



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

**The National Committee for Anti-Money Laundering
and Counter-Financing of Terrorism**

Anti-Money Laundering Intelligence Unit

No: 41/AMLIU

Vientiane Capital, dated: 12 January 2016

Instruction
**On Indicators of Transactions Suspected of Money Laundering or Financing
Terrorism**

- Pursuant to the Law on Anti-Money Laundering and Financing of Terrorism no: 50/NA, dated 21 July 2014;
- Pursuant to the Decision on the Reporting of Transactions Suspected of Money Laundering or Financing Terrorism no: 13/NCC, dated 19 October 2015;

**The Director General of the Anti-Money Laundering Intelligence Office
Issues These Instruction:**

Article 1 Objectives

The objectives of these instructions are to expand on Article 5 of the decision on the Suspected Transactions Reporting on Money Laundering or Financing Terrorism (ML/FT) so that reporting entities can distinguish behaviors or activities while servicing or creating business relationships with their clients which might be individuals, legal entities or organizations with are involved, related or connect to money laundering or financing terrorism before reporting on such transactions to the Anti-Money Laundering Intelligence Office (AMLIO).

Article 2 Indicators of suspected transactions on ML/FT activities

Indicators of transactions suspected of ML/FT are indicators as specified in Article 5 of the decision on reporting transactions suspected of ML/FT which is divided into indicators for financial institutions and non-financial institutions as specified in Articles 3 and 4 of this instruction.

Article 3 Indicators for financial institutions

Indicators of transactions suspected of ML/FT activity for financial institutions may be observed in behaviors of customers as follows:

1. Deposits of large amounts of funds without any reason from the client who may be an individual or business unit which is not in accordance with normal movements;
2. Depositing money which is of a large value and unusual, after that transferring or withdrawing from the account (especially in short term deposits and the transferring out of the account to a destination related or not related to the client);
3. The client brings cash in small amounts to deposit regularly which when totaling the deposit slips, is a large amount;

4. The client exchanges cash in large amounts by bringing in small banknotes and exchanging for larger banknotes;
5. Bringing cash in large amounts to exchange for other currencies regularly;
6. The client brings counterfeit banknotes or financial documents to deposit or makes other transactions with the bank;
7. The transfer of cash in large amounts into and out of the country which is payable in cash;
8. Cash transactions which seem to evade transaction reporting for values in excess of limits that the AMLIO issues;
9. The client has many accounts and deposits into each account, yet when totaled together is a large amount;
10. The client is unable to provide general or insufficient or incorrect information when opening an account;
11. Withdrawal of cash in large amounts from accounts with no activity;
12. Withdrawal of cash in large amounts from accounts which only just received cash deposits into them;
13. Evading contact between head office and branch office when such contact is usually made through an account to each other;
14. The transfer or deposit by many people into one account without sufficient reason;
15. A foreign bank advises on a client which is in the country who may produce or sell illicit drugs widely;
16. The use of letters of credit and other methods of international trade in order to move money between countries where the trade business is not in accordance with the client or the invoice or other trade documents are incorrect;
17. The client orders payment in large amounts regularly by wire transfers which are unable to reveal the transaction as clearly as handling the transaction in the bank directly;
18. The client receives payment in large amounts regularly from countries that are related to the production, distribution, marketing of illicit drugs or related to terrorist organizations;
19. The remaining balance of an account increases which is not in accordance with real transactions and there is a transfer of this balance to a foreign bank account;
20. The transfer from an international client of which the source "entry and exit" cannot be explained, which the transfer is processed hurriedly such as: funds are transferred in and withdrawn immediately without sufficient reason;
21. Complex transfers by clients which are not explainable which the transfer was made by cash without passing or deducting from their bank account;
22. A purchase of travelers cheques, drafts which are in foreign currencies or negotiable financial documents regularly without an economic explanation;
23. The redemption of travelers cheques, drafts which are in foreign currencies or negotiable financial documents especially those received from foreign countries redeemed regularly without an economic explanation;
24. Changes in employee behavior, such as: living an extravagant lifestyle;
25. Changes in an employee's or agent's work, for example: the marketing officer of a bank sells bank products in larger amounts or in numbers that are incorrectly observed;
26. Problematic loan clients repay their loans unexpectedly;
27. Requesting a loan with assets as collateral whose sources are unknown or not in accordance with the financial status of the client;
28. Collecting large amounts of funds as pre-paid telephone top up cards;
29. Insurance policies which are closed as requested in order to withdraw funds for a third party;

30. Large amounts of cash are used to purchase insurance;
31. Withdrawing insurance faster than the policy specifies and creating large losses;
32. Purchasing insurance and then returning it immediately;
33. Large amounts of cash are used to make investments;
34. Issuing many types of pre-paid telephone top up cards and many debit cards which are accessible in other countries;
35. Purchase of assets of high value (diamond ring, gold, cars, property) and then selling them immediately and payable by cheque;
36. Other indicators that the financial institution specifies itself and additional specifications from the AMLIO.

Article 4 Indicators for non-financial institutions

Indicators of transactions suspected of ML/FT activity for non-financial institutions may be observed in behaviors of customers as follows:

1. The frequent transfer of funds from holders of financial instruments, such as: foreign drafts;
2. The transfer of gold by individuals which was purchased by withdrawing funds from a company;
3. The purchase of assets of high value with cash, such as: diamond rings, gold bars, cars, assets;
4. The purchase and redemption for cash of casino chips without playing any games;
5. The procurement of large amounts of deposit slips;
6. The issuance of receipts that is lower or higher than the market value of the products;
7. The purchase of real estate with cash;
8. Real estate transfer transactions which are lower than market value;
9. The purchase and sale of real estate hurriedly where the sale price is higher than the real value;
10. Non-payment of income tax;
11. The use of illicit moneychangers at international borders;
12. The use of shell companies in free areas;
13. The import and export in free areas with a cash transport company;
14. Transactions that require complex preparation and units which are not legally transparent;
15. The payment of “consulting fees” to a front company which is created in areas of foreign legal authority or such jurisdictions known to be markets for the creation of many front companies;
16. Making loan transactions between companies many times or international transfers to many areas without a clear legal objective or trade objective;
17. Other indicators that the non-financial institution specifies itself and additional specifications from the AMLIO.

Article 5 Implementation

Reporting entities, as specified in Article 17 of the Law on AML/MFT, are implementers of the expansion of the contents of these instructions to strictly become a part of their internal policies, plans, procedures, principles, systems and regulations.

Relevant sectors of the AMLIO must regularly evaluate, monitor and inspect the implementation as specified in Paragraph 1 of this article on the basis of coordinating with relevant sectors.

In necessary cases, the AMLIO will modify some articles or complete contents of these instructions to be adapted to fit the circumstances and conditions of the Lao PDR in each period.

Article 6 Effectiveness

These instructions are effective from the date of signature onward.

The General Director of the AMLIU,

[Seal and signature]

Mr. Phanthaboun SAYAPHET