



Financial Intelligence
Unit

Valņu street 28, Riga, LV-1050; Ph. 67044430; e-mail: fid@fid.gov.lv; www.fid.gov.lv

TYOLOGIES AND INDICATORS OF MONEY LAUNDERING

METHODOLOGICAL MATERIAL

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Introduction

Identification of typologies of money laundering (hereinafter – AML) ensures a multifaceted study of ML methods, techniques, schemes and tools in order to understand the ML environment both internationally and nationally. Cognition of typologies is an effective tool in the fight against financial crime, as they make it possible to understand the methods used by criminals to hide, disguise or move the proceeds of crime. The identification of typologies and their indicators in transactions provides a reasonable ground for suspicion of ML.

This material summarizes the current ML typologies and indicators that are typical of ML schemes implemented in Latvia (or using the Latvian financial system). The material summarises the ML typologies and indicators identified by the Financial Intelligence Unit (hereinafter – FIU) and law enforcement authorities (hereinafter – LEA), which are based on the information identified and conclusions drawn in the practice of foreign financial intelligence units and other competent authorities, as well as international AML and terrorist financing prevention institutions (for example, FATF)¹.

The methodological material has been developed with the aim of promoting a common understanding of suspicious transactions and indicators of criminal activities mainly by law enforcement authorities, the prosecutor's office and the court, with an increased emphasis on ML typologies characteristic of criminal offences corresponding to the risk profile of Latvia. Over the past years, Latvia's ML risk profile has changed from the first risk profile resulting from foreign predicate criminal offences (typical of the regional financial centre and still occupying a significant resource of the FIU, LEA, prosecutor's office and courts) to mainly national predicate criminal offences or the second risk profile, such as tax offences (tax crime, shadow economy). At the same time, it is important to emphasize that the first risk profile of current ML threats no longer arises and the current threat remains only insofar as it affects the part of the funds in credit institutions in liquidation that has been criminally acquired. In order to distinguish foreign offences from the first risk profile, or predicate offence, committed when Latvia was a regional financial centre, the currently identified foreign offences are considered as the third risk profile

The typologies summarised in this material can be used separately or in combination with other typologies. It is important to note that the indicators linked to the typologies are indicative and in each individual case these may differ or only a part of them may be identified, and the list of indicators in this material cannot be considered comprehensive or exhaustive. The identification of an individual indicator may not always lead to reasonable grounds to suspect of criminal activity and the indicators cannot be viewed in isolation from the ML characterising typology, as well as facts and circumstances characterising specific transactions or activities.

In the FIU website are published a number of typology materials² related to specific predicate criminal offences and may be useful in everyday work, including:

1. Methodological material "[Indicators of Sectoral and Targeted Financial Sanction Evasion](#)", 2nd updated edition;
2. Guidance material "[Guidelines on the Prevention of Terrorism and Proliferation Financing](#)", updated version;
3. Strategic analysis report "[Human trafficking and associated money laundering](#)";
4. "[Indicators of Corruption and Case Analysis](#)".

¹ FATF – The Financial Action Task Force – Financial Action Task Force. Available in: <https://www.fatf-gafi.org/>.

² Guidelines, typologies and studies developed by the FIU are available at: <https://www.fid.gov.lv/en/roles-and-responsibilities/strategic-analysis-and-guidelines>.



Use of the document

The typologies compiled in this material are complemented with specific indicators that may be specific to the activities and methods implemented by the relevant typology; the most common predicate criminal offenses that are committed in parallel with the ML described in the typology (using one of the types or methods described in the typologies), as well as an indication of a specific stage of ML.

In order to facilitate the use of methodological material, the following instructions for use are provided:

1. the chapter "Money Laundering Typologies" includes a list of common indicators, designated with a combination of a letter and a number, to each typology. The description of the indicator is contained in the chapter "Indicators of Money Laundering", where the indicators are divided into sub-divisions according to the letter contained in the designation;
2. In the chapter "Money Laundering Typologies", an indication is attached to each typology of the possible relationship between the types of implementations of the ML described in the particular typology and other criminal offences;
3. in the chapter "Money Laundering Typologies", an indication is added to each typology for the corresponding stage of ML, which are described in the chapters "Definition of money laundering" and "Stages and types of money laundering".

It is important to note that the listed set of characteristics and indications of the relevant stage of ML and the predicate criminal offense inherent in a particular typology are not considered exhaustive and comprehensive. The characteristics and indications contained in this material have the character of an example / possible version, identified and compiled on the basis of experience gained in the practice of national and foreign institutions.

When conducting an analysis of transactions and activities, the indicators in this document should be evaluated as a result of the ML typology with which they are related. Indicators cannot be viewed separately from the ML characterising typology, as well as facts and circumstances that characterise specific transactions or activities.

Definition of money laundering

A correct understanding of the concept of ML is one of the prerequisites for the timely identification in practice of criminal offences that could be related to ML. ML can be described as any act or attempt to conceal or alter the identity of the proceeds of crime in order to grant them the status of apparently legally acquired assets.

In general ML is viewed as conversion of proceeds from crime aiming to mislead third parties of the origin of the assets, thereby concealing or disguising the source of the assets. The essence of the ML is to create an illusion of a seemingly legal origin of funds or assets.

In turn, in accordance with Article 5, Paragraph one of the Law on the Prevention of Money Laundering, Terrorism and Proliferation Financing (hereinafter - AML/CTF/CPF Law) ML has the following actions:

1. according to Article 5, Paragraph one, Clause 1 of the AML/CTF/CPF Law, conversion of the proceeds of crime **into other values** (for example, exchange of cash in another currency, conversion of cash into property, conversion of property into financial means), **change of their location** (for example, payments of financial resources between one's own accounts, depositing in a safe deposit box), **change of ownership** (e.g. registration of criminally acquired property in the name of a third party) if these actions were committed with the specific purpose of **concealing or disguising** the criminal origin of the funds (to give the apparent impression that the funds are lawful or any handling of these funds as lawful) or to help another person involved in the (predicate) commission of the criminal offence to evade legal liability;
2. according to Article 5, Paragraph one, Clause 2 of the AML/CTF/CPF Law, **concealment or disguise** of the true nature, origin, location, disposition, movement, ownership of the proceeds of crime (any action that makes it difficult to identify the original origin of the assets or creates the impression of legal origin), while being aware that these funds are the proceeds of crime;
3. according to Article 5, Paragraph one, Clause 3 of the AML/CTF/CPF Law, the **acquisition** of the proceeds of crime by another person in the ownership, possession or use of the proceeds thereof, or the realisation thereof, while being aware that these funds are the proceeds of crime.³

Depending on the situation, the criminal activities under Article 5 of the AML/CTF/CPF Law can be committed by both a person who has committed a predicate criminal offence and carries on with the laundering of the funds itself (in the criminal law theory such forms of laundering are referred to as self-laundering) and a person, who launders funds acquired by another person as a result of a criminal offence (in the criminal law theory such forms of laundering are referred to as third-party laundering), including a person who exercises so-called professional laundering.

Furthermore, the above-mentioned activities when a person deliberately assumes the funds to be criminally acquired are also regarded as ML (e.g., a person (employee of the obliged entity) who performs his/her professional duties ignores signs indicating the possible illicit origin of the funds).

According to Article 124, Paragraph seven of the Criminal Procedure Law, ML investigations can be carried out autonomously, that is, in order to prove ML, it is not necessary to prove exactly from which crime the funds have been obtained.⁴ That is, the criminal offence provided for in

³ In accordance with Section 5, Paragraph one of the AML/CTPF Law, the activities referred to in Paragraphs 1, 2 and 3 are also to be regarded as money laundering, when a person knowingly allowed that the funds were criminally obtained. Available: <https://likumi.lv/ta/en/en/id/178987-law-on-the-prevention-of-money-laundering-and-terrorism-and-proliferation-financing>.

⁴ This corresponds to Article 3(3) of the Directive (EU) 2018/1673 (23 of October of 2018) of the European Parliament and of the Council on combating money laundering by criminal law:

Member States shall take the necessary measures to ensure that:

1. a prior or simultaneous conviction for the criminal activity from which the property was derived is not a prerequisite for a conviction for the offences referred to in paragraphs 1 and 2;
2. a conviction for the offences referred to in paragraphs 1 and 2 is possible where it is established that the property was derived from a criminal activity, without it being necessary to establish all the factual elements or all circumstances

Article 195 of the Criminal Code may be investigated as *stand-alone*⁵ or autonomous/independent ML on the basis of circumstantial evidence indicating the criminal origin of the assets, the typologies and indicators of the ML act, as well as the person's inability to prove the legal origin of the assets.

Stages and types of money laundering

The ML as a set of defined activities, including those defined in Article 5 of the AML Law, is a single process which can be further sub-divided into three main stages:

1. **The placement phase:** proceeds from crime are initially placed, introduced into the legitimate financial system, such as:
 - a. the introduction of proceeds of crime through a legal entity receiving cash payments;
 - b. transfer of funds (below the reporting threshold) to the accounts of financial institutions.
2. **The layering or structuring phase:** the proceeds of crime, by simulating various transactions, a) are transferred and structured with the aim of distancing them from the source of funds, and b) the impression is created that civil legal transactions are taking place, such as:
 - a. transfers of funds between countries, transfers of funds between many credit institutions or other financial institutions;
 - b. transfer of funds between different accounts within the same financial institution;
 - c. conversion of funds into financial instruments;
 - d. resale of exclusive goods (jewellery, art objects);
 - e. use of legal persons (including shell arrangements);
 - f. activities based on apparently legal civil transactions - payment for goods, services, loans, repayments, investments.
3. **The integration phase:** the proceeds of crime are integrated into the legitimate financial system and can be used by criminals for any purpose, such as self-consumption, purchase of real estate, purchase of vehicles, investment in financial instruments, as apparently legitimate proceeds such as dividends, proceeds from property, sale of financial instruments, fees for consultancy services, etc.⁶

ML investigation may identify all stages of ML or just one of them. For example, in simple cases of ML, only the integration stage can be identified, where the perpetrator or a related person purchases a car with the proceeds of crime. In the case of a foreign predicate offence, however, only the layering stage can be identified in Latvia, when the funds are transferred through accounts in Latvia.

The stages of ML can have common or distinct typologies and characteristics, but they differ in the purpose for which specific actions are carried out:

1. the placement phase – direct proceeds from crime are intended to be secretly introduced into the financial system;
2. the layering phase – the purpose is to hide the origin, source of the original funds and create the impression of funds being acquired by means of seemingly legal civil transactions;
3. the integration stage – the purpose is to use the funds as legally obtained.

relating to that criminal activity, including the identity of the perpetrator.

Available: <https://eur-lex.europa.eu/legal-content/LV/TXT/PDF/?uri=CELEX:32018L1673&from=lv>

⁵ "stand-alone" – from the English "alone", "independent".

⁶ About Business Crime Solutions Inc. *Money laundering: a three-stage process*. Available: https://www.moneylaundering.ca/public/law/3_stages_ML.php.



Indicators of money laundering

The material is divided into several chapters. The chapter "Money laundering typologies" includes ML typologies and the most common binding indicators with them. In turn, the chapter "Indicators of money laundering" describes in detail the indicators of the binding group of offenses. They are grouped according to the unifying element:

1. Indicators relating to the customer or its partners, related parties or other parties involved in the transactions;
2. Indicators relating to transactions (payments and other services);
3. Indicators relating to the person's account;
4. Indicators relating to documentation supporting transactions, etc;
5. Indicators relating to politically exposed persons (PEP), public officials and persons associated with them, as well as persons with unexplained wealth or income⁷;
6. Indicators implying the operation of laundromats;
7. Indicators relating to correspondent accounts and subordinate correspondent services;
8. Indicators relating to lotteries and gambling;
9. Indicators relating to fraud;
10. Indicators relating to virtual currency.

⁷ Signs can also be identified in case of unexplained well-being or income of other persons.

Money Laundering Typologies

1. Funds are transferred through different accounts of financial institutions in different jurisdictions opened to legal persons and/or legal arrangements involved in a complex scheme of transactions.^{8/9} Professional providers of this service are involved (they are organised) in the implementation of these transaction schemes, for example, persons with in-depth knowledge of accounting, law, finance or financial services, implementing professional ML.¹⁰
 - The typology is most often related to indicators No. A1, A6, A10, A13, A14, A15, A16, A20, A27, B1, B2, B4, B5, B17, B19, B24, B25, B43, C1, C4, C6, C7, D10, D14, F2, F3.
 - The ML typology is most often associated with criminal offences committed abroad (e.g. circumvention of sanctions, fraud, tax crime).
 - The typology corresponds to the layering stage.
2. Funds are transferred through different accounts of financial institutions in different jurisdictions opened to legal persons and/or legal arrangements involved in a complex scheme of transactions. Within the framework of a professional ML service, employees of a financial service provider ensure the opening of accounts in financial institutions.^{11/12}
 - The typology is most often related to indicators No. A1, A6, A10, A13, A14, A15, A16, B1, B2, B3, B4, B5, B17, B19, B24, B25, B43, C1, C4, C6, C7, D14, F1, F2, F3.
 - The ML typology is most often associated with criminal offences committed abroad.
 - The typology corresponds to the layering stage.
3. Funds are transferred through different accounts of financial institutions in different jurisdictions opened to legal persons and/or legal arrangements involved in a complex scheme of transactions. Within the framework of a professional ML service, employees of the financial service provider and related entities ensure both the registration of legal persons and/or legal arrangements and the opening of accounts with financial institutions.¹³
 - The typology is most often related to indicators No. A1, A6, A10, A13, A14, A15, A16, B1, B2, B3, B4, B5, B17, B19, B24, B25, B43, C1, C4, C6, C7, D14, F1, F2, F3, F4.
 - The ML typology is most often associated with criminal offences committed abroad.
 - The typology corresponds to the layering stage.
4. Natural and/or legal persons carrying out economic activity transfer financial resources through legal persons registered in Latvia both abroad and to legal persons and/or legal arrangements¹⁴ registered in Latvia, which also perform the function of an intermediary (and are fictitiously established).^{15/16}

⁸ AML/CFT/CPF Law. Article 1 Paragraph eight. Available: <https://likumi.lv/ta/en/en/id/178987-law-on-the-prevention-of-money-laundering-and-terrorism-and-proliferation-financing>.

⁹ FATF Recommendations. International Standards on Combating Money Laundering and the Finance of Terrorism & Proliferation. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf>.

¹⁰ FATF Report. Professional Money Laundering. Box 18-19. Pg. 39-40. Available: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>.

¹¹ FATF Report. Professional Money Laundering. Box 18-19. Pg. 39-40. Available: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>.

¹² Egmont Group Bulletin. Professional Money Laundering Facilitators. Available: https://egmontgroup.org/en/filedepot_download/1661/72.

¹³ FATF Report. Professional Money Laundering. Box 18-19. Pg. 39-40. Available: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>.

¹⁴ These can be both fictitious legal persons that do not carry out economic activity, as well as enterprises carrying out economic activity, which agree to ensure the transit of such funds through their accounts on the basis of fictitious transactions.

¹⁵ FATF Report. Laundering the Proceeds of VAT Carousel Fraud. Example 5. Pg. 9. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/Laundering%20the%20Proceeds%20of%20VAT%20Caroussel%20Fraud.pdf>.

¹⁶ The Eurasian Group on Combating Money Laundering and Financing of Terrorism Report. Tax Crimes and Money Laundering Typology Research Chapter 2.2. Pg. 13. Available: https://eurasiangroup.org/files/Typologii%20EAG/Nalogovye_prestupleniya_Eng.pdf.

- The typology is most often related to indicators No. A1, A5, A6, A8, A10, A11, A12, A16, B4, B24, B32, B45, B48, B52, C2, D8, D14.
 - The ML typology is most often associated with tax crime.
 - The typology corresponds to the placement, layering and integration stages.
- 5.** Accounts of legal persons (for example, online stores, logistics, transport service providers) are used to receive criminal proceeds under the guise of fictitious transactions for the purchase / sale of goods.^{17/18}
- The typology is most often related to indicators No. A2, A5, A6, A16, B1, B24, D1, D10, D19, D20.
 - The ML typology is most often associated with the following criminal offenses: tax evasion, movement of prohibited goods, objects and substances, illegal movement of excisable goods.
 - The typology corresponds to the layering stage.
- 6.** When making trade transactions, incl. at a significantly increased or reduced price, or by falsifying the quantity of goods, the proceeds of crime are disguised and/or merged with legal means.¹⁹
- The typology is most often related to indicators No. A1, A22, B2, B23, B42, B43, C1, D16, D19.
 - The ML typology is most often related to crimes committed abroad.
 - The typology corresponds to the layering and integration stages.
- 7.** Accounts of legal persons and/or legal arrangements are used to move funds from their original place of origin under the guise of fictitious transactions with the aim to distance them from the source of funds.²⁰
- The typology is most often related to indicators No. A1, A4, A13, A14, A15, A16, B2, B3, B4, B19, B20, B21, B22, B23, B24, B25, B48, C1, C2, D10, D12.
 - The ML typology is most often related to crimes committed abroad.
 - The typology corresponds to the layering stage.
- 8.** *(Typology 8 combined with typology 11)*
- 9.** Financial resources, simulating seemingly legal transactions, are transferred to the accounts of legal persons in foreign payment institutions (or electronic money institutions), which are later used to purchase various goods, services and/or movable or immovable property, withdrawn in cash or invested in financial instruments and/or virtual currency.²¹
- The typology is most often related to indicators No. A9, B18, B45, B52, B54, D1, D2, D3, D20.
 - The ML typology is most often related to tax crime.
 - The typology corresponds to the layering and integration stages.
- 10.** Financial resources from the initial place of origin are transferred through non-profit organisations (associations, foundations), (hereinafter – NPOs) simulating seemingly legal

¹⁷ The Eurasian Group on Combating Money Laundering and Financing of Terrorism Report. Tax Crimes and Money Laundering Typology Research. Case 1, page 45. Available: https://eurasiangroup.org/files/Typologii%20EAG/Nalogovye_prestupleniya_Eng.pdf.

¹⁸ Moneyval Report. Research of Typologies. Case Study 3.1., page 42. Available: <https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/1680714f58>.

¹⁹ FATF Report. Professional Money Laundering. Box 10-11, page 30-32. Available: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>.

²⁰ FATF Report. Professional Money Laundering. Box 8, 9 and 22, page 43. Available: <http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf>.

²¹ The Eurasian Group on Combating Money Laundering and Financing of Terrorism Report. Tax Crimes and Money Laundering Typology Research. Chapter 1.3 (Ukraine), page 9, Chapter 2.4., page 24. Available: https://eurasiangroup.org/files/Typologii%20EAG/Nalogovye_prestupleniya_Eng.pdf.

transactions using various money transfer channels (for example, electronic payment institutions).²²

- The typology is most often related to indicators No. A4, A20, A21, B14, B15, B16, B51, C3, E6, E10, E15.
- The ML typology is most often related to corruption.
- The typology corresponds to the layering stage.

11. The accounts of legal persons and/or legal arrangements are used to move and structure funds to distance them from their original place of origin by simulating supposedly legal transactions, and some or all of the funds can then be invested in, for example, financial instruments, precious metals, real estate and other property, or used for private purposes, including by means of a payment card.²³

- The typology is most often related to indicators No. A1, A3, A5, A6, B2, B3, B12, B27, B28, B29, B33, B34, B41, B43, B45, C4, C5, D1, D6, D7, D10, D20, E4, E8, E9, E10, E12, E14, E15.
- The ML typology is most often related to tax crime and crimes committed abroad.
- The typology corresponds to the layering and integration stages.

12. Financial instruments by means of investment services, fictitious transactions or investment platforms are moved (remotely) from their place of origin in order to distance them from the source of the funds.^{24/25}

- The typology is most often related to indicators No. B33, B34, B35, B36, B44, B49, D1, D15, D20.
- The ML typology is most often related crimes committed abroad.
- The typology corresponds to the layering stage.

13. When making fictitious loans and/or repayments, the funds are transferred from the original place of origin in order to distance them from the source of the funds.^{26/27}

- The typology is most often related to indicators No. A4, A7, A20, B5, B8, B9, B10, B11, B50, B53, C2, D3, D4.
- The ML typology is most often related to corruption, tax crime, circumvention/violation of sanctions.
- The typology corresponds to the layering stage.

14. A person receives funds through a fictitious loan agreement and later uses them for self-consumption, the purchase of properties (such as real estate, vehicles), is withdrawn in cash, and the repayment of the loan does not take place or only takes place in part/in small amounts.²⁸

- The typology is most often related to indicators No. A4, A7, A20, B9, B37, B38, B39, B40, B53, D18, E16.
- The ML typology is most often related to the corruption, tax crime.

²² OECD Report. Report on Abuse of Charities for Money-Laundering and Tax Evasion. Case Study 1-7, pages 59-65. Available: <https://www.oecd.org/tax/exchange-of-tax-information/42232037.pdf>.

²³ UNODC Report. Risk of Money Laundering through Financial Instruments 2nd Edition. Chapter 1.2.6.1, pg. 27. Available:

https://www.unodc.org/documents/colombia/2013/diciembre/Risk_of_Money_Laundering_Version_2_completo.pdf.

²⁴ UNODC Report. Risk of Money Laundering through Financial Instruments 2nd Edition. Chapter 1.2.6.1, pg. 27. Available:

https://www.unodc.org/documents/colombia/2013/diciembre/Risk_of_Money_Laundering_Version_2_completo.pdf.

²⁵ Asia-Pacific regional office called the "FATF-Asia Secretariat" Methods & Trends. Available: <http://www.apgml.org/methods-and-trends/page.aspx?p=a4a11dca-75f2-4dae-9c25-6215103e56da>.

²⁶ Moneyval Report. Research of Typologies. Case Study 3.3., page 45. Available: <https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/1680714f58>.

²⁷ FATF Report. Research on Money Laundering Typologies. Case No 9 and 10. Available: <https://www.cbr.ru/StaticHtml/File/36805/Typ-99-00.pdf>.

²⁸ FATF Report. Laundering the Proceeds of Corruption. Points No 12, page 9. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/Laundering%20the%20Proceeds%20of%20Corruption.pdf>.

- The typology corresponds to the integration stage.
- 15.** A natural person creates a business company and, shortly afterwards, sells the shares to a third party (a legal person and/or a legal arrangement) at a price which clearly does not correspond to the value of the business company, thereby obtaining a supposedly legal income from a fictitious transaction.²⁹
- The typology is most often related to indicators No. A4, A20, A23, B6, B7, D1, D5, D20.
 - The ML typology is most often related to the corruption.
 - The typology corresponds to the layering and integration stages.
- 16.** Proceeds of crime in cash (as well as receipts on the index, bills of exchange) are placed in the Latvian financial system or used for the acquisition of goods, services, movable and/or immovable property, regardless of whether funds at the border have been declared.^{30/31}
- The typology is most often related to indicators No. A1, B12, B47, D2, D6, D7, D17, E14.
 - The ML typology is most often related crimes committed abroad.
 - The typology corresponds to the layering stage.
- 17.** Accounts and/or safes of natural and/or legal persons in Latvia are used to conceal and distance funds from the source.^{32/33/34}
- The typology is most often related to indicators No. A1, A3, A17, A18, A19, A24, A25, B1, B4, B13, B26, B27, B51, C1, C6, D1, D2, D9, D13, D20, E8, H1, H2, I1, I2, I4, I5, I6.
 - The ML typology is most often related with the following crimes: embezzlement, corruption, fraud, circumvention/violation of sanctions, tax crime.
 - The typology corresponds to the layering stage.
- 18.** Unexplained welfare or income of a person.^{35/36}
- The typology is most often related to indicators No. A1, A7, A25, B8, B9, B10, B11, B40, B45, B47, B48, B53, D2, D7, D13, E1 – E16.
 - The ML typology is most often related with the following crimes: corruption, embezzlement, trafficking in prohibited goods, articles and substances (drugs, etc.), illicit circulation of excisable goods, trafficking in human beings and tax crime.
 - The typology corresponds to the layering and integration stages.
- 19.** Proceeds of crime with the involvement of intermediaries (e.g. legal entities, straw man) are channelled into corruption, illicit financing of political parties or other illegal behaviour.³⁷
- The typology is most often related to indicators No. A17, A18, A19, A25, B4, B20 B26, B28, B29, B30, B31, B45, B46, B48, D2, D9, D12, D13.
 - The ML typology is most often related to the corruption, embezzlement.

²⁹ Moneyval Report. Research of Typologies. Case Study 3.4., page 46. Available: <https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/1680714f58>.

³⁰ FATF Report. Research on Money Laundering Typologies. Case No 1. Available: <https://www.cbr.ru/StaticHtml/File/36805/Typ-99-00.pdf>.

³¹ FATF Report. Money Laundering Through the Physical Transportation of Cash. Box 1 page 34. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/money-laundering-through-transportation-cash.pdf>.

³² FATF Report. Laundering the Proceeds of Corruption. Point No 65, 69 and 82, page 21, 22 and 25. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/Laundering%20the%20Proceeds%20of%20Corruption.pdf>.

³³ FATF Report. Vulnerabilities of Casinos and Gaming Sector. Pg. 33. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf.coredownload.pdf>.

³⁴ FATF Report. Illicit Financial Flows from Cyber-Enabled Fraud. Box 1, pg. 8-9. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Illicit-financial-flows-cyber-enabled-fraud.pdf.coredownload.inline.pdf>.

³⁵ FATF Report. Laundering the Proceeds of Corruption. Points No 106-110, page 30. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/Laundering%20the%20Proceeds%20of%20Corruption.pdf>.

³⁶ FATF Report. Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing. pg. 17. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf>.

³⁷ FATF Report. Laundering the Proceeds of Corruption. Point No 119, page 34. Available: <https://www.fatf-gafi.org/media/fatf/documents/reports/Laundering%20the%20Proceeds%20of%20Corruption.pdf>.

- The typology corresponds to the layering and integration stages.
- 20.** Proceeds of crime, simulating supposedly legal transactions, are transferred through foreign payment institutions (or electronic money institutions), including through correspondent accounts opened in Latvian credit institutions, and distance funds from their original (criminal) place of origin.³⁸
- The typology is most often related to indicators No. A1, A3, A13, A14, A15, A20, A25, B1, B5, B24, B25, B26, C1, C5, D1, D2, D10, D14, D20, F4, G1, G2, G3, G4, G5, G6.
 - ML typology is most often related to the corruption, tax crime, circumvention/violation of sanctions.
 - The typology corresponds to the placement, layering and integration stages.
- 21.** Online gambling platforms (including those registered abroad) (accepting, including, monetary contributions in virtual currencies³⁹) are used to hide funds and distance them from the source by transferring funds to payment or electronic money institutions with accounts in Latvian financial institutions, and some or all of the funds are then invested (for example, in real estate, financial instruments, precious metals), used for private purposes, including using a payment card, or withdrawn in cash.⁴⁰
- The typology is most often related to indicators No. C1, D1, D20, E8, H1, H2.
 - ML typology is most often related to the corruption, tax crime, circumvention/violation of sanctions.
 - The typology corresponds to the placement, layering and integration stages.
- 22.** Financial resources received by a legal person as State aid or in public procurement are returned to the same legal person or related persons through fictitious intermediaries (incl. legal arrangements).
- The typology is most often related to indicators No. A1, A13, A14, A20, B5, B24, B25, D10, G1, G2, G3, G4, G5, G6.
 - ML typology is most often related to the EU fund fraud and fraud in public procurement.
 - The typology corresponds to the layering and integration stages.
- 23.** The accounts of a natural person (money mule) in Latvian and/or foreign credit institutions have been used to transfer and distance funds from their original (criminal) place of origin under the guise of fictitious transactions, including immediately withdrawn in cash, transferred to the accounts of other persons or the account of the person himself or herself in foreign payment institutions or to the account of the provider of virtual currency services.
- The typology is most often related to indicators No. A1, A3, B1, B4, C6, D13, I1, I2, I3, I4, I5, I6.
 - ML typology is most often related to fraud.
 - The typology corresponds to the layering and integration stages.
- 24.** Criminal funds are moved and structured through virtual currency transactions, simulating apparently legitimate transactions, with the aim of moving them away from the source of the funds.
- The typology is most often related to indicators No. A1, B5, B25, D1, D2, D20, J1, J2, J3, J4.

³⁸ Transparency International UK. Together In Electric Schemes. Analysing Money Laundering Risk in E-Payments. Available:

<https://www.transparency.org.uk/sites/default/files/pdf/publications/Together%20in%20Electric%20Schemes%20-%20Transparency%20International%20UK.pdf>.

³⁹ FATF Updated Guidance for a Risk-Based Approach. Virtual Assets and Virtual Asset Service Providers. Point No 311, page 90. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Updated-Guidance-VA-VASP.pdf.coredownload.inline.pdf>.

⁴⁰ FATF Report. Vulnerabilities of Casinos and Gaming Sector. Pg. 33. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf.coredownload.pdf>.

- ML typology is most often related to virtual currency.
 - The typology corresponds to the layering and integration stages.
- 25.** A person applies and receives a loan/co-financing from a financial institution for the purchase of movable or immovable property, and the lent funds are repaid from the proceeds of crime. Repayment may take place over several years and cover the full amount of the loan before maturity.
- The typology is most often related to indicators No. A1, A17, A18, A20, A25, A26, B1, B5, B24, B25, B27, C5, C7, D1, D2, D10, D20.
 - The ML typology is most often related to corruption, crimes committed abroad.
 - The typology corresponds to the layering and integration stages.
- 26.** For the purpose of disguising and/or merging proceeds of crime by legal means, a legal person shall transfer funds to a financial institution, giving the impression of sufficient account turnover to obtain a guarantee of participation in a public procurement. A legal entity winning a public tender receives financial resources, only a fraction of which is invested in a project.
- The typology is most often related to indicators No. A1, A2, A6, A11, A18, A25, B2, B24, B28, B50, B51, C7, D1, D12, D20.
 - The ML typology is most often related to corruption, tax crime.
 - The typology corresponds to the layering stage.
- 27.** A natural and/or legal person sells prohibited goods or services imported into Latvia which are subject to sanctions restrictions, using the account of a financial institution in a country located in a high-risk jurisdiction or close to jurisdictions which are subject to sanctions restrictions or do not impose sanctions in order to distance funds from their place of origin.⁴¹
- The typology is most often related to indicators No. A4, A7, B3, B4, B5, B11, B23, B25, C2, D2, D13.
 - ML typology is most often related to the circumvention/violation of sanctions.
 - The typology corresponds to the layering and integration stages.

⁴¹ In cooperation with the State Security Service, the Prosecutor's Office, the State Revenue Service, the Bank of Latvia and seven banks, FIU developed the 2nd Updated version of the methodological material "Indicators of circumvention of sectoral and targeted financial sanctions" in 2024. Available: [https://www.fid.gov.lv/uploads/files/2024/Sanctions%20evasion%20risk%20indicators_2024_ENG%20\(002\).pdf](https://www.fid.gov.lv/uploads/files/2024/Sanctions%20evasion%20risk%20indicators_2024_ENG%20(002).pdf).

Indicators of money laundering


A. Indicators relating to the customer or its partners, related parties or other parties involved in the transactions

- A1. Negative information of a publicly available nature regarding the persons involved in the transaction (for example, beneficial owners (BO), authorised persons, board members, legal persons, payment or electronic money institutions).
- A2. The website of a legal person indicates that no economic activity is carried out, for example, the website has not been renewed long ago or the goods specified therein are not sold, do not exist or services are not provided.
- A3. The legal persons involved in the transaction scheme or their UBO are registered/associated with high risk third countries and jurisdictions under increased monitoring.⁴²
- A4. Transactions are carried out by legal persons and/or legal persons established in high risk third countries and jurisdictions under increased monitoring (e.g. jurisdictions with simplified registration procedures for legal persons, high risk of corruption).^{43/44}
- A5. A legal person does not have a material-technical base for ensuring the declared type of activity for economic activity or materials at the disposal of a legal person - the technical base does not conform to the essence of the declared activity.
- A6. The number of employees declared by the legal person appears to be inappropriate for ensuring the declared economic activity.
- A7. The level of prosperity of the lender or beneficiary is not commensurate with the amount of transactions performed by the person (for example, loans issued, property purchased).
- A8. The economic activity of a legal person with accumulated tax debt is formally terminated (thereby causing losses in the form of taxes not paid to the state budget), but in fact the economic activity is continued through the economic activity model, resources and employees of another legal person who has taken over the economic activity model of the previous (owed to the state) legal person.
- A9. The scheme of transactions involves as subcontractors a number of legal persons which, after the implementation of the relevant transactions, have ceased economic activity without paying tax debts to the state.
- A10. The nature of the activities of the participating legal persons (e.g. a fictitious company) changes periodically, for example by using newly created legal persons or legal persons that have changed ownership structure shortly before the transactions are carried out; legal persons whose owners (members/shareholders) are formerly punished persons, persons with no fixed place of residence or nationals of other countries are used.
- A11. Newly established legal entities involved in the transaction scheme carry out transactions for significant sums of money shortly after their formation.
- A12. Legal entities used as intermediaries for the implementation of business schemes also declare fictitious transactions in addition to payments actually made, do not pay taxes accruing significant tax debts. After a specific period of time the State Revenue Service shall exclude the relevant legal persons from the VAT Register.

⁴² List published on the FIU website "High-risk third countries and jurisdictions of increased risk". Available: <https://www.fid.gov.lv/lv/darbibas-jomas/augsta-riska-valstis-2>.

⁴³ FATF. High-risk and other monitored jurisdictions. Available: <http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions>.

⁴⁴ "European Commission adopts new list of third countries with weak anti-money laundering and terrorist financing regimes". Available: https://ec.europa.eu/commission/presscorner/detail/lv/IP_19_781.

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- A13. The structure of the owners (shareholders/stockholders) of a legal person (including payment or electronic money institution) with an account in Latvia is opaque, deliberately complex.⁴⁵
- A14. A legal person (including payment or electronic money institutions) with an account in Latvia is controlled by natural persons from high risk third countries and jurisdictions under increased monitoring.⁴⁶
- A15. A legal person (including payment or electronic money institutions) with an account in Latvia is controlled by a person who is most likely a *straw man* because he or she is registered – holds similar positions – in many other (including foreign) enterprises and/or the person does not have experience related to the declared type of economic activity.
- A16. No information is available to indicate the actual activity of the legal person, for example, information is not available on the website of the legal person or there is no website at all.
- A17. Publicly available information that persons are related to legal persons that regularly win public procurement.
- A18. Official information is available from Latvian/foreign institutions or publicly available that the person is related to a legal person/legal arrangement used in fraudulent or corrupt procurement schemes.
- A19. The person's country of residence and/or country of origin of funds is a high risk third countries and/or jurisdictions under increased monitoring (e.g. a country with a high risk of corruption and/or weak ML prevention effectiveness).⁴⁷
- A20. The registered offices of the legal persons and/or legal arrangements involved in the transaction scheme coincide with the registered office of the professional service provider, for example, the registered office of an outsourced accountant or legal service provider.
- A21. An NPO has the status of a public benefit organisation, which provides tax relief to both NPOs and its donors, although transactions made in NPO accounts do not lead to confidence that the NPO would comply with the requirements of the Law on Public Benefit Organizations in order to qualify for this status.
- A22. The name of the legal person coincides or is markedly similar to the name of a well-known company with the aim of creating an appearance about the relationship of the legal person concerned with the well-known company.
- A23. Legal person does not make tax payments.
- A24. Customer welfare rate shows no need to use safe (for example, the customer is a student, the customer's declared income level is low relative to the vault rent).
- A25. A person's knowledge appears to be insufficient to provide the relevant transaction (payment or electronic money institution related) services.
- A26. A person employed by a financial institution (including a private banker, a credit supervisor, an individual professional specialist) has a stable client portfolio over several years (managed by the same natural and/or legal persons).

⁴⁵ For example, a legal person is owned at several levels by other legal persons, or the legal structure includes shell arrangements or legal person incorporated in high risk third countries and jurisdictions under increased monitoring.


⁴⁶ Transparency International. Corruption Perceptions Index. Available: <https://www.transparency.org/en/cpi#>.

⁴⁷ Transparency International. Corruption Perceptions Index. Available: <https://www.transparency.org/en/cpi#>.


- A27. A legal person cannot submit documents confirming the transaction, contracts, acceptance-transfer deeds, account printouts and other evidence that could indicate the actual activity of the legal person.

B. Indicators relating to transactions (payments and other services)

- B1. Payments are received from legal persons established in high risk third countries and jurisdictions under increased monitoring (e.g. tax-free or low-tax countries).
- B2. Payments between legal persons established in one country involve, for no obvious reason, legal persons established in another country.
- B3. The same parties receive payments for different groups of goods (uncharacteristically normal economic activities).
- B4. Payments are in the nature of transit payments: funds from accounts are transferred or withdrawn in cash shortly after they are received in the account.
- B5. The chain of transactions is artificially extended (complicated) for no obvious reason.
- B6. Payment for shares is made by a legal persons and/or legal arrangements that does not carry out economic activity.
- B7. The acquisition price of the shares is significantly reduced or exceeds their actual value.
- B8. Loans are issued without collateral and there is no understandable explanation for this (e.g. kinship, friendship).
- B9. Loans are made without interest or interest rates on loans are very low, which is clearly disadvantageous to the lender.
- B10. The loan is used inappropriately for the purpose of the loan.
- B11. The funds are received in the form of repayment of loans from various natural or legal persons for loans supposedly made in cash.
- B12. The transaction price of the immovable property differs significantly from the market value.
- B13. After visiting the safe, the customer regularly makes a cash contribution to the current account (the safe may store a significant amount of cash that the client places in the financial system in a structured manner).
- B14. Only a small part of the funds received in the NPO accounts goes to the realisation of the goals set out in the NPO statutes, which raises suspicions of fictitiously created cover and concealment of the real goals of the NPO's activities.
- B15. The transactions carried out in the accounts of NPOs do not correspond to the objectives set out in their statutes and there is no logical justification for this.
- B16. NPOs issue loans.
- B17. Payments made to the accounts of legal persons for services that appear to have been provided (e.g. consultations, preparation of documentation, etc.), the (non-)provision of which is difficult or impossible to prove.
- B18. The funds resulting from the operation of the transaction scheme have been partly transferred to related natural and/or legal persons and partly withdrawn in cash.

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- B19. A legal person with an account in Latvia makes uncharacteristic payments to an account owned by other legal or natural persons for the provision of consulting, representation or lobbying services in relations with foreign institutions or companies.
- B20. A legal person with an account in Latvia pays for representation or hospitality expenses, which may be related to the promotion of economic activity abroad, especially in relations with officials of foreign institutions and companies.⁴⁸
- B21. A legal person with an account in Latvia, before or after acquiring orders from foreign institutions and companies, carries out uncharacteristic and uncertain transactions for himself or herself, for example, with outliers, non-economic actors or counterparties registered in offshore jurisdictions.
- B22. A legal person with an account in Latvia receives a payment for goods or services that is higher than the actual market prices for equivalent goods and services, or for the price paid by the respective person to the manufacturer or supplier of the goods.
- B23. The transaction uses intermediaries who do not produce anything, do not deliver, but only broker at an expensive price.
- B24. Transactions take place between legal persons having a unifying element (e.g. board member, address, telephone number, IP address, etc.)
- B25. Transactions constitute a complex structure which is not economically or logically justified.
- B26. There is no comprehensible economic basis for the use of accounts in a Latvian credit institution, i.e., accounts are opened in a country other than the country of residence of the aforementioned persons or the country of carrying out economic activity.
- B27. Funds are accumulated; there are no transactions (e.g. purchases) in the account that indicate active use of the account.
- B28. Persons receive payments from state, municipal companies or companies that win public procurements.
- B29. Through legal persons, real estate abroad is purchased, third-party bills are paid.
- B30. Payments made by a legal person do not correspond to the registered type of activity of the legal person.
- B31. Credit cards linked to a legal person's accounts are used by third parties to pay their daily expenses.
- B32. Money is withdrawn from the accounts of a legal person in significant amounts.
- B33. An incoming transfer without payment (*free of payment*) from a third party or an outgoing transfer in favour of a third party is made to the customer's securities account and there is no logical explanation for this.
- B34. Rapid growth of the client's financial instrument portfolio, transactions carried out without additional financing of the financial institution or client, and there is no logical explanation for this.
- B35. Reverse transactions in financial instruments over a short period of time.
- B36. The transaction price of a financial instrument differs significantly from the market value of financial instruments.

⁴⁸ For example, a bribe can be any benefit to an official or their relatives, including payment for travel expenses, visits to cultural and sporting events, catering services, gift cards and other benefits.

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- B37. The loan was received from a legal person established in Latvia and/or abroad, established in high risk third countries and jurisdictions under increased monitoring, and for which no information is available that its activity would be credit services.
- B38. The pledge is extinguished before the loan is repaid.
- B39. Payments that would be linked to the repayment of the loan are not made or are made to an inappropriate extent (inconsistent with the terms of the contract).
- B40. The person has other means at his disposal that make the loan economically unreasonable and the person regularly uses accounts abroad.
- B41. The origin of funds consists of payments from legal persons (incl. legal arrangements) received in the form of loans or transfers of securities without payment. Loan repayments do not occur or partially occur.
- B42. Purchases of goods are made at a disproportionately (inadequately) high price which does not correspond to the actual market value of the goods at which the goods are resold in other countries.
- B43. Payment is made for allegedly fictitious transactions.
- B44. A person transfers financial instruments to a third party without payment.
- B45. Cash transactions are carried out.
- B46. A payment or cash deposit is received in a natural person's account, which is immediately donated to the political party and has no understandable explanation.
- B47. The transaction uses banknotes of large denominations.
- B48. A legal person with an account in Latvia makes disproportionate, expensive commission payments for the implemented transactions, payment for services.
- B49. For no obvious reason, the client of the custodian bank of financial instruments asks for the transfer of financial instruments abroad (incl. legal persons and/or legal arrangements).
- B50. Persons (including PNP, members of their families, close associates or other officials) employed in an area related to the management or protection of natural resources make payments, that doesn't match persons' profile.⁴⁹
- B51. A legal person makes payments and/or issues invoices and/or issues permits that do not correspond to the type of economic activity of the related company.⁵⁰
- B52. A natural or legal person receives (e.g. non-operational) payments after which the funds are immediately withdrawn in cash or transferred to another natural and/or legal person.
- B53. A natural or legal person receives loans from providers of consumer credit services. The loans received are immediately transferred to an unrelated natural or legal person.
- B54. Some funds have been transferred to the account of a legal person registered in Latvia and invested in movable or immovable property previously owned by a participant of the transaction scheme or a person related to the participant of the transaction scheme.

⁴⁹ FATF. Money Laundering from Environmental Crime. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/brochures/Money-laundering-from-environmental-crime-handout%20-env-crime-authorities.pdf>.


⁵⁰ FATF. Money Laundering from Environmental Crime. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/brochures/Money-laundering-from-environmental-crime-handout%20-env-crime-authorities.pdf>.

C. Indicators relating to the person`s account

- C1. The accounts of the persons involved (including payments or electronic money institutions) have been opened abroad (including far from the country of residence or performance of economic activity) and there is no clear explanation for this.
- C2. No transactions have been detected in the accounts of legal entities that would indicate active economic activity, for example, payments for premises, salary payments, payments to transport service providers, etc., only payments for legal services and payments of commissions of a financial institution have been made.
- C3. The BO of accounts opened with an NPO in Latvian credit institutions are persons other than the persons who have been granted the signatory rights of the respective NPO.
- C4. For part of the transactions involved in the scheme, the accounts of the legal persons involved in the scheme are opened on the same day or with a difference of a few days; Accounts opened abroad (incl. far from the country of residence or economic activity), which has no logical explanation.
- C5. The accounts of the participating legal persons (incl. payment or electronic money institutions) are opened in a country that is not the country of economic activity of the respective legal persons, as well as BO are not citizens or residents of Latvia.
- C6. Financial transactions are carried out from the same IP address using different accounts of the financial institution.
- C7. One natural or legal person opens or manages several accounts with a financial institution in a coordinated manner.
- C8. The account of a legal person (incl. legal arrangements) acquiring shares is opened abroad.


D. Indicators relating to documentation supporting transactions, etc.

- D1. Documents confirming the transaction have not been submitted to the extent necessary to verify the legality of the origin of the funds and the actual execution of transactions.
- D2. The client provides false or incomplete information about the origin of funds (or uses a justification of the origin of funds that cannot be verified).
- D3. The documents submitted regarding the origin of the lent funds and the conditions of the loan are incomplete and doubtful – the documents contain signs of counterfeiting.
- D4. There are no documents confirming the issuance of the loan or its repayment.
- D5. After the acquisition, the business company does not carry out active economic activity.
- D6. When crossing the border, the means have not been declared, declared in part or the information on the means declared does not coincide with that declared in another jurisdiction.
- D7. The origin of the funds is explained by a supposedly legitimate source, such as a gift, inheritance, saving or loan, but documents supporting the origin are not provided or are incomplete.
- D8. No payments of an economic nature have been made in the accounts which would indicate the economic activity actually carried out by the legal person.

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- D9. The safe is mostly or fully used by the customer's authorised person.
- D10. The notes section (purpose of payments) contains general descriptions such as "non-cash transfers", "transactions with goods", "textiles", "computer parts", "construction materials", "mobile phones", "electrical goods", etc.
- D12. The use of funds is inconsistent with the contract.
- D13. The person does not respond to the requests of the subject of the AML/CTF/CPF Law to submit documents, explanations to justify the origin of payments received in the account, and the payments do not correspond to the explanation submitted during the opening of the account.
- D14. Legal persons (incl. legal arrangements) regularly make cash payments without further explaining what goods and services are paid for.
- D15. The explanations and/or documents submitted by the persons do not explain the reasons why the person transfers financial resources to a third party without payment.
- D16. Falsification of the number and/or value of goods to be dispatched so that it is greater or less than the corresponding fee.
- D17. Banknotes have sequential serial numbers.
- D18. The funds received are not used for the purpose of the loan or are used only partially for the purpose.
- D19. The legal person does not carry out accounting or carry out accounting carelessly, or the accounting documents are fictitious.
- D20. The documents submitted have been found to contain deficiencies indicating that they may have been fictitiously drawn up.

E. Indicators relating to politically exposed persons (PEP), public officials and persons associated with them, as well as persons with unexplained wealth or income

- E1. Local or foreign PEP, their family members, closely related persons or other official receive and/or transfer unusually large amounts, including in different currencies.
- E2. In order to hide BO, PEP transactions involve employees of PEP or other officials (domestic worker, gardener, driver, etc.) as "money mules", in whose account's large payments (transactions are received and made (not corresponding to the financial situation of employees)).
- E3. Persons (incl. PEPs, their family members, closely related persons or other officials) receive or acquire shares in a company:
- in exchange for services;
 - the purchase is financed by the seller;
 - the purchase price is lower than the actual value of the company's shares or shares.
- E4. Persons (incl. PEPs, their family members, closely related persons or other officials) carry out transactions in financial instruments such as Penny Stock or carry out over-the-counter transactions in shares of unlisted companies.
- E5. Persons (incl. PEPs, their family members, closely related persons or other officials) deal with financial instruments in short periods of time.

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- E6. Persons (incl. PEPs, their family members, closely related persons or other officials) receive disproportionately large amounts of money for attending seminars, conferences or as project advisers, and sell movable or immovable property for disproportionately high fee.
- E7. Persons (incl. PEPs, their family members, closely related persons or other officials) are stripped of their credit obligations or waived their claim to repay the loan.
- E8. The level of prosperity declared by individuals (incl. PEPs, their family members, closely related persons or other officials) does not coincide with the amount of transactions in their financial institution's accounts, the value of their financial instruments or their deposits in savings instruments (life insurance, etc.).
- E9. Persons (incl. PEPs, their family members, closely related persons or other officials) have invested (incl., for example, buying a virtual currency) in an amount that exceeds their declared income.
- E10. Persons (incl. PEPs, their family members, closely related persons or other officials) make exclusive purchases of goods, receive high-cost services or receive other benefits from the contracting company or its officials shortly after the conclusion of the public tender for an unreasonably low fee.
- E11. Regular cash transactions (deposits or withdrawals) are carried out on the accounts of persons (incl. PEPs, their family members, closely related persons or other officials).
- E12. The accounts of persons (incl. PEPs, their family members, closely related persons or other officials) receive payments from foreign jurisdictions (especially if the payment is made from high risk third countries and/or jurisdictions under increased monitoring) for the purchase of real estate, high-value or luxury (exclusive) goods. In such cases, additional information about the nature of the transaction is usually not indicated and the purpose of the payment is unclear (for example, "payment for consultations", etc.).
- E13. The accounts of a person (incl. PEPs, their family members, closely related persons or other officials) often or to a large extent receive winnings from online gambling sites (or other providers of similar services).
- E14. Persons (incl. PEPs, their family members, closely related persons or other officials) have made cash transactions for large amounts (e.g. currency exchange, expensive items purchased, etc.).
- E15. Persons (incl. PEPs, their family members, closely related persons or other officials) make payments to lawyers, accountants or other professional service providers in amounts that are not logically explicable.
- E16. The beneficiary of the loan is PEPs, their family members, closely related persons or other officials.

F. Indicators implying the operation of laundromats

- F1. Employees of a financial institution involved in a scheme of transactions perform the following actions:
1. monitoring (or insufficient monitoring) of cash flows in accounts controlled by criminal stakeholders/criminals;
 2. coordination of financial transactions to avoid reporting suspicious transactions;
 3. acceptance of fictitious documents that serve as a basis for conducting specific transactions without requiring additional information;
 4. carrying out fictitious transactions on customer accounts (for example, transactions made without significantly changing the account balance at the beginning and end of the working day).

- F2. Publicly available information indicates that the funds (or part thereof) used in transactions are involved in an extensive, interconnected network of legal entities (incl. shell arrangements) and natural persons.
- F3. According to publicly available information, the persons involved in the transaction and/or their affiliated persons are involved in a large network of persons and companies (incl. shell arrangements), such as the laundromats listed on the site <https://www.occrp.org/en/laundromats/>.
- F4. A link has been established between the legal persons involved in the transaction scheme (incl. shell arrangements) and the related companies and persons of the financial institution involved in the transaction scheme, including former employees of the financial institution. Affiliated companies and persons ensure the registration of companies, are authorised persons of companies or are otherwise related to the legal persons involved in the transaction scheme.

G. Indicators relating to correspondent accounts and subordinate correspondent services


- G1. A payment or electronic money institution licence is issued in a country other than the country of residence of the BO and/or the credit institution where the payment or electronic money institution account is opened.
- G2. The payment or electronic money institution mainly serves legal persons whose ownership structure is complex and difficult to determine.
- G3. Funds received in the account of a payment or electronic money institution are mainly and/or partly directed towards the purchase of a virtual currency.
- G4. Funds received on the account of a payment or electronic money institution have been accumulated for a long time.
- G5. A payment or electronic money institution receives funds from other correspondent accounts of payment or electronic money institutions.
- G6. The payment or electronic money institution does not have or has poorly developed customer monitoring processes (KYC/EDD/CDD) and transfer monitoring (e.g. publicly available information about it).

H. Indicators relating to lotteries and gambling

- H1. A natural person explains the origin of the funds by the income from online gambling.
- H2. A natural person transacts in a short period of time on several online gambling platforms registered abroad.

I. Indicators relating to fraud

- I1. A natural person receives a request from unknown persons (for example, a police officer, a bank employee) to transfer funds immediately to the account number specified by the unknown person.
- I2. A natural person receives a suspicious message in the electronic mail about a received large prize and/or inheritance.

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- I3. A natural person (fraudster) when contacting a potential victim of fraud, comes up with facts about difficult circumstances of events, why it is necessary to immediately receive funds (for example, medical or travel expenses).
 - I4. Several payment cancellations received at the credit institution.
 - I5. A text message has been received asking to type in a PIN code using the link in the text message to unlock the card or update bank account information.
 - I6. A seemingly legitimate investment platform that promises high returns. The expected increase in funds, the preliminary profit is promised too high, not corresponding to the amount of investment.

J. Indicators relating to virtual currency

- J1. A natural and/or legal person converts funds into virtual currency (including exchanging virtual currency for *fiat* currency or other virtual currency) using a virtual currency service provider established in a high risk third countries and/or jurisdictions under increased monitoring.⁵¹
- J2. A natural and/or legal person uses a virtual currency wallet address and service provider associated with platforms for which publicly negative information is available (e.g. gambling sites, viruses or theft messages).⁵²
- J3. A natural and/or legal person tries to hide its true IP addresses in transactions with virtual currency or uses addresses from high risk third countries and/or jurisdictions under increased monitoring.⁵³
- J4. Virtual currency transactions are carried out to or from the provider's account on an exchange that is not registered in the jurisdiction where the client or exchange is located.⁵⁴

⁵¹ FATF. Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing. Pg. 8. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf>.

⁵² FATF. Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing. Pg. 10. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf>.

⁵³ FATF. Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing. Pg. 12. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf>.

⁵⁴ FATF. Virtual Assets Red Flag Indicators of Money Laundering and Terrorist Financing. Pg. 17. Available: <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Virtual-Assets-Red-Flag-Indicators.pdf>.



List of changes

Changes in the 3rd revised edition:

1. Updated chapters: "Introduction" un "Definition of money laundering".
2. Specified and supplemented indicators:
 - No A1-A4, A7, A10-A20, A25;
 - No B1, B2, B6, B7, B17, B18, B19, B21, B30, B34, B37, B40, B41, B46;
 - No C1, C2, C4-C8;
 - No D1, D7, D8, D10, D14;
 - No E3, E5-E8, E10, E12, E13, E16;
 - No F1–F4.
1. New indicators: No A26, A27, B49-B54, D20, G1-G6, H1-H2, I1-I6, J1-J4.
2. Deleted indicator: No D11.
3. Specified typologies: No 1-4, 7-19.
4. New typologies: No 20-27.
5. The indicators have been updated and other editorial amendments have been made.