used is encoded, digital money – so-called “electronic money” (“e-money”) or “Internet money”. Institutions issuing such means of payment are called “e-money institutions”.

The transfer of digital means of payment is characterised by the fact that no physical means of payment (such as cash money) change hands, no signature in the traditional sense is requested and the transaction partners usually neither know nor meet each other. The necessary information is mostly exchanged via an open communication network, such as the Internet. A bank or another corresponding organisation is not necessarily involved in this process. “Virtual payment systems” are electronic payment systems in virtual worlds in which fictitious currency is purchased with “real” money in order to participate in the economic system of the virtual world.

The FIU received 81 STRs regarding the “electronic payment systems” complex in the period under review, however, none of them referred to virtual payment systems. Compared to 2010 with 94 STRs filed in respect of this trend, this is a decrease of approx. 14%. Thus, the forecast of a steadily increasing number of cases has not been confirmed.

However, the absolute case figures are still at a very low level and no STR has yet been filed by an e-money provider. In our opinion, the small number of reports relating to this phenomenon might be the result of the following factors:

- The systems are anonymous (account-independent and without identification) and are run parallel to the “traditional” financial system.
- The providers are usually located abroad and are thus not subject to the MLA.
- An obligation to file suspicious transaction reports did not exist before the entering into force of the MLA Reform on 01 March 2011.
- The “agents” of these payment systems who are operating in Germany (and have reporting obligations pursuant to the MLA) are not (yet) aware of their obligations.

In the course of the further analysis of these 81 reports, the following features have, inter alia, been identified⁵:

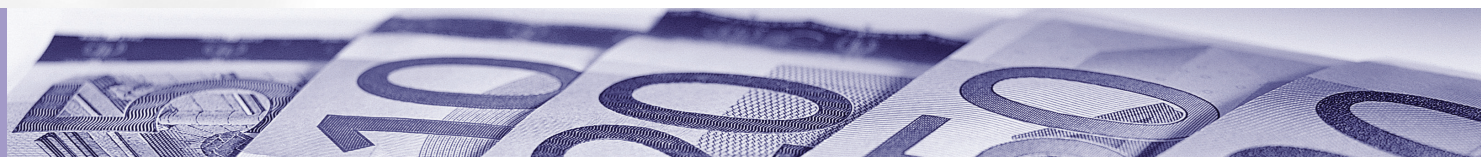
The high level of anonymity offered by the transfer of assets via the Internet seems to be interesting mainly to perpetrators active in the field of phishing.

In 41 cases, the spying out and fraudulent use of account data was identified as the predicate offence to money laundering. In more than 50% of all reports analysed regarding this phenomenon, the “financial agents” withdrew the illegally obtained assets in cash and passed them on to the persons behind the scenes electronically, for example, by means of vouchers with electronic value units.

The volume of the sums transferred mostly ranged between EUR 1,000 and EUR 5,000, rarely exceeding EUR 10,000.

A further use of electronic payment systems has been established in the field of illegal gambling and betting. In nine cases, winnings or funds unlawfully obtained were paid into private accounts under this “cover”, mostly via providers domiciled in the UK.

⁵ Some STRs also showed several features.



Besides these nine cases, international links were identified in a total of 21 further suspicious transaction reports. Proceeds obtained by phishing or other fraud offences were transferred electronically, inter alia, to Estonia, Russia or Turkey.

4.2.3 VAT fraud / trade in energy

In 2011, the parties required to report in Germany filed 94 suspicious transaction reports which referred to offers or money transfers in connection with suspected VAT fraud / money laundering.

While, in the field of VAT fraud, a total of 41 STRs referred to CO2 emission allowance trading in 2010, only one STR was recorded in this field in 2011. This is due to the introduction of the so-called “reverse-charge procedure” in the field of CO2 emission allowance trading as per 01 July 2010. The “reverse charge procedure” refers to the shift of the turnover tax liabilities from the enterprise providing a service to the beneficiary of the service.

Because of this amendment to the Turnover Tax Act in the field of CO2 emission allowance trading, other (luxury) goods apparently became the focus of the perpetrators in 2011. Thus, of all 94 STRs filed in this connection in the period under review, 42 cases were linked to the trade in precious metals, 17 cases were linked to the trade in electrical appliances, seven were linked to the trade in electricity and gas and another 27 STRs referred to other goods, such as textiles, industrial and technological items.

With regard to the STRs linked to electricity and gas, the following factors seem to be noteworthy here:

Within the framework of the investigations into large-scale VAT fraud through CO2 emission allowance trading⁶ initial results have been obtained suggesting that the relevant groups of persons will increasingly turn to trade in energy (electricity and gas). VAT fraud in connection with trade in energy would continue a trend already established in connection with emissions trading: Besides high-priced goods, immaterial economic goods and services are used, which do not have to be moved physically any more, and the normally difficult transfer across state borders is no longer necessary. Similarly high losses as in VAT fraud in connection with emissions trading and the “laundering” of such profits abroad are expected. As companies known in this connection have already registered for trade in electricity and gas, such a case constellation cannot be excluded.

4.2.4 Fraud to the detriment of senior citizens

In the 2011 reporting year, a clear increase in cases was recognised in which especially elderly people were “attacked” by groups of perpetrators with fraudulent intent or sometimes even for the purpose of extortion.

The perpetrators' *modi operandi* range widely, but, ultimately, the helplessness and the good faith of the elderly people are always taken advantage of to make them pay money for which no service is rendered in return or use their bank details as collective accounts for money fraudulently obtained.

⁶ See the relevant press releases in 2011 and No. 6.3 of the 2010 Annual Report by the FIU Germany.

The elderly people are often contacted by telephone and, under false pretences – and quite often also under threats or intimidation – are requested to pay certain amounts of money. In some of the cases, instructions are given to transfer money abroad via financial services institutions. In many cases, the beneficiaries are citizens of South-East European countries, and/or the (target) accounts are held with credit institutions in these countries.

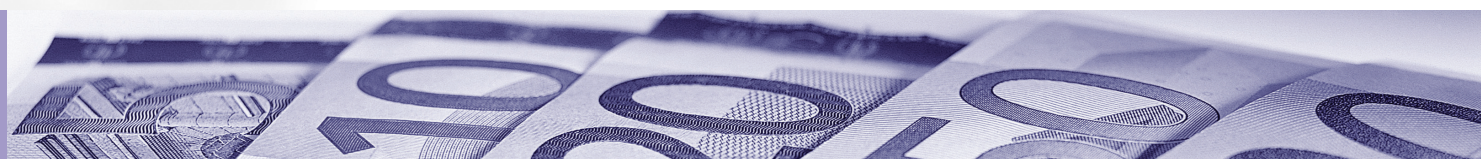
The perpetrators pretend to act for charitable or humanitarian purposes, or prizes are promised. They demand, for example, advance payments/fees for holiday flats abroad or request money to collect alleged lottery winnings. In some of the cases, the perpetrators cause money transfers to be made in order to pay bail allegedly requested for the release of persons detained abroad.

Another variant is to push the mostly elderly people into contracts for alleged lottery games through the “agency” of telephone services in order to initially obtain the victims' account data. The fees for taking part in the lottery are then collected by direct debiting. Usually, these lotteries either do not exist or only worthless winnings are distributed. Various companies are often involved in the scam. So-called “product suppliers”, call centres as well as winding-up and factoring companies act on the basis of a division of tasks. In some of the cases, debt collection agencies and law firms specialised in this field are used to make those customers pay who objected to the previously generated direct debit payments.

4.3 Supplementing suspicious transaction reports

Through the analysis of all suspicious transaction reports it was possible to supplement them with an abundance of intelligence held at the FIU or in other specialised sections at the BKA (obtained from correspondence and from evaluation and investigative complexes) and to yield an operational added value in this way.

- In 2011, a total of 241 suspicious transaction reports contained matches for persons or organisations which had come to notice within the scope of the FIU information exchange. These STRs have been subjected to thorough analysis. In the previous year, matches had been found in 193 STRs. Thus, this is an increase of approx. 25% in 2011.
- In 20 STRs, the persons or organisations mentioned were found to be linked to other investigations conducted at the BKA. These STRs were forwarded to the relevant specialised BKA sections for assessment and checking their relevance. Compared to the previous year (10 STRs), this number has doubled.
- After analysis by the FIU, possible links to politically motivated crime could not be ruled out in 368 STRs. These reports were forwarded to the State Security Division at the BKA for further processing. Compared to the cases forwarded in 2010 (190 STRs), this increase by 94% constitutes another peak in this field.



5 National issues and developments

5.1 The Money Laundering Act Reform (law for the optimisation of the prevention of money laundering)

On 29 December 2011, the law for the optimisation of the prevention of money laundering entered into force. The law results in the following significant changes, especially with regard to the Money Laundering Act and the Banking Act:

- The German term for suspicious transaction report is changed from *Verdachtsanzeige* to *Verdachtsmeldung*.
- The “threshold of suspicion” pursuant to Section 11 MLA is specified/clarified to the effect that a suspicious transaction report filed pursuant to the MLA does not constitute a criminal complaint in the sense of the Code of Criminal Procedure.
- Both the Bundeskriminalamt (FIU) and the competent law enforcement authorities of the states (clearing offices) simultaneously receive an “original” of the report. This does, however, not affect the existing division of tasks between the BKA (FIU) and the federal states in the field of suppression of money laundering.
- Regardless of whether a suspicion exists, a new reporting obligation is introduced in cases in which a contracting partner of a reporting party has not sufficiently fulfilled his/her disclosure obligations (for example, in respect of the beneficial owner of a transaction).
- A threshold value for the identification of customers buying e-money is introduced in Section 25 i of the Banking Act.

It remains to be seen how these amendments to the law will affect especially the practical side of the filing of suspicious transaction reports and, thus, the work of the FIU.

5.2 Public Relations Work

The FIU Germany also continued its intensive public relations work in 2011. The differentiation between *publicly accessible information* and *addressee-specific public relations work* has been maintained.

Accordingly, the structure of the FIU's Internet presentation⁷ on the BKA homepage has also remained unchanged. Merely new contents were posted or existing documents updated.

It is noted for the 2011 reporting year that the time-consuming and personnel-intensive operation of the FIU telephone hotline is justified inasmuch as the counselling services offered are still used very intensively by the parties required to report pursuant to the Money Laundering Act and the law enforcement authorities at Federation and state level.

However, one focus of the FIU's public relations work continues to be in the field of presentations and training measures.

In 2011, members of the FIU Germany held presentations on the occasion of a large number of national and international events and assisted training measures. Within the scope of these activities, the FIU has conveyed target-specific information to various audiences. As in the years before, the circumstances, the participants and the framework conditions differed greatly on these occasions.

⁷ Cf. Annex 1

Compared to the previous year, the number of events has again increased considerably from 35 to 56. A total of 36 of the presentations/training courses had a national orientation, such as internal police training measures at Federal and state level.

In 2011, the FIU set a focus of its training measures on the co-operation with the tax authorities (regional finance offices / tax investigation authorities) after co-operation in the suppression of tax evasion and international money laundering had already proven to be highly effective in 2010.

Unfortunately, in 2011 as well, the FIU was unable to take over all presentations due to the large number of enquiries made by the most different authorities and institutions.

5.3 The Working Party of Banks and Chambers

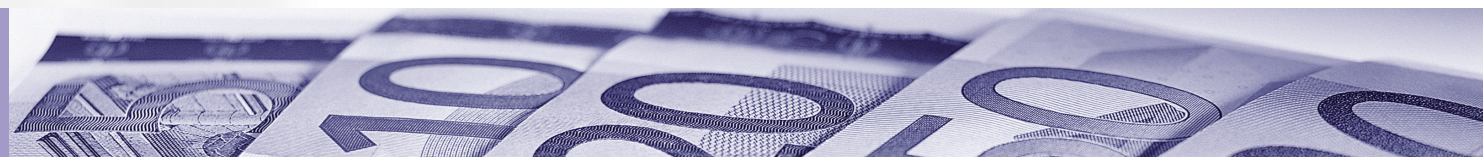
In 2011, the FIU Germany again hosted the Working Party of Banks and Chambers, organised annually since 2002.

In 2011 again, the meeting was attended by experts of the Bundeskriminalamt, representatives of the state criminal police offices, the Customs Criminal Investigation Office, the bank associations, (professional) chambers, major German banks, financial services providers and authorities supervising the so-called non-financial sector. Representatives of the Federal Agency for Supervision of the Financial Services Sector (BaFin) also participated in the event.

After presentation, by the FIU Germany, of the trends in the development of the suspicious transaction reports filed in the first three quarters of 2011, the following topics were described and discussed:

- The Money Laundering Act Reform (law for the optimisation of the prevention of money laundering
The discussions served the clarification of, inter alia, the threshold of suspicion pursuant to Section 11 MLA and the differentiation between the German terms *Verdachtsanzeige* and *Verdachtsmeldung* (suspicious transaction report in English).
- Competences and status of performance of tasks of the supervisory authorities in the non-financial sector
Presentation of the considerable progress made in this field by a representative of the “Money Laundering Prevention Working Party”
- Filing of suspicious transaction reports by banks in their capacity as “correspondent banks”
- Reports by international organisations – added value in the daily work

The great commitment of all participants in the meeting and the lively discussions again showed that the Working Party of Banks and Chambers is used and appreciated as a platform for the exchange of experience of all parties involved in the suppression of money laundering and terrorist financing. It serves the purpose of discussing current issues and questions on an interdisciplinary level and elaborating joint approaches and solutions.



5.4 Case collection

The FIU's legal mandate is to regularly inform the parties obliged to report on typologies and methods of money laundering and terrorist financing (Section 10 (1) No. 5 MLA). This mandate is met, among other things, by setting up a case collection.

For this purpose, the relevant national and international information sources are used systematically. At national level, an analysis is made of investigative proceedings with money laundering links, which are conducted by the police authorities of the states, the Federal Police or the customs authorities. Moreover, the FIU's "own" intelligence is also entered in the analysis. Other sources are follow-up responses by public prosecutors' offices, the work results achieved by international bodies and working groups (such as the FATF and the Egmont Group) as well as the media. The case collection is fed with case-specific details which show new concealment activities, combine various money laundering techniques or contain very complex *modi operandi* of money laundering. The specific value of the case collection especially results from the fact that the police investigations are concluded in most of the cases, final and binding judgments having even been passed in some of the cases.

An analysis was again made in 2011 to identify suitable cases currently handled. About 300 investigative proceedings from the field of organised crime were subjected to consideration, of which 30 cases were then examined intensively. The majority of the cases currently contained in the Case Collection relate to *fraud* (especially investment or computer fraud) as well as *drug-related crime*, *facilitation of illegal immigration* and *tax evasion* as the underlying offences.

The FIU regularly uses cases from the Case Collection in training courses, for presentations, the counselling of policy makers and other public relations work (for example, in the Newsletter).

5.5 Progress of the money laundering supervision in the "non-financial sector"

Within the framework of several information events with the competent supervisory authorities of the federal states in the so-called "non-financial" sector, the FIU observed a very positive progress of the money laundering supervision in some federal states in 2011.

This positive development can, inter alia, be manifested in the fact that the following measures had been a priority of the competent supervisory authorities back in 2010:

- legal appointment of the agencies competent for administrative supervisory measures pursuant to Section 16 MLA in the so-called "non-financial" sector in the individual federal states
- development of concepts for the implementation of money laundering supervision
- raising the awareness of the parties required to report, especially the associations and the chambers of commerce, by means of brochures, flyers and Internet presentations
- establishment of the (informal) *Money Laundering Prevention Working Party* under the leadership of "Regierungspräsidium Darmstadt" (regional government) with a view to improving the network between the individual federal states and developing uniform procedural standards.

For the year 2011, however, it was observed that there was a strengthening of the actual control measures – divided into various sectors – through random written procedures and on-site checks as well as combined procedures. Furthermore, concepts for the co-operation with public prosecutors' offices, police authorities and tax authorities have been developed.

The FIU will continue to accompany, and provide active advice to, the development in the field of money laundering supervision in the so-called "non-financial sector" in 2012.

6 International cooperation

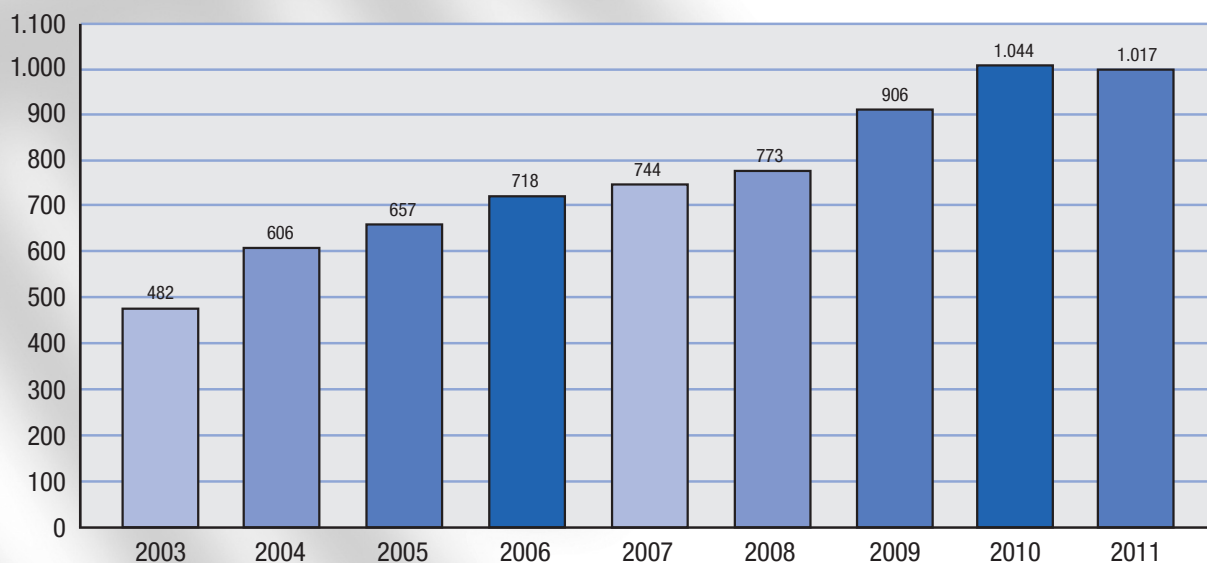
6.1 Exchange of information with other FIUs

Section 10 subsection 2 of the Money Laundering Act is the legal basis for the co-operation between the FIU at the Bundeskriminalamt and the central offices responsible for the prevention and prosecution of money laundering and terrorist financing in other countries.

During the 2011 reporting year, a total of 1,017 enquiries addressed to the FIU Germany from German and foreign authorities were recorded. Thus, the number of such enquiries has stabilised at a high level.

Compared to the previous year, a slight decrease of just over 2% has been recorded. This decrease is possibly due to the fact that, for technical reasons, there was no connection of the FIU Germany to the (European) FIU.Net for several months in 2011, and the permanently available ESW connection to the FIU Germany might not have been used as an “alternative channel” in all of the cases.

Graph 9: Development of the case numbers of the FIU information exchange



For 2011 as well, case-specific details received were analysed for criteria which are indicators of the complexity of the FIU correspondence. Thus, when considering the following parameters from a statistical viewpoint, increases were in all cases recorded compared to the previous year:

- number of documents
per case: 13 (previous year: 12)
- number of natural persons
per case: 7 (previous year: 5)
- number of legal entities
per case: 4 (previous year: 3)

These (average) values indicate, especially when compared to the previous year, the high and still increasing complexity of the cases analysed in co-operation with national and international authorities.

It should also be noted here that the FIU Germany conducted several investigative proceedings by order of public prosecutors offices in 2011 as well. The extensive investigations conducted in the framework of these very complex cases have not been included in the above-mentioned statistics.

The number of central offices organised within the Egmont Group has now increased to 127 with the admission of seven new FIUs during the plenary session in Armenia in 2011⁸. The FIUs of Azerbaijan, Kazakhstan, Mali, Morocco, the Samoan Islands, Solomon Islands and Uzbekistan were admitted to the Egmont Group as new members. Of the 127 Egmont members, the FIU Germany exchanged information with 85 different FIUs (previous year: 80). This further slight increase compared to the previous year again shows the intensive and wide-ranging networking activities of the FIU Germany within the global network of Egmont central offices.

The number of enquiries foreign FIUs addressed to the FIU Germany dropped from 837 to 793, which corresponds to a decline of nearly 6%.

In 2011, the FIU Germany sent a total of 224 enquiries to foreign FIUs, which is an increase of more than 8% compared to 2010 (207 enquiries). Compared to the total amount of FIU cases, this is a percentage of 22% and thus an increase of 3% compared to the previous year.

The following table shows the correspondence recorded at the FIU Germany during the reporting year sorted by country.

Table 8: Domestic and international requests for information addressed to the FIU Germany (Top 20)

	2011	2010	Prev. year +/-
Germany	224	207	17
Luxembourg	193	133	60
Belgium	67	102	-35
Slovakia	44	57	-13
Switzerland	38	53	-15
France	29	24	5
Liechtenstein	28	29	-1
Austria	27	12	15
Russia	24	16	8
USA	21	18	3
Great Britain	20	20	0
Spain	20	19	1
Czechia	18	10	8
Guernsey	17	19	-2
Poland	15	14	1
Cyprus	13	17	-4
Netherlands	12	19	-7
Finland	10	33	-23
Malta	9	4	5
Gibraltar	7	5	2
Other	181	233	-52
Total	1.017	1.044	

⁸ For a list of all Egmont members see appendix 2.

From the FIU's perspective, the following aspects and/or developments compared to the previous year are noteworthy here:

- The first five positions in the table remained unchanged compared to the previous year.
- The FIUs from Austria, the Czech Republic, Malta and Gibraltar are new in this "Top 20" list. The FIUs from Hungary, Bulgaria, Jersey and Ukraine are no longer represented in the list.

In addition to these statistical considerations, it can also be observed for the 2011 reporting year that very complex and often high-quality information was exchanged in a large number of cases.

Cases in which information was supplemented within the framework of the FIU Germany's analysis work in particular also led to the initiation of new investigative proceedings. In addition, suspicious assets were identified and arrangements were made for their provisional confiscation.

6.2 International events /contacts

Of the 56 events hosted by or taking place with the involvement of the FIU Germany in 2011, 20 had an exclusively international character. In this connection, the following events seem to be especially noteworthy:

- 19. plenary session of the Egmont Group in Yerevan, Armenia

The FIU Germany actively participated in this meeting in the form of co-operation in the Egmont Committee (the head of the FIU Germany is one of the three representatives for Europe) and presentations held during working group meetings.

- Participation in international (FIU) meetings on the phenomena of *suppression of money laundering and terrorist financing*

- Working meetings with other FIUs
Within the framework of investigative proceedings, which were conducted by the BKA by order of a public prosecutor's office, working meetings with FIUs of various countries were held in order to exchange operational and strategic intelligence.
- Assistance provided to foreign delegations and visitors
These contacts included Japan, Austria, Italy, Greece, Peru, Jordan, the United Arab Emirates, the USA, Poland, Lithuania, and Israel.
- Meetings within the EU-FIU platform
- Meetings of the *Board of Partners* and working meetings within the scope of the FIU.Net project
- Plenary and typology meetings of the FATF

6.3 EU Project Fight against Organised Crime

The Bundeskriminalamt and the Austrian Ministry of the Interior jointly implement the EU funded project DET ILECU II, "Fight against Organised Crime, in particular Illicit Drug Trafficking, and the Prevention of Terrorism", for Albania, Bosnia-Herzegovina, Croatia, Kosovo (UNSCR No. 1244), Macedonia, Montenegro and Serbia.

The project's objective is to improve co-operation between the above-mentioned countries and the EU and to increase their competence for the prevention and suppression of organised crime, specifically drug-related and financial crime as well as terrorism, in order to bring the regional structures in line with the standards of the EU.



In 2011, within the scope of this project, the FIU Germany provided training to law enforcement officers in Belgrade, Serbia. 22 representatives of the authorities responsible for the suppression of money laundering (Ministry of the Interior, police and FIU) were trained on the issue of “Money Laundering Suppression in Germany”. The contents of the three-day seminar were, inter alia:

- Presentation of the suppression of money laundering in Germany
- Overview of the FIU Germany as the central office for suspicious transaction reports
- Processing and monitoring of suspicious transaction reports
- The FIU's public relations work
- Forms of electronic payment systems

The training offered by the FIU Germany received extremely positive feedback from the participants, whose great interest and commitment were reflected by their questions and well-founded discussion contributions.

Within the scope of this project, the FIU Germany carries out further training measures in Bosnia-Herzegovina and Macedonia in 2012.

6.4 Investigative successes

The FIU Germany – as part of the Bundeskriminalamt – is also competent in the field of repression of money laundering. In connection with this task, successful (international) financial investigations were conducted in 2011. The following noteworthy cases are mentioned as examples in this context:

- Turnover tax evasion and money laundering
The Bundeskriminalamt / FIU Germany and a special investigation team of the tax investigation services have been conducting extensive investigations since

February 2011 for suspected money laundering (predicate offence: gang-type turnover tax evasion). In this connection, 147 premises (business premises of various companies as well as flats of suspects) were searched all over Germany on 04 July 2011.

The investigative complex is targeting the executives of approx. 13 companies and currently comprises a total of 23 suspects. The investigation relates to cases of turnover tax evasion in connection with the trade in mobile phones. The suspects had acquired mobile phones worth several million euros abroad every month. In accordance with their preconceived plan, the companies which had purchased the mobile phones from abroad apparently neither filed turnover tax returns nor did they pay the turnover tax due. The mobile phones were allegedly resold via a chain of intermediary companies. The last chain link involved (the company in Germany) was then reimbursed the value-added tax by the tax office after having resold the mobile phones abroad on a regular basis. As a result of measures aiming at the recovery of assets, approx. EUR 3.5 millions have been secured to date. The competent remand judge issued arrest warrants for four suspects at the request of the Public Prosecutor General's Office in Frankfurt/Main. The trial before Frankfurt am Main Regional Court commenced in April 2012.

- Assets owned by North African countries
The Federal Office of Justice tasked the Bundeskriminalamt / FIU Germany with detecting assets owned by former members of the governments of Tunisia and Egypt. For this purpose, extensive investigations were conducted which led to the uncovering of various assets (especially real estate). The necessary correspondence for securing the assets detected is handled by the Federal Office of Justice through the prescribed diplomatic channels.

7 Financing of terrorism

7.1 General remarks

In spite of the increasing number of suspicious transaction reports filed pursuant to the MLA, co-operation between the FIU Germany and the State Security Division of the BKA ensures that the contents of all suspicious transaction reports are checked for their state-security relevance. The analysis processes applied here are constantly improved and intensified.

7.2 STRs filed pursuant to the MLA on the *terrorist financing* phenomenon

Checks of STRs for possible links to terrorist financing

Original jurisdiction for the handling of suspicious transaction reports lies with the specialised units at the state criminal police offices. They generally check all suspicious transaction reports also for links to terrorist financing.

Of the 12,868 suspicious transaction reports filed in total in 2011, 685 were forwarded to the State Security Division of the Bundeskriminalamt. These were reports in which, after thorough examination by the competent clearing offices of the Federation and the states, possible links to politically motivated crime (PMC) could not be ruled out. In 194 of the cases forwarded, the suspicion of terrorist financing had been reported by the parties with reporting obligations.

In 650 of the 685 cases, no concrete indications of terrorist financing were established in the final analysis. In the remaining 35 cases, checks are in progress.

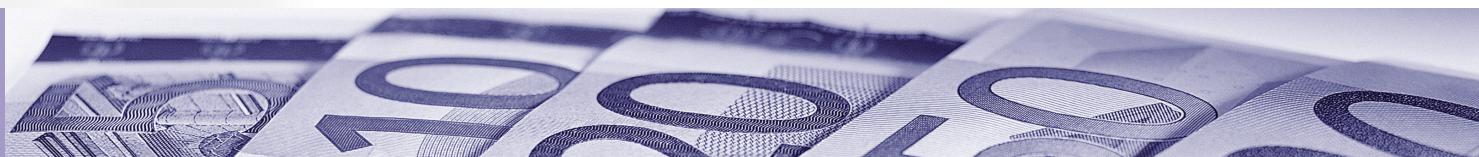


Table 9: Suspicious transaction reports filed for suspected involvement in the financing of terrorism

	2005	2006	2007	2008	2009	2010	2011
Total number of suspicious transaction reports (STRs) filed pursuant to the Money Laundering Act	8.241	10.051	9.080	7.349	9.046	11.042	12.868
of them, STRs checked by the BKA's State Security Division	358	376	384	281	415	470	685
Percentage share of the total number of STRs	4,3%	3,7%	4,2%	3,8%	4,6%	4,3%	5,3%
STRs filed by the parties required to report for suspected "financing of terrorism"	104	59	90	65	98	124	194
Percentage share of the total number of STRs	1,3%	0,6%	0,9%	0,9%	1,1%	1,1%	1,4%

Note: The figures listed in the last but one line also contain those STRs in which the credit institutions had not formally ticked "terrorist financing" as ground for suspicion but had mentioned it in the case-specific details.

For the reporting year, there is both an increase in the overall volume of suspicious transactions reports filed pursuant to the Money Laundering Act (nearly 17%), and an increase in the number of suspicious transactions reports filed for suspected "terrorist financing" (increase by 56%).

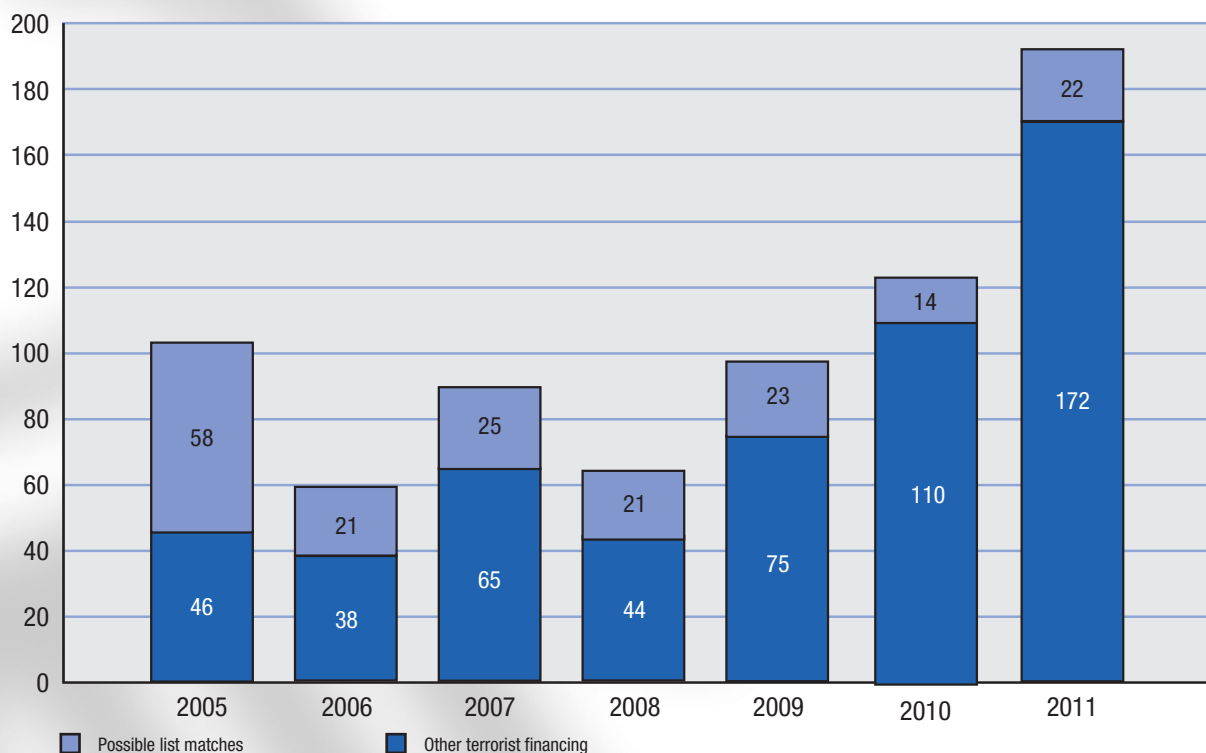
Likewise, compared to the previous year, the percentage of STRs increased which were forwarded by the FIU Germany to the State Security Division of the BKA although they did not explicitly specify "terrorist financing" as ground for suspicion but in which, after thorough examination by the FIU, possible links to politically motivated crime (PMC) could not be ruled out.

The figures suggest that, despite this development, the parties required to report will continue to have considerable difficulties to recognise suspected terrorist financing.

Suspicious transaction reports with possible list matches

Of the 194 STRs filed for suspected financing of terrorism, 22 were filed for possible matches with the Regulations (EC) No. 2580/2001 and (EC) No. 881/2002 (so-called list matches). However, a match with a listed person was found in one case only. A problem here usually is to clearly establish that the person in question and the person listed are identical, because the texts of the regulations often contain no further personal details besides the surname and the first name of the listed persons.

Graph 10: Distribution of STRs filed for suspected terrorist financing



Investigative proceedings based on suspicious transaction reports

In 2011, 15 suspicious transaction reports led to the initiation of investigative proceedings in the field of politically motivated crime. In the previous year, only nine investigative proceedings were based on a suspicious transaction report.

Final reports on the outcome of these proceedings have not yet been received. From the point of view of the parties with reporting obligations, some of these reports were based on suspected collections of donations for terrorist organisations and/or transactions to so-called combat areas in support of recruits and/or terrorist organisations.

7.3 FIU correspondence

Only one FIU enquiry was explicitly made for suspected *terrorist financing*.

Enquiries received from other FIUs were examined for the purpose of establishing links to the terrorist financing phenomenon. Such links were revealed in some of the cases described. However, the suspicion of terrorist financing has not been confirmed or substantiated in any of the cases.



7.4 Conclusion

The instrument of gaining information from suspicious transaction reports with links to terrorist financing is part of the holistic approach in the suppression of politically motivated crime and has contributed to

- identifying connections which give cause to further police analysis,
- incorporating the information obtained in pending investigative proceedings or
- initiating new investigative proceedings.

8 Summary and outlook

The number of suspicious transaction reports which were filed nationwide pursuant to the Money Laundering Act in the 2011 reporting year, reached another absolute peak since the entering of this Act. Compared to the previous year, a clear increase of nearly 17% has been recorded.

In respect of the distribution of the STRs by reporting party, no noteworthy shifts have been monitored which means that there is a clear need for optimisation especially with regard to the (legal) advisors and the non-financial sector.

The content-related analysis of the reports continued to show a clear focus in the field of (computer) fraud / financial agents.

The number of follow-up reports sent to the FIU by the public prosecutors' offices pursuant to Section 22 (8) MLA has fortunately increased, but the majority of the reports still do not contain much information relevant to analysis.

In respect of the focal points of the FIU's monitoring in 2011, the rather low absolute level of the case numbers with reference to electronic payment systems seems to be worth mentioning. The small number of reports relating to this phenomenon could, inter alia, be due to the fact that the

systems are operated anonymously and in parallel to the "traditional" financial systems, that the operators are often based abroad and are, thus, not subject to the Money Laundering Act and that many of the "agents" of these payment systems who are active in Germany (and required to report pursuant to the MLA) are not aware of their obligations.

In the field of VAT fraud as a predicate offence to money laundering, a shift to other commercial goods, such as the trade in energy, seems to be emerging due to changes in legislation. This phenomenon is considered critical, due to the risk of extremely high losses caused (to the detriment of the state) within a very short period of time, and should therefore be very carefully monitored by all institutions involved in the suppression of money laundering.

One of the main objectives of the FIU for 2011 – the further intensification of target-oriented operational analysis of the reports forwarded to the FIU – can be described as achieved because the number and complexity of the analysis results conveyed to the national and international co-operation partners have increased.

The FIU's public relations work has been intensified significantly. This is illustrated in particular by the number of activities in the field of presentations and training measures.

In 2012, the FIU will closely monitor the development of the case figures of suspicious transactions reports, especially with regard to the amendments to the Money Laundering Act at the end of December 2011. In the field of monitoring, identified current trends or phenomena are to be subjected to closer examination.

2011 ANNUAL REPORT

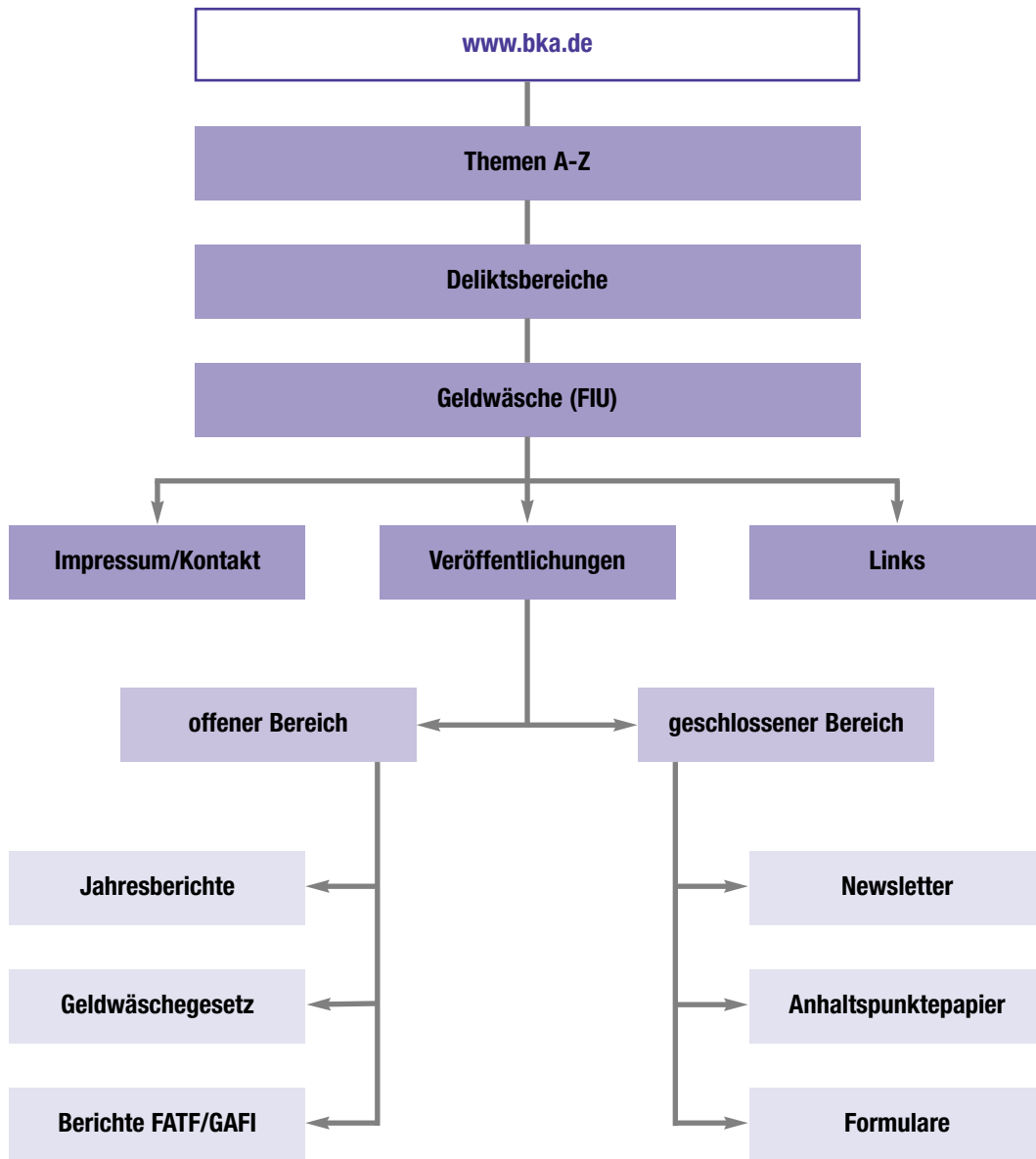
FIU GERMANY

9 Attachments

**Appendix 1: Internet presentation of the FIU Germany
on the homepage of the BKA**

Appendix 2: List of Egmont Group members

Appendix 1: Internet presentation of the FIU Germany on the homepage of the BKA



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Appendix 2: List of Egmont Group members (Part 1)

Country	FIU-Name	Type	Location
Afghanistan	FinTRACA	Administrative	Central Bank
Albania	DBLKPP	Administrative	Ministry of Finance
Andorra	UPB	Administrative	Independent
Anguilla	MLRA	Administrative	Independent
Antigua & Barbuda	ONDCP	Administrative/Police	Independent
Argentina	UIF	Administrative	Ministry of Justice (Indep)
Armenia	FMC	Administrative	Central Bank
Aruba	MOT-Aruba	Administrative	Ministry of Finance
Aserbajdschan	FMS	Administrative	Central Bank
Australia	AUSTRAC	Administrative	Independent
Austria	A-FIU	Police	Ministry of Internal Affairs
Bahamas	FIU	Administrative	Independent
Bahrain	AMLU	Police	Anti-Economic Crimes Directorate
Barbados	FIU	Administrative	Office of the Attorney General
Belarus	FIU	Administrative	
Belgium	CTIF-CFI	Administrative	Independent
Belize	FIU	Administrative/Pol/Judicial	Independent
Bermuda	BPSFIU	Police	Police
Bosnia & Herzegovina	FID	Police	State Investigation and Protection Agency
Brazil	COAF	Administrative	Ministry of Finance
Bulgaria	FIA	Administrative	Ministry of Finance
BVI	Financial Investigation Agency	Police	Financial Services Commission
Cameroon	ANIF	Administrative	Independent
Canada	FINTRAC/CANAFE	Administrative	Independent
Cayman Islands	CAYFIN	Administrative/Police	Atty General
Chile	UAF	Administrative	Independent
Colombia	UIAF	Administrative	Ministry of Finance
Cook Islands	CIFIU	Administrative	Independent
Costa Rica	UAF	Administrative	Presidential Office
Côte d'Ivoire	CENTIF-CI	Administrative	Independent
Croatia	AMLO	Administrative	Ministry of Finance
Cyprus	MO.K.A.S.	Judicial/Police	Attorney General's Office
Czech Republic	FAU-CR	Administrative	Ministry of Finance
Denmark	HVIDVASK	Judicial/Police	Public Prosecutor's Office
Dominica	FIU	Police	Independent
Egypt	EMLCU	Administrative	Independent
El Salvador	UIF-El Salvador	Administrative	Attorney General's Office

⁹ See also www.egmont.org. – new members in 2011 are highlighted in colour

Appendix 2: List of Egmont Group members (Part 2)

Country	FIU-Name	Type	Location
Estonia	FIU	Police	Estonian National Police
Fiji	Fiji-FIU	Administrative	Independent
Finland	RAP	Police	Police
France	TRACFIN	Administrative	Ministry of Finance
Georgia	FMS	Administrative	Independent
Germany	FIU	Police	Federal Criminal Police Office
Gibraltar	GCID GFIU	Customs/Pol	Independent
Greece	Committee/Art 7	Administrative	Independent
Grenada	FIU	Police	Independent
Guatemala	IVE	Administrative	Superintendency of Banks of Guatemala
Guernsey	FIS	Customs/Pol	Indep. Service Authority
Honduras	UIF	Administrative	National Commission of Banks and Insurance
Hong Kong	JFIU	Customs/Pol	Police Headquarters
Hungary	HFIU	Customs/Administrative	
Iceland	RLS	Police	National Icelandic Police
India	FIU-IND	Administrative	Independent
Indonesia	PPATK (INTRAC)	Administrative	Independent
Ireland	MLIU	Police	An Garda Síógana
Isle of Man	FCU-IOM	Customs/Pol	Police
Israel	IMPA	Administrative	Ministry of Justice
Italy	UIF	Administrative	Central Bank
Ivory Coast		Administrative	
Japan	JAFIC	Administrative/Police	Nat'l Public Safety Commission/Nat'l Police Agency
Jersey	FCU-Jersey	Customs/Pol	Police
Kasachstan	KFM	Administrative	Ministry of Finance
Korea (South)	KoFIU	Administrative	Ministry of Finance/Economy
Kyrgyz	FIS	Administrative	Independent
Latvia	KD	Administrative	Prosecutor's Office
Lebanon	SIC	Administrative	Central Bank
Liechtenstein	EFFI	Administrative	Ministry of Finance
Lithuania	MDP prie VRM	Police	Ministry of the Interior
Luxembourg	CRF	Judicial	Prosecutor's Office
Macau SAR, Ch.	GIF	Administrative	Independent
Macedonia	MLPD	Administrative	Ministry of Finance
Malawi	FIU Malawi	Administrative	Independent
Malaysia	FIU/UPW	Administrative	Central Bank of Malaysia
Mali	CENTIF-MALI		

⁹ See also www.egmont.org. – new members in 2011 are highlighted in colour

Appendix 2: List of Egmont Group members (Part 3)

Country	FIU-Name	Type	Location
Malta	FIAU	Administrative	Independent
Marokko	UTRF		
Marshall Isles	DFIU	Administrative	Banking Commission
Mauritius	FIU	Administrative	Independent
Mexico	UIF	Administrative	Ministry of Finance
Moldova	SPCSB	Police	Centre Comb. Crimes & Corr.
Monaco	SICCFIN	Administrative	Ministry of Finance
Mongolia	FIU-Mongolia	Administrative	Central Bank of Mongolia
Montenegro	APML	Administrative	Independent
Netherlands	MOT	Administrative	Ministry of Justice
New Zealand	NZ Police	Police	Police
Nigeria	NFIU	Administrative	EFCC (Law Enforcement)
Niue	FIU	Administrative	Crown Law Office
NL Antilles	MOT-AN	Administrative	Ministry of Finance
Norway	ØKOKRIM	Police/Judicial	Police
Panama	UAF-Panama	Administrative	National Security Council
Paraguay	UAF-Seprelad	Administrative	Independent
Peru	UIF	Administrative	Independent
Philippines	AMCL	Administrative	Central Bank
Poland	GIIF	Administrative	Ministry of Finance
Portugal	UIF	Police	Police
Qatar	QFIU	Administrative	Central Bank
Romania	ONPCSB	Administrative	Independent
Russia	FMC	Administrative	Independent
Samoa Inseln	SFIU	Administrative	Central Bank
San Marino	FIU	Administrative	Central Bank
Saudi Arabia	SAFIU	Administrative	Independent
Senegal	CENTIF	Administrative	Independent
Serbia	FCPML	Administrative	Independent
Singapore	STRO	Police	Police
Slovakia	OFIS ÚFP	Police	Ministry of Interior
Slovenia	OMLP	Administrative	Ministry of Finance
Solomon Inseln	SIFIU	Administrative	Central Bank
South Africa	FIC	Administrative	Independent
Spain	SEPBLAC	Administrative	Central Bank
Sri Lanka	FIU-Sri Lanka	Administrative	Central Bank of Sri Lanka
St Vincent & the Grenadines	FIU	Administrative	Independent
St. Kitts & Nevis	FIU	Administrative	Independent
St. Lucia	FIA-St. Lucia	Adm/Pol/Jud	Police
Sweden	NFIS	Police	Police

⁹ See also www.egmont.org. – new members in 2011 are highlighted in colour

Appendix 2: List of Egmont Group members (Part 4)

Country	FIU-Name	Type	Location
Switzerland	MROS	Administrative	Federal Office of Police
Syria	CMLC	Administrative	
Taiwan	MLPC	Law Enforcement	Ministry of Justice
Thailand	AMLO	Police/Administrative	Independent
Turkey	MSK – FCIB	Administrative	Ministry of Finance
Turks & Caicos	FCU	Adm/Pol/Pros	Police
Ukraine	SDFM	Administrative	Ministry of Finance
United Arab Emirates	AMLSCU	Administrative	Central Bank
United Kingdom	SOCA/FIU	Police	Police
United States	FinCEN	Administrative	Ministry of Finance
Uruguay	UIAF	Administrative	Central Bank
Usbekistan		Law Enforcement	General Prosecutors Office
Vanuatu	FIU	Administrative	State Law Office
Venezuela	UNIF	Administrative	Superintendancy of Bank

⁹ See also www.egmont.org. – new members in 2011 are highlighted in colour

Page

46



Bundeskriminalamt

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