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NJËSIA PËR INTELIGJENCË FINANCIARE  
FINANSIJSKA OBAVEŠTAJNA JEDINICA  
FINANCIAL INTELLIGENCE UNIT



## Typologies of Money Laundering and Terrorist Financing in the Republic of Kosovo



**Table of Content**

INTRODUCTION ..... 4

Money laundering in bank system ..... 5

    Bank credits used to justify the origin of funds ..... 5

    Transfer of funds towards countries known for drug trafficking ..... 7

    International transferred funds and money falsification/counterfeiting ..... 8

    Depositing and transferring money accompanied by the same person ..... 9

    Using of too large transactions in cash deposits compared to business activity –Intensive activity in cash ..... 10

TRAFFICKING IN HUMAN BEINGS ..... 12

    Transfer of funds abroad received from illegal activities – trafficking in human beings ..... 12

REAL ESTATES ..... 15

    Investment of funds in real estate ..... 15

INSURANCE COMPANIES ..... 19

    Movement of funds between several companies with the same owner and the integration of those assets through insurance in which insurance company remain the same person ..... 19

MONEY LAUNDERING, SMUGGLING AND FISCAL EVASION ..... 21

MONEY TRASFER AGENCIES AND CURRENCY EXCHANGE AGENCIES ..... 22

TERRORIST FINANCING ..... 23

GAMBLING AND CASINOS ..... 24

MONEY LAUNDERING BASED ON TRADE ..... 27





## INTRODUCTION

The first half of 2013 was a significant and effective period of the Financial Intelligence Unit. This institution has given an important contribution to various criminal investigations by providing intelligence reports on suspicious transactions, tracking of cash and at the same time providing information on the risk from the offenses of the money laundering and financing of terrorism.

According to the law 03/L-196 amended and supplemented by the law 04/L-178, Financial Intelligence Unit for the first time drafted this study on criminal typologies of money laundering (ML) and the Terrorist Financing (TF). The purpose of this study is to inform the public about the work of the FIU-K, reflecting the risk that appears on various occasions and cooperation between law enforcement institutions in concrete cases.

Typologies presented in this report will be also helpful to the reporting subjects to understand the nature of ML/TF and their threats, among which they will support the designing of effective strategies to address these threats.

These typologies also help the law enforcement officials to investigate and prosecute people involved in ML and TF, and the design and implementation of effective preventive measures.

Also within this annual report on Typologies are included ML and TF indicators as well as some of the techniques and methods of analysis. We hope that the study and analysis of the cases presented in this report will be a support for reporting entities including in particular financial and non-financial institutions, then casinos, brokers and real estate broker, notaries and lawyers, accountants and auditors etc. who are directly involved in the implementation of taking preventive measures in particular the customer care, customers identification and special monitoring of specific transaction.

This report contains illustrative cases and situations (taken from confidential data), related to the activity carried on FIU-K for the purpose of detecting and combating negative phenomena of money laundering and terrorist financing. Therefore, through this report are presented attempts to solve a certain number of illustrative cases from previous years.

***Dardan NUHIU***

***Director, Financial Intelligence Unit***

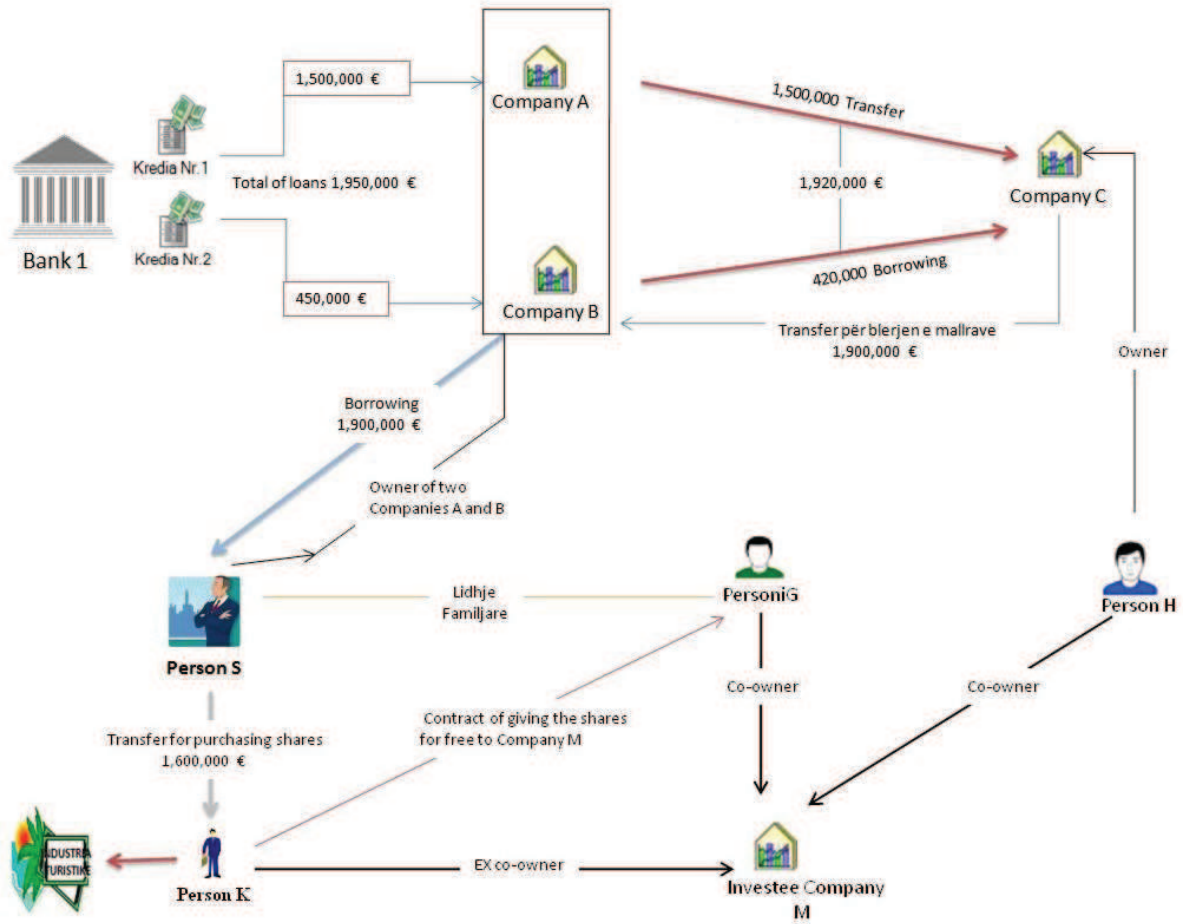
## **Money laundering in bank system**

### **Case 1**

#### **Bank credits used to justify the origin of funds**

Person S was the owner of two companies "A" and "B" which both got quite high loans at a bank in Kosovo in the same period. The value of those bank loans was 1,500,000 euros and 450,000 euros, aiming "building business capacity" and "buying goods". When analyzing the flow of those loans, it was observed that those amounts had entirely different purposes from what were requested in fact. Both those amounts are transferred to another company "C" within a single day, with highly suspicious descriptions (borrowing and transfer of funds) and without clear economic or business justification. Owner of the Company "C" is person H who is also one of the co-owner of the businesses of the "S" family, Investment Company "M".

Funds received from Company "C" stood no more than a day in its bank accounts, after only a few days later, most of those two amounts in the amount of 1.9 million euros were transferred to Company "B". The purpose of the transfer of that huge amount was the purchase of goods, but in reality the trade exchange between companies "B" and "C" had never happened. This is better shown by the fact that those funds had as destination the bank account of the person suspected person: Person S, and finally the transfer of a part of those to another person called the Person K who received a substantial amount of 1.6 million euros from Person S on behalf of purchase of shares. Person K was an investor in the tourist industry in some countries. Also this person signed a contract with the person G on giving for free shares of the company M. Person G is also a family relative of the person S. It is suspected that the contract for the donating the shares to the company M was made to change the structure of shareholders, and transfer of funds from person to person K to person S was made to integrate the assets particularly for abroad investments in tourism.



Graphic no.1

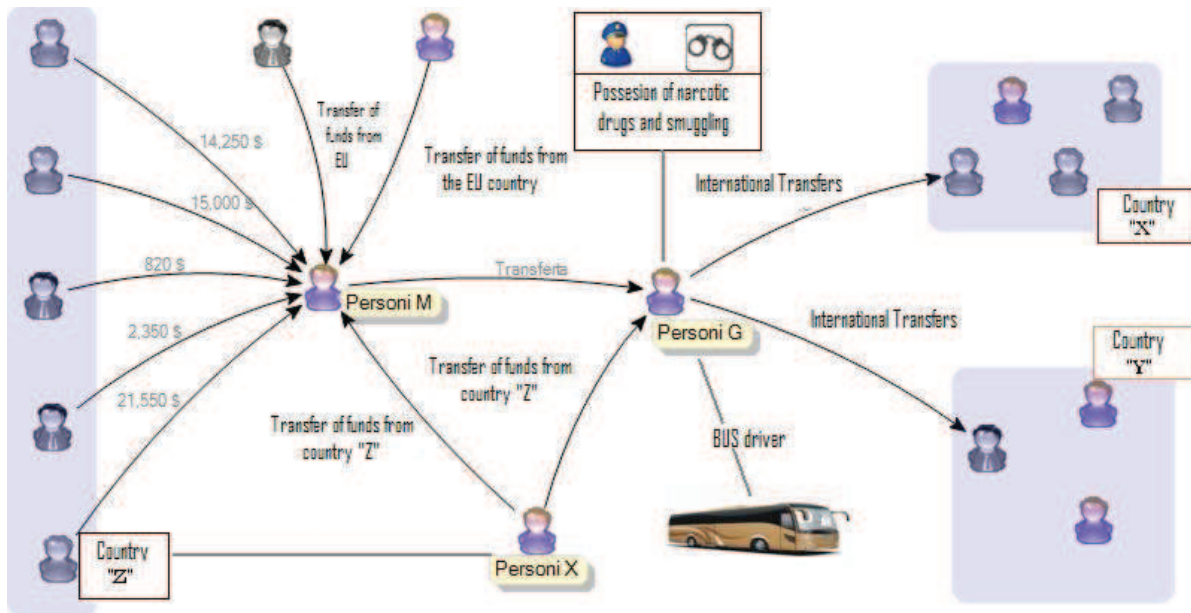


## Case 2

### Transfer of funds towards countries known for drug trafficking

A person with Kosovar citizenship 'G' was transferring funds in some Latin American countries recognized internationally for drugs export. Also, the same person in the same time period transferred and received cash from other countries especially from Country "Z", as well as from another state of the European Union. Conducted verifications result that person 'G' was caught several times by police authorities committing criminal offences mainly for contraband, narcotics possession, intimidation etc. By cooperation with other law enforcement institutions was learned that the person was serving as a driver and hold regular line to some EU countries.

By analyzing financial transactions Person 'G' is observed that he made frequent movement of funds to Person 'M' who often receives funds from several people from two neighbouring Balkan countries. Credit side of the account of person 'G' mostly consisted of several incoming international transfers, which funds are received from several different people mainly from the State "Z" and some European Union countries. What makes this case suspicious is the fact that a part of the cash then was transferred to several persons in the State "X" and the State "Y".



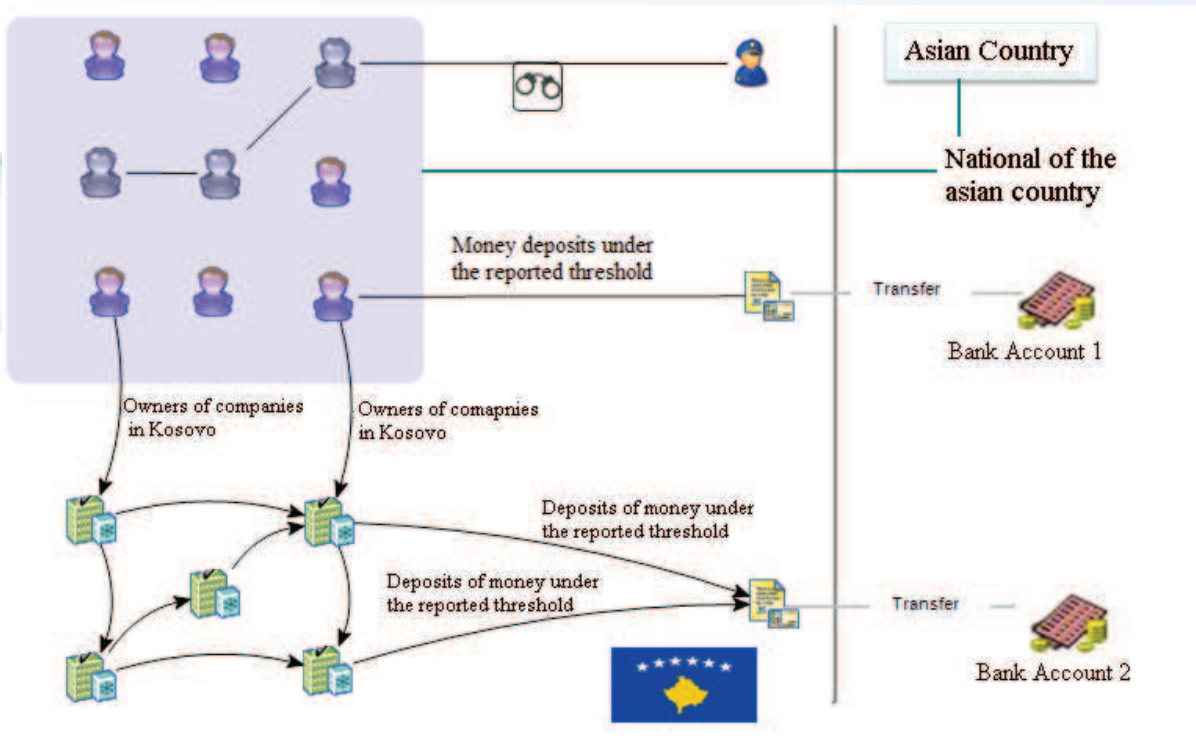
Graphic no.2

### Case 3

#### International transferred funds and money falsification

A reporting entity had reported that some companies and individuals with foreign citizenship, deposit money and then the same funds have been transferred to the same beneficiary in an Asian country. According to the collected data is noticed that almost all of those cash deposits were under or very close to the reporting threshold. For about five years, the same people had managed to transfer to their country of origin over 6 million euro. Almost every time, those persons made depositions in cash in the amount very close to the reported one, and this increases the suspicion that such persons have tried several times to avoid the reporting form for the origin of the funds. Description of transfers abroad was mainly "payment for goods". During verification of documents is noted that one of the foreign citizens stated that he is working in Kosovo as a hairdresser but in reality the company established by that person, as its main activity was the sale of textiles, and additionally international payments were also made for textile purposes.

During the financial analyzes performed by the FIU-K and watching the criminal past of the persons concerned is found that 4 out of 16 people were arrested for money falsification within a very short period of time (about 3 days), while the other two were not residence in Kosovo. Also, having a large difference in the amount of 5.5 million Euros between international transfers and declared imports by companies of suspected persons, suspicion grows that these people can also be involved in smuggling or tax evasion as offenses related to money laundering.



Graphic no. 3

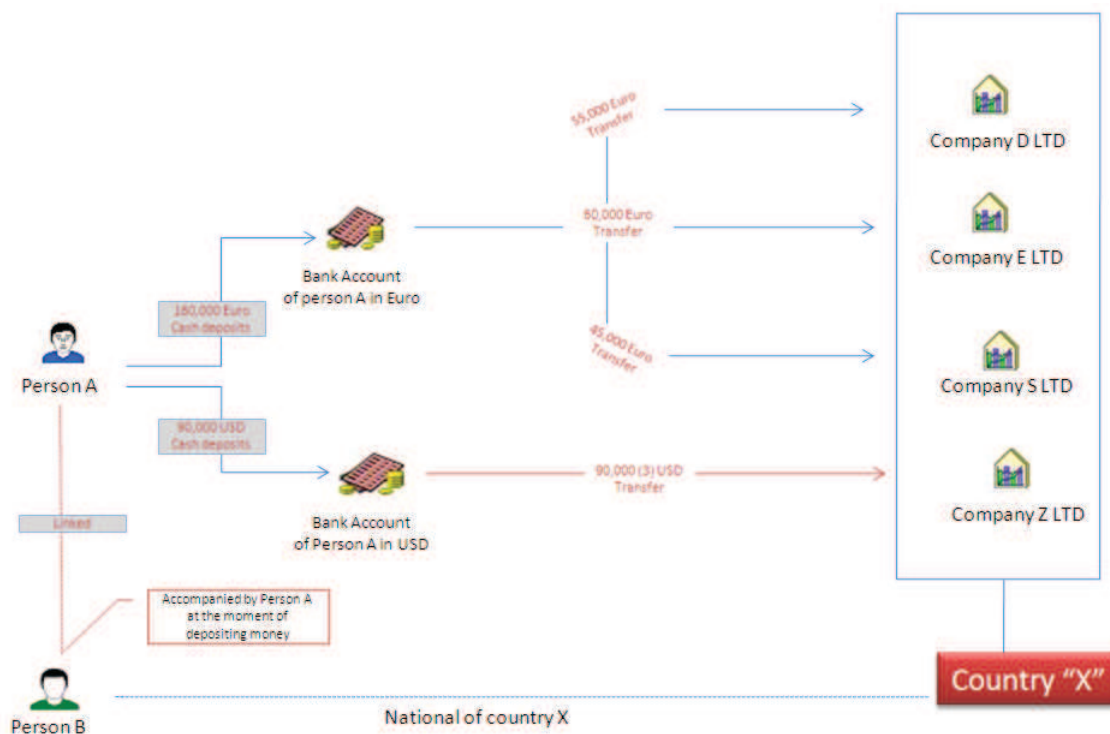


## Case 4

### Depositing and transferring money accompanied by the same person

A report of suspicious activity was discovered that a citizen of Kosovo (Person A) made several successive international transfers within a very short period of time from mid April 2011 to 19 May 2011. The suspicion is based on the fact that the person A had made some deposits in cash and that in huge amount and after each deposit he transferred the funds abroad always accompanied by one other person, who based on his appearance seemed to be a foreigner (Person B), and as the reason for the origin of money, he claimed that he has them from a close member of his family who lived in an EU country, but in fact the reporting entity noted that international transfers mainly go towards a country from the East who was known for a large export of goods to our country and in most cases they transferred funds to purchase computers, then payment for vehicle components, jewellery etc.

FIU-K through conducted verification and collection of information from the tax authorities, commercial banks and other law enforcement institutions result that the respective person did not previously possessed that great amount of money on cash, and in addition the same person had never committed any legal business activity and which can provide business income and also did not resulted that he ever done any import or export of goods which could justify the transfer of funds abroad. Therefore hypothesis of FIU-K went in the direction that the person A made banking transactions and serving for Person B, who may have been using person A for the purposes of tax evasion or smuggling.



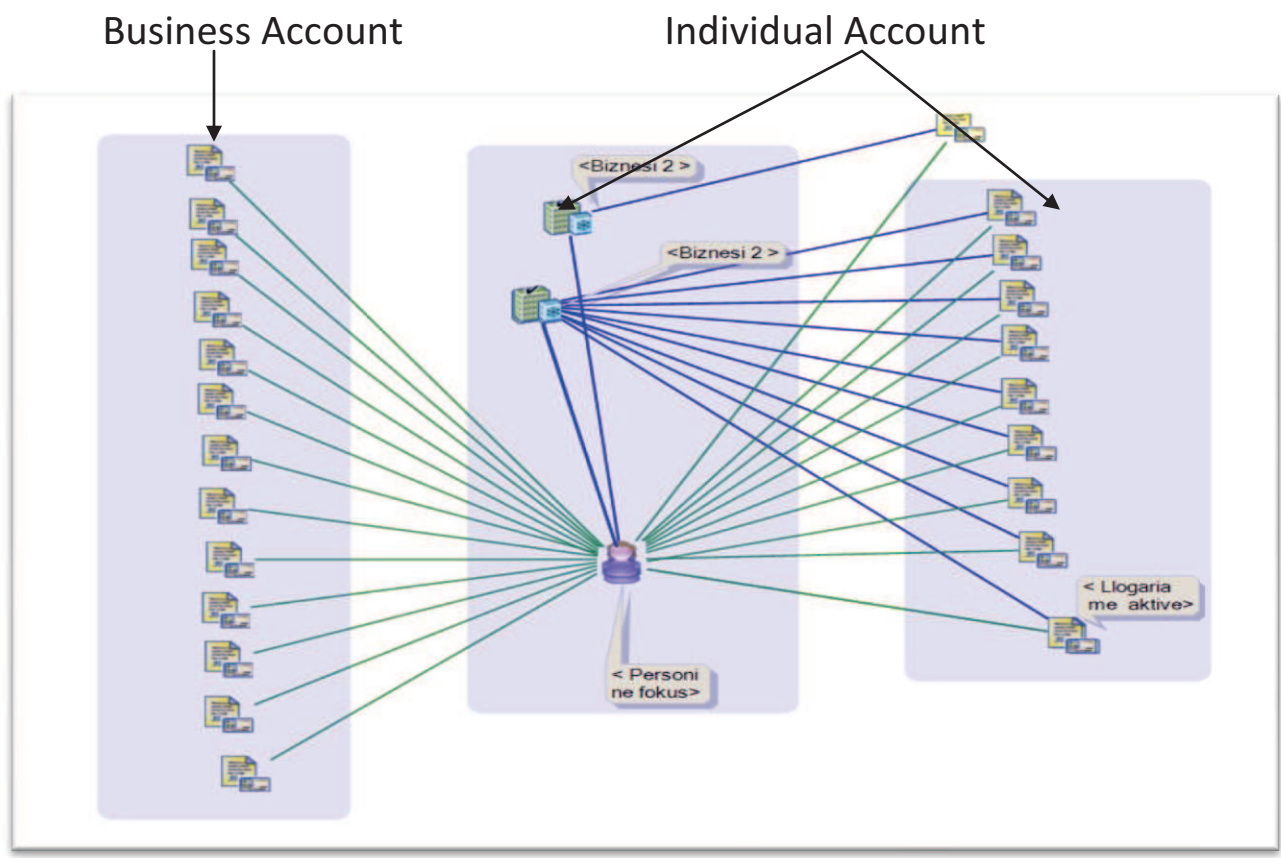
Graphic no.4

## Using of too large transactions in cash deposits compared to business activity -Intensive activity in cash

### Case 5

A suspicious transaction report (STR/SAR) has focused a person (person A) which also is the owner of a business (company 2), which makes substantial and intensive financial transactions which are deposits in cash into business account, and which are realized before payments made from this account.

After generating the case, FIU-K has collected financial data which after entering in the database, the same has been generating the following outline:



**Graphic no.5**

Some of the documents and bank records evidence the involved person as an employee in a private institution. These circulations do not initially call for further doubt because it can be noticed not a huge financial activity in multiple individuals accounts of the involved person. Many of the bank accounts of the person are dormant (no financial activity at all).

Based on data from other law enforcement institutions, person A is identified for intimidation and falsification of documents and this fact increases further grounds for suspicion.

Person A turns out to be the owner of two businesses, one of them has no financial activity. Active business was established some years ago, and it is not clear the origin of the capital, also there are no loans which the person used for this purpose.

FIU-K has compared data from the Tax Authorities with those of banking circulation, and it was observed that there was a large difference in relation to financial activities carried on business accounts.

Financial activity in the individual accounts of the involved person starts in 2009 as an employee in a private institution. In 2010 person "A" is listed as business owner, the active business that was established earlier, while in 2011 he creates another business. Its financial profile until 2009, and after 2010, has a great change and it is unusual. There are recorded number of transactions, as deposits (approximately €400,000 in eight cases) and cash withdrawals from person A.

During analysis conducted at FIU-K, it was noted that another business was making large banking transactions with the company of the person involved in this case. Typology of financial operation of the business involved suggests that we are dealing with fictitious payments without real economic activity of the respective business in another business account which is a destination of huge transfers involved in this case.



## TRAFFICKING IN HUMAN BEINGS

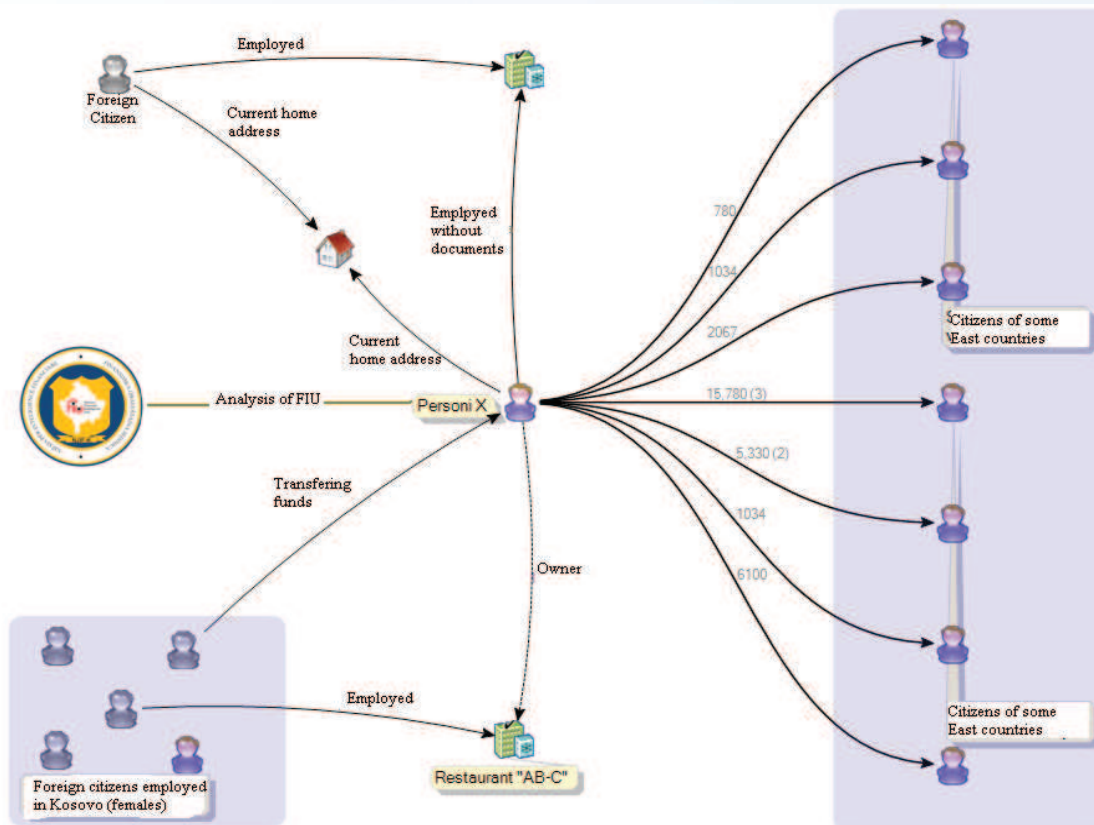
### Transfer of funds abroad received from illegal activities – trafficking in human beings

#### Case 6

A reporting entity has reported a STR (suspicious transaction report) that a foreign person was transferring funds to several different people without any clear economic justification. Transactions are carried out in a period of about 9 months.

After conducted verifications for that period, it did not result that the person is formally employed in Kosovo, but after an investigation conducted, resulted that the same person is working illegally in a restaurant in our country. Funds transferred abroad had a significant difference compared with the monthly income the person could earn working in a restaurant.

The data and the conclusions drawn from the financial analysis and then sent for further investigation in Law Enforcement Agencies resulted that during the time when investigations were conducted that person started a business in Kosovo with the aim of justifying the funds transferred abroad. Based on that investigation, it was found that the person was managing and controlling a certain number of women coming from other countries known for human trafficking.



Graphic no.6

## Case 7

Person "F" of the females born in the country "Z" has dual citizenship of both states. The same person had applied for a residence permit in Kosovo. As a result of financial analysis and research conducted by the FIU-K is noticed that person "F" also performed several other transactions with several other persons of foreign nationality and suspicion is based on the fact that these people have sent money some time from Kosovo to both countries Country "X" and "Y" in a short period of time. Also the same people in Kosovo had received funds from the same countries. Most of the recipients of funds were people who were not any family relatives of these persons. Moreover, transactions are carried out by the countries known as places of human trafficking.

In one of the bank accounts in our country, the person in question did not have any bank circulation, but it is noticed in that account was the fact that through debit card were made some payments in small amounts in some stores in different coastal cities of countries of the region, which indicates that the person in question had moved several times from Kosovo, and adding to this the fact that Miss "F" had done some deposits have many years ago in her bank account, then these raises doubts that for a long period of time she was dealing with illegal activities in Kosovo under suspicion of prostitution.

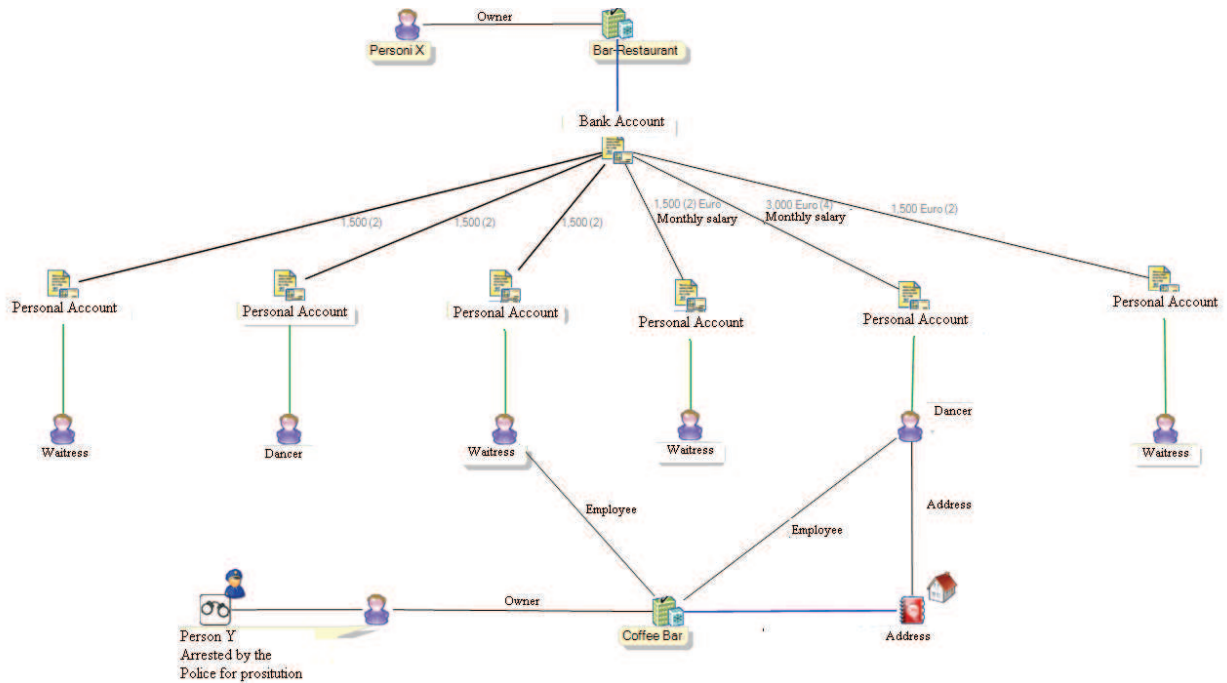
Also, another doubt come from a different STR is based on the fact that one of the reporting subject by monitoring certain transactions had noticed that one of the persons mentioned person "F" with foreign citizenship, in her personal account has received monthly salary by a firm, restaurant coffee bar "H". It is also noted that one of the bank accounts of the subject "H" had made some payments on behalf of monthly salaries for some females which had mostly foreign citizenship mainly of eastern countries.

Based on the above findings in this case, and the data provided by the FIU-K, it is seen that female people mainly coming from eastern countries are listed as employee serving as a waitresses or dancers. Deposited amounts do not show that these persons may have benefits from those professions, so we suspect that nationals of States "X" and "Y" are used for purposes of prostitution.

The involved company, in this case subject "H" as a suspected subject that stays behind all the activities of those women, was established several years ago, and from that time it had not done any activity or at least they did not declared that it was carrying out any business activities that will generate legitimate income, on the other hand pays wages for a certain number of employees. In addition, some of the women at the opening of bank accounts gave an address that was similar to the business address of the subject "H", which we suspect that the object in which the bar was located was the subject of housing, so that further increases the suspicion that those women were exercising illegal activities respectively prostitution.

Besides the subject "H", FIU-K doubts that also another business entity "G" paid on behalf of several monthly salaries of those persons, where one of the persons in question was

arrested by police on suspicion of practicing prostitution, even the arrest was done exactly in the premises of the Coffe Bar "G".



Graphic no.7

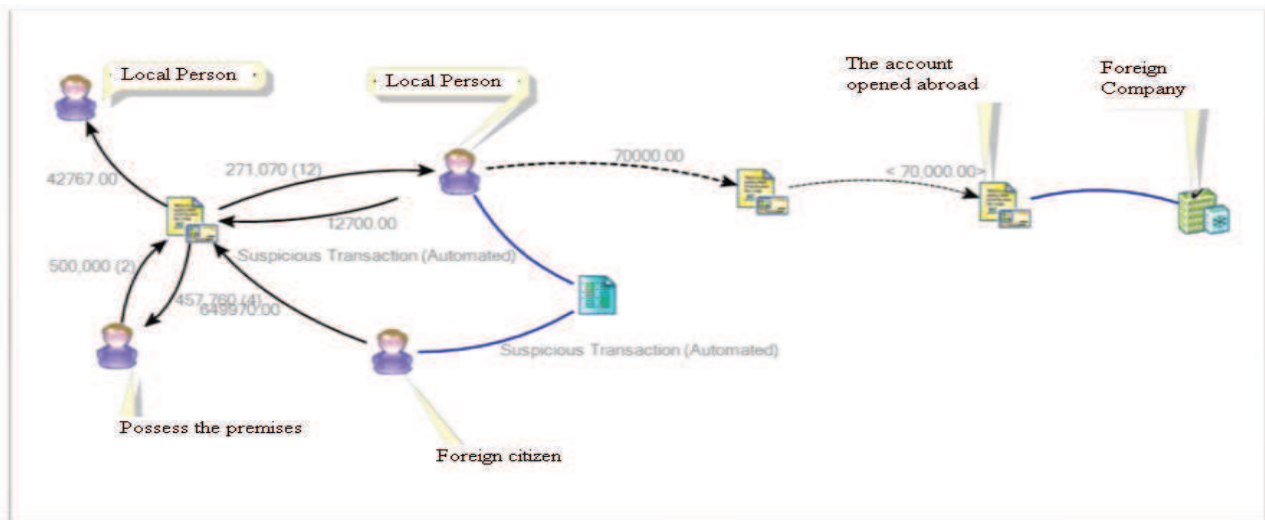


## REAL ESTATES

### Investment of funds in real estate

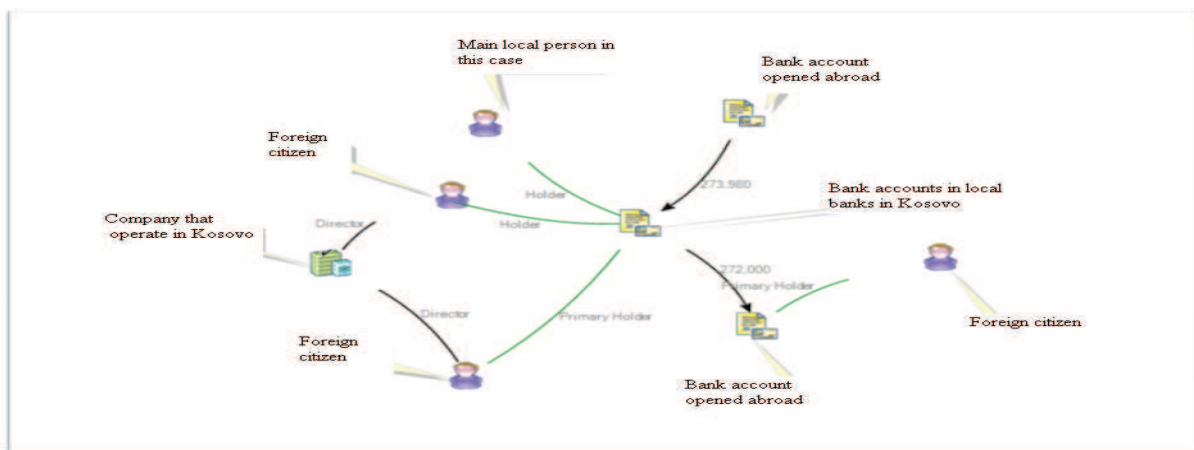
#### Case 8

FIU-K has received an STR in conjunction with a person who has withdrawn prior the cash in the amount of €70,000, which amount then he deposited into a personal account of a foreign national. This amount of money is then transferred to a bank account in another country.



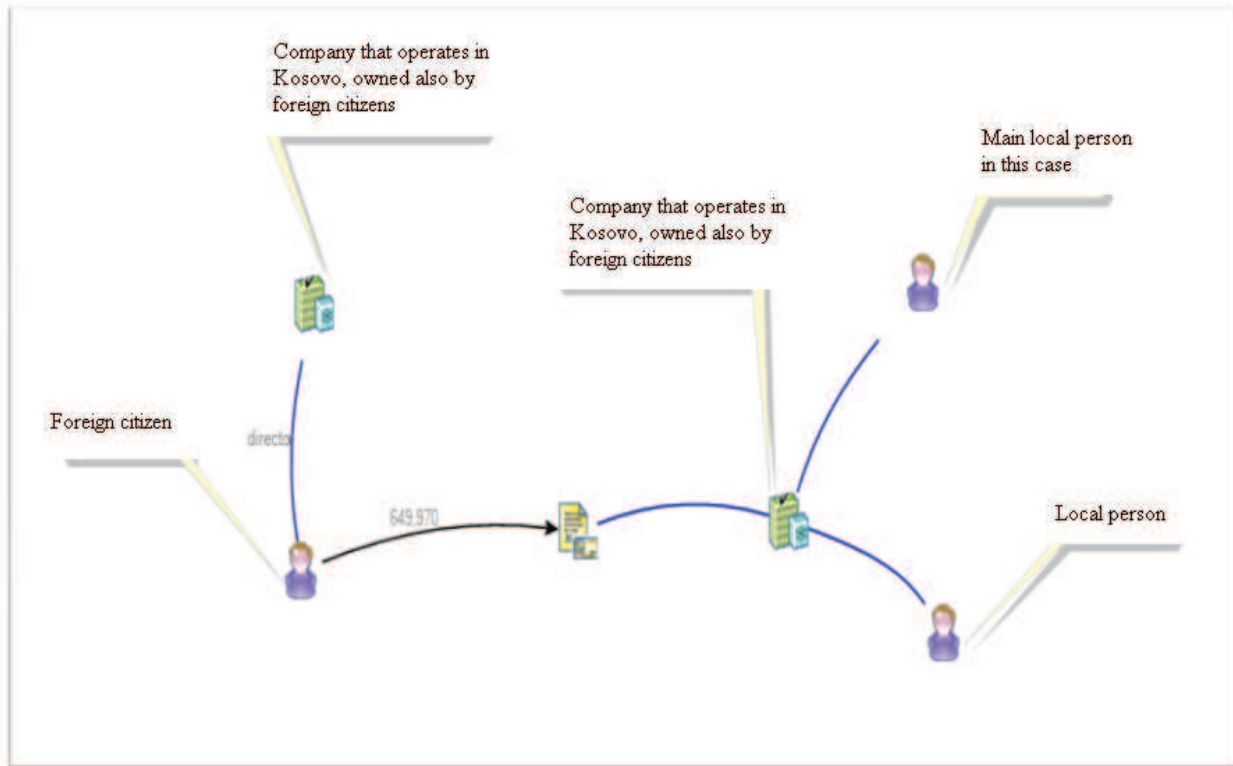
Graphic no.8.1

Just a few days later at FIU-K was also reported another STR, which had to do with a transaction by a person who came from the same country and which was associated with the above suspicious transaction report.



Graphic no.8.2

When analyzing of transactions from the collection of information, other suspicious transactions are recorded, one of those suspicious transactions amounted to over half a million euros. There are also identified the empirical relationship of persons and entities interfered from these transactions. There are recorded a number of established businesses that operate in Kosovo with a substantial financial activity.



**Graphic no.8.3**

Financial movements with the country where those persons come from, not originally from Kosovo, are great. Mention the fact that transactions which have pushed the reporting of STRs were only fragments of a major financial activity of local and international individuals and related companies. We have to do with five (5) local people involved in this case and some other foreign persons, who were making huge financial transactions among them. The key person involved has some other activities that profiling it as suspicious because of his violations of the law in some cases.

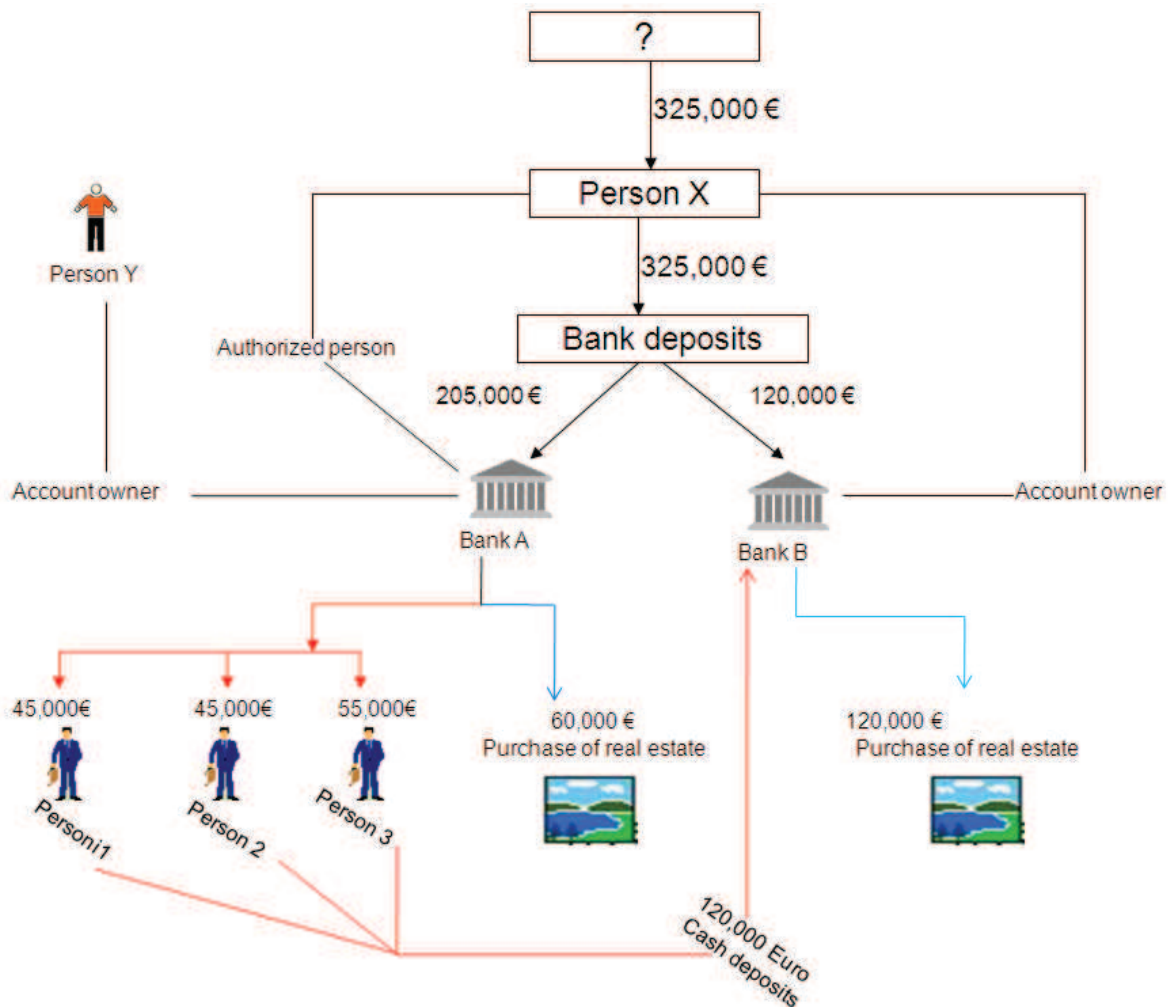
Also we are dealing with twelve people financially related who operate with a number of businesses in Kosovo.

It is obvious the phenomenon of creating a large number of businesses from local person and then buying them from foreign nationals. Comparison of banking circulation with the data reported to the tax authorities, it is shown a fairly large difference between them. This raises suspicion of involvement in fiscal evasion of some companies mentioned in this case.



### Case 9

Person "X", a retired citizen, bought real estate in the amount of 180,000 Euros. Real estate salesmen were five different people. Initially, before the money have been transferred to the sellers of real estate, person "X" and three other people deposited substantial money in two different bank accounts in two commercial banks in the country, Bank A and Bank B. These persons during the deposition of the money claimed that the source of income derived from their savings during previous years. But by analyzing the transactions, it was noted that the same person was a authorized person in the bank account of his nephew (person Y) who was only 10 years old. Although children's bank accounts are opened with the aim of saving resources, it is noted that it is not used for such purposes. In Person Y's bank accounts were made even deposits in cash in value over € 100,000 and were also made other transactions even more suspicious with huge values, especially for real estate transactions.



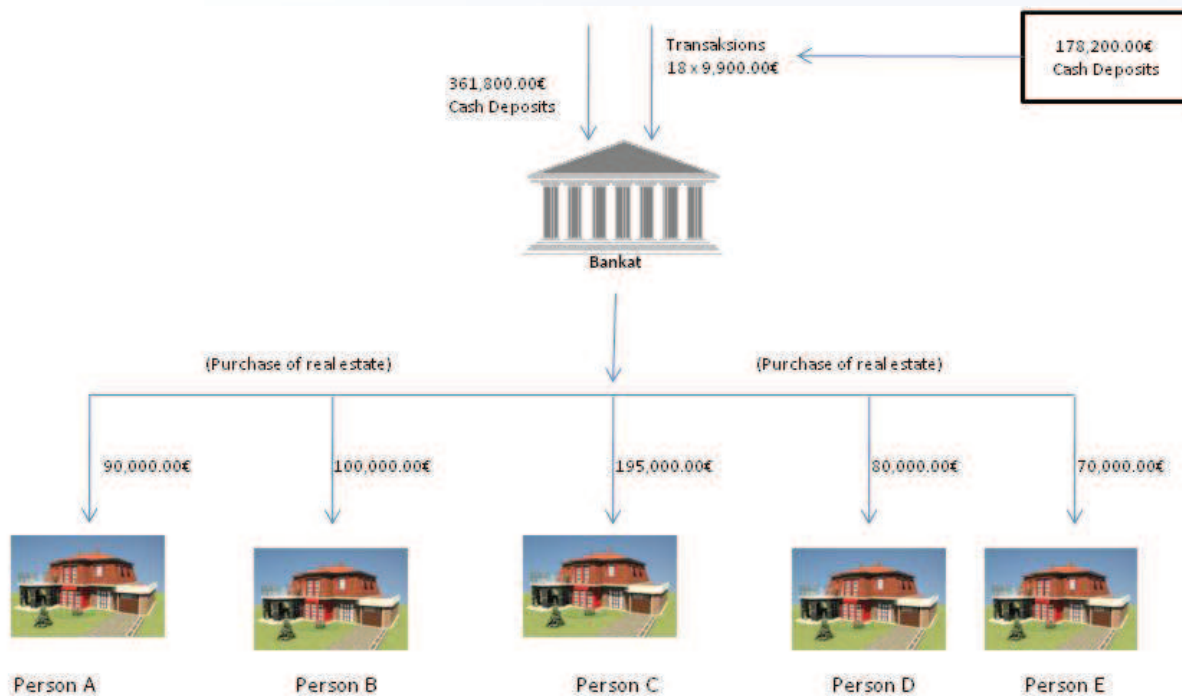
Graphic no.9

## Case 10

Person "X" has purchased real estate in the amount of € 540,000.00. Initially this person has deposited substantial amounts of money in bank accounts and then transferred to the seller of real estate.

Deposits of the person X are carried out in cash (cash), where 22 deposits were below the reporting limit, mainly amounts deposited in bank accounts have been: (€ 9,000.00 - € 9,900.00). Upon deposit of the money, person X was asked for the origin of the money where the person has refused to give information on the source of money and such action is considered as suspicious and it was reported FIU-K.

According to information gathered by FIU-K about the person X, it appears that the same person do not have employment contract in any public or private institution, and there is no business registered in his name. Therefore, the source of funds is questionable for FIU-K.



Graphic no.10



## **INSURANCE COMPANIES**

### **Movement of funds between several companies with the same owner and the integration of those assets through insurance in which insurance company remain the same person**

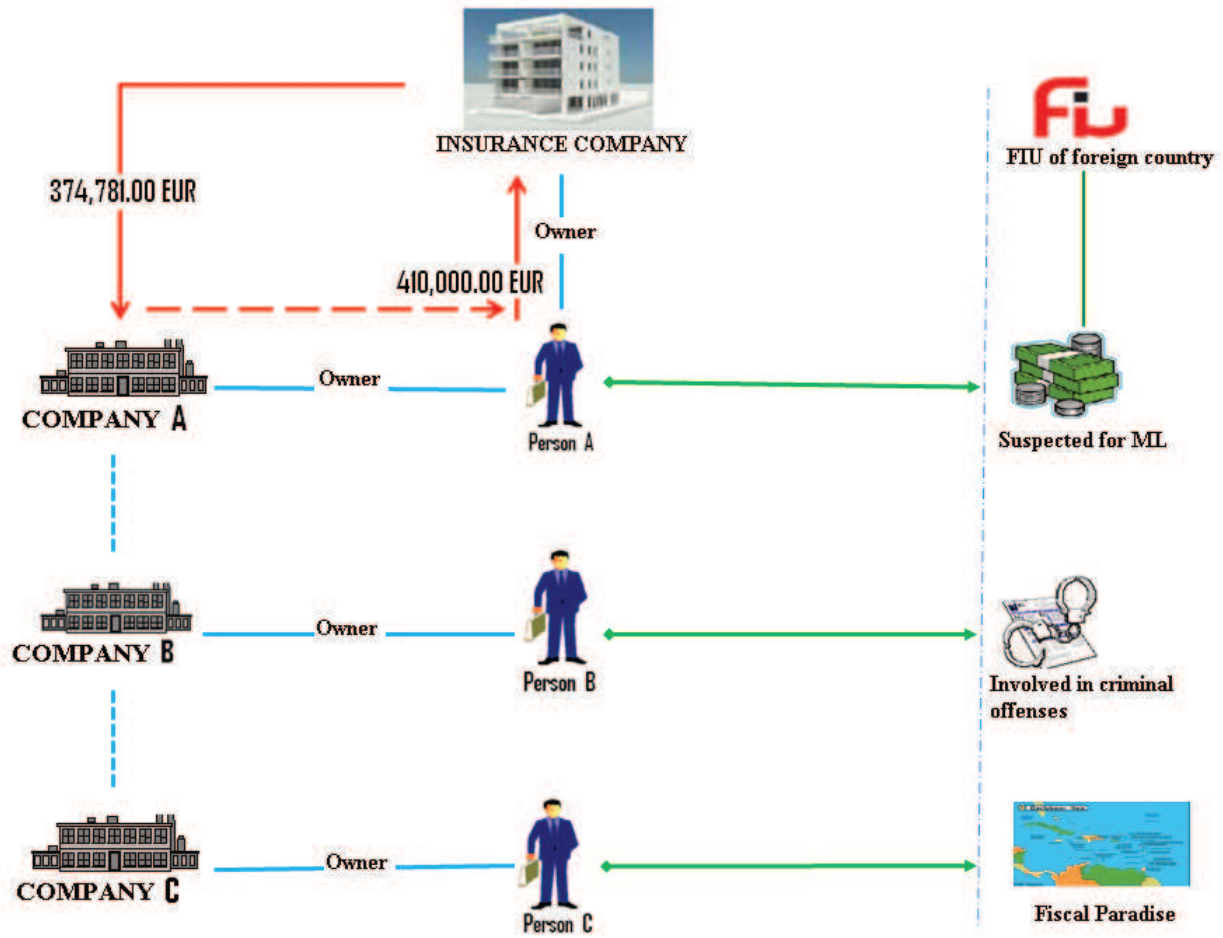
#### **Case 11**

It is surprising that a company which offers various courses mainly for foreign language receives funds over of € 280,000 for a very short period of time. This has revealed that most of the received funds had not anything to do with its economic activity but they were mainly derived borrowings from transactions between related companies.

Three companies with very similar names and address (Company A, Company B and Company C) were established in a similar period of time and that all three had different owners and co-owners, which raise suspicions that these companies are fictitious, but they are recorded for the purpose of complicating the investigation by law enforcement agencies. Even though they were established as "fictitious" companies, they performed extremely suspicious transactions with indications of money laundering. Another company which provided insurance services, whose co-owner was the same person that own those three other companies, conducted a transfer in the amount of € 374,781.00 for payment to Company A for the damage of the insured property. Both these companies are owned by the same person (person A) and then after just a few days later, Person A received amount of € 410,000 as a raising initial capital in the Insurance Company. These transfers raise suspicion that the insurance company made a € 374,781.00 fraud paying Person A for the damage, which also affect the growth of spending by having a direct impact on the income statement respectively in profit before taxes, where in this case at the same time reduces the profit before tax evading the payment of tax on profit of € 70,000. This is actually a money laundering scheme because only a small amount of the payment for of damages was returned to the insurance company but through other ways the share capital was increased in the amount stated previously (€ 410,000) by the same person.

In addition, the fact that the Person A was the owner of the company which was suspected of money laundering in another country (based on the report of FIU from another state), and Person B was involved in several criminal activities (local Police Reports), and person C has also been involved in several business transactions with certain countries known as "Offshore Country", show that these individuals have a criminal past and exist a high suspicion of involvement in money laundering activities.

The case was sent to Law Enforcement Agencies and results were as following: three persons were arrested for being involved in illegal activities; two other were wanted persons; an amount of money were confiscated and blocked.



Graphic no.11



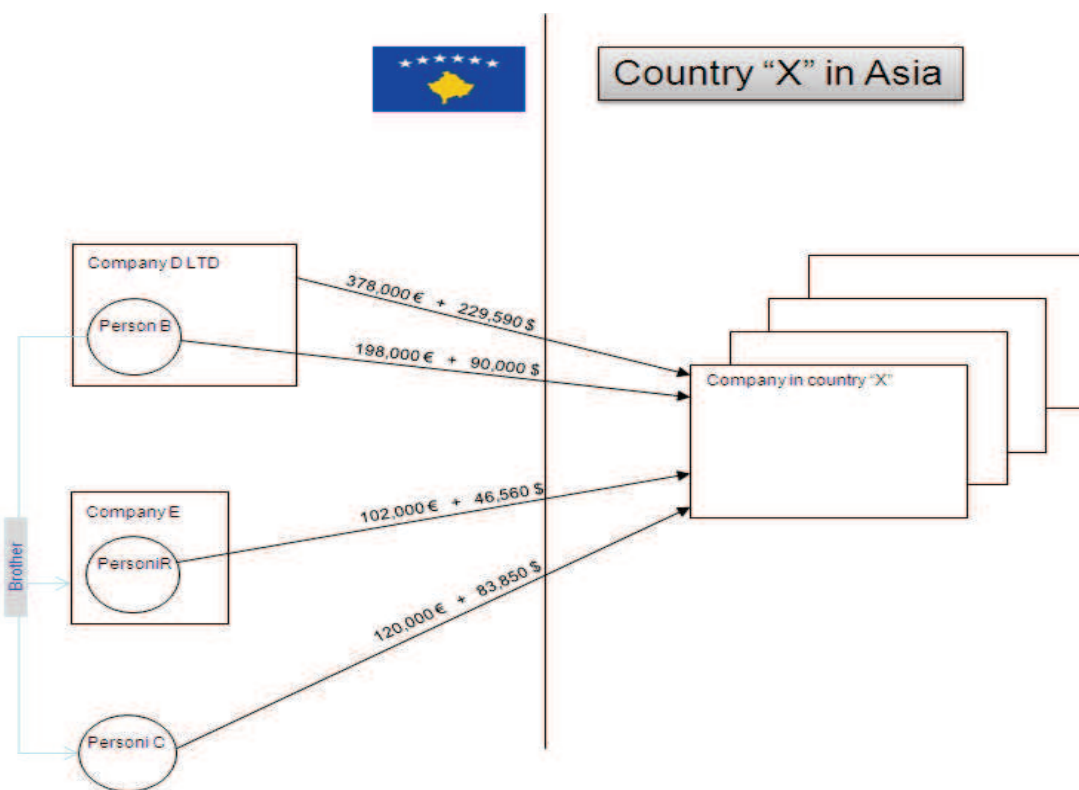
## MONEY LAUNDERING, SMUGGLING AND FISCAL EVASION

### Case 12

FIU-K received information from a reporting subject that two people suspected that come from a family, committed some international payment towards a country from the East. The two men from their personal and business accounts had achieved in a very short period of time to transfer funds abroad worth around 810,000 euros and 450,000 U.S. Dollar. Almost all the funds went to several companies from the same country, with description payment for commodities.

The data from law enforcement agencies indicated that the two persons were owners of two different businesses, but had never done in the name of those businesses any import or export from Kosovo. Tax authorities have also failed to identify the goods traded in the two companies A and B, where the results show that the origin of those goods came from a country from the East, while the owners of those companies have introduced several fictitious invoices that they allegedly buy goods from several local companies.

The fact that international transfers were carried out with the purpose of payment of goods and analyzing the business activity of the persons involved, the retail sale of goods, it was suspected that two persons from Kosovo were carrying smuggling with goods.



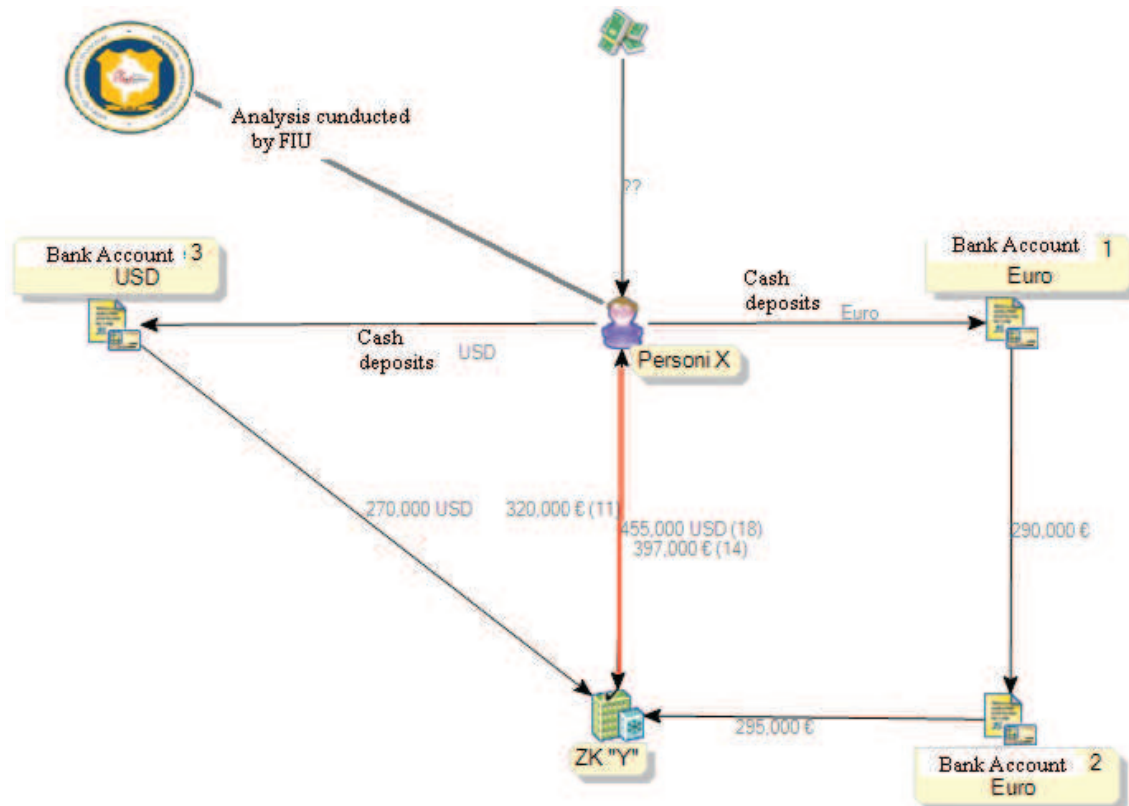
Graphic no.12

## MONEY TRASFER AGENCIES AND CURRENCY EXCHANGE AGENCIES

### Case 13

Person 'X' in a short period of time converted money too often in one of the exchange agency in our country. When analyzing all conversions performed in currency exchange agency Y, resulted that the person X had converted from USD to EUR currency with the amount of transaction approximately 455,000 USD and additionally 397,000 Euros were converted to other currencies. Referring to additional data collected by the FIU-K, resulted that person X at the same time was also using bank accounts for the conversion of money and this person had also done some cash deposits in huge amounts. In one of those accounts is noted that such person has received and sent several transfers from or to the same currency exchange office where he made conversions of currencies. The value of incoming transfers showed a total amount around 320,000 euros, while the funds transferred from person X to currency exchange agency Y reflect a total value of 295,000 Euros and 270,000 USD.

The data of law enforcement agencies indicate that person X has no business registered in his name, nor was employed in that period when he was conducting transactions. Performing such conversions, cash deposits without any clear economic justification and transfers made between person X and Exchange Office Y were reasonable grounds to disseminate the case to other law enforcement agencies for further investigation.



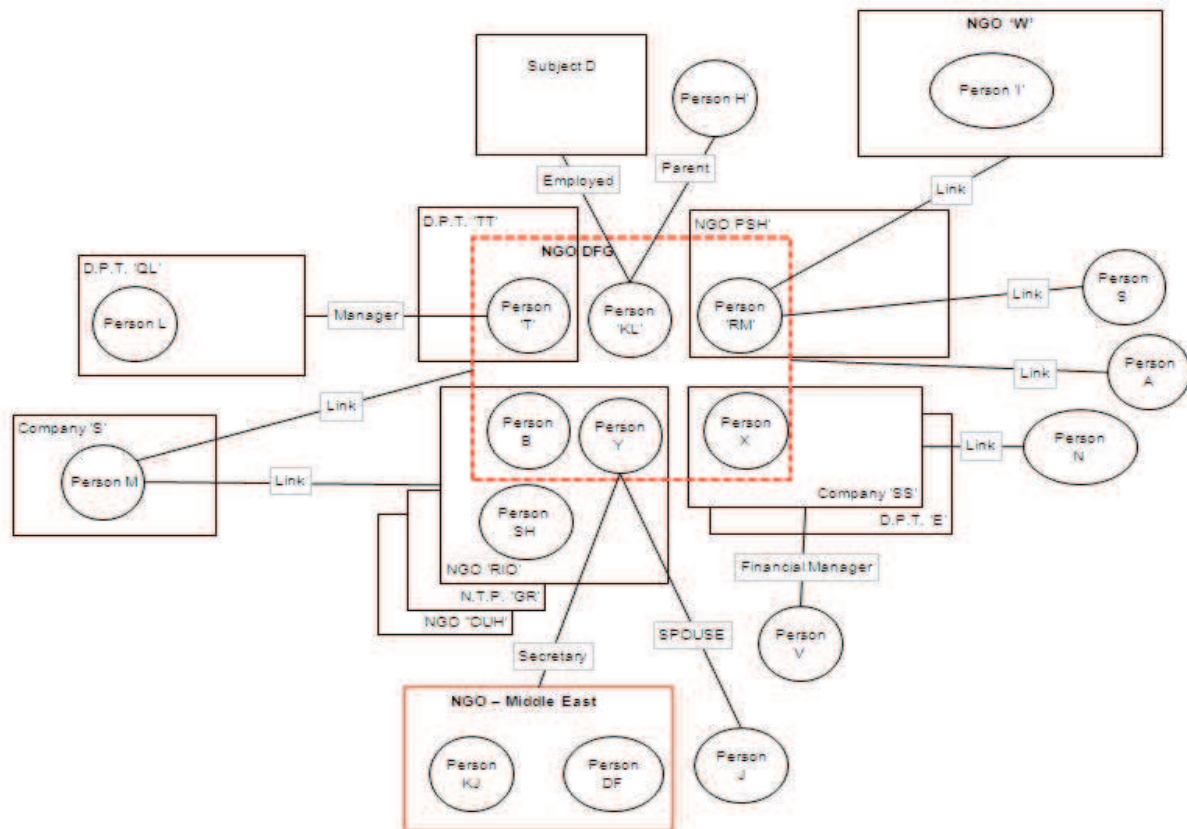
Graphic no.13

# TERRORIST FINANCING

## Case 14

An NGO based in the country, consistently received funds from another organization from the Middle East. Initially the reporting subject suspected that international coming transfers were receiving from an organization which had its headquarters in one of the country of Middle East and which is suspected to be in the UN list for being related to Al Qaida and the Taliban.

But during tests conducted by the FIU-K and after research conducted in open sources, it was observed that organizations which send funds in Kosovo was different from that one in the list of organizations for terrorist financing, but had roughly similar names, and other NGO which was on the list had the headquarter in an EU country. Also the founders of two NGOs were different persons. But analyzing bank transactions of non-governmental organization based in Bangladesh was noted that there had been some suspicious transactions, especially withdrawals in cash, and had some connection with several other organizations and companies in Kosovo. This element has raised suspicions to the FIU whether the connections between those entities are related to commercial activity or other illegal activities. Therefore, based on these data FIU had distributed a report to other law enforcement agencies to investigate the connections between those persons and entities.



Graphic no.14

## GAMBLING AND CASINOS

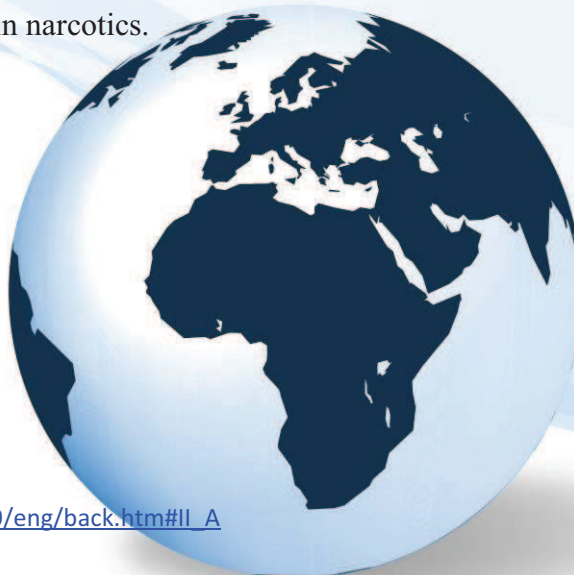
### Case 15

FIU-K received information about a person "T" resident of Kosovo, which was making several successive transactions in cash deposits, most of them under the reported threshold, constantly changing bank branches. These funds were deposited in the accounts of a subject - the gambling house "K". During the analysis conducted by the FIU it was noticed that the subject "K" he changed before the name of the company, which was observed that the founder of that entity was initially a LTD company which had originated in a place known as Offshore.<sup>1</sup>

The conducted analyzes also resulted that in the addition of the Person "T" there were also four other persons who made frequent transactions under the reporting threshold and who besides using the accounts Gambling House "K", they also were using their personal accounts to conduct transactions on behalf of that entity. Some of those people were citizens of some EU countries. All persons involved in this case in a short period of time have deposited funds in cash (about 280,000 euros) on the same date, in the same amount and have used the same branch of the bank to make transactions on the subject "K". Also by the same person in a different period of time is almost the same way, transactions are made in cash deposits in the total of over 500,000 Euros.

Analyzing financial activity of the subject "K" is noted that this subject received cash without any clear economic justification from some other unknown persons who had managed to carry on to the business account of the subject a total of about 280,000 Euros. But what in reality was more suspicious was the fact that the five suspected persons in this case, had managed to transfer over 1.5 million euros to a European country, from then those funds were transferred to several companies that had connections with Offshore countries.

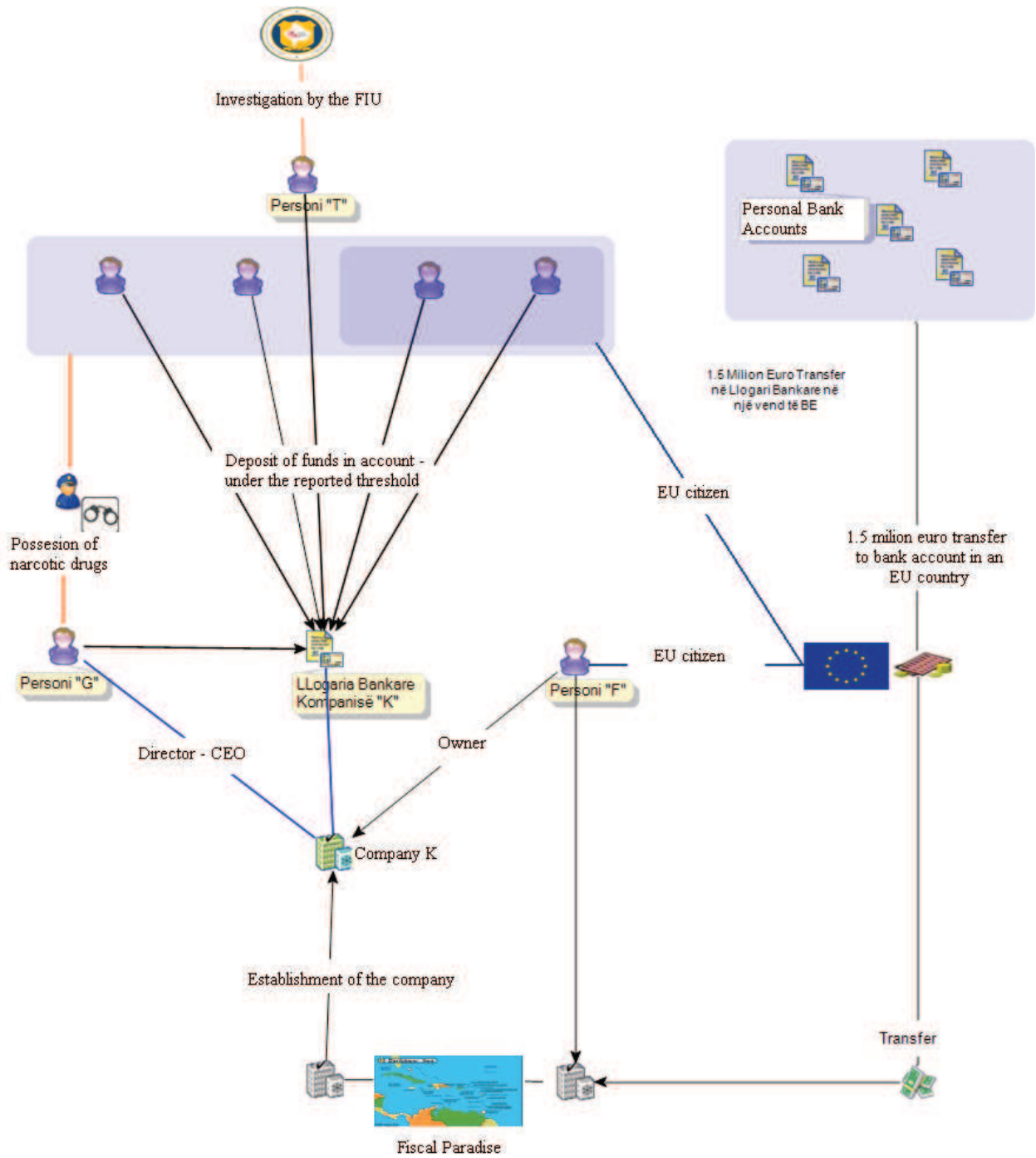
Profile of the criminal past of the five persons showed that four of them had committed crimes in Kosovo including also trafficking in narcotics.



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<sup>1</sup> [http://www.imf.org/external/np/mae/osshore/2000/eng/back.htm#II\\_A](http://www.imf.org/external/np/mae/osshore/2000/eng/back.htm#II_A)  
[http://en.wikipedia.org/wiki/FATF\\_blacklist](http://en.wikipedia.org/wiki/FATF_blacklist)

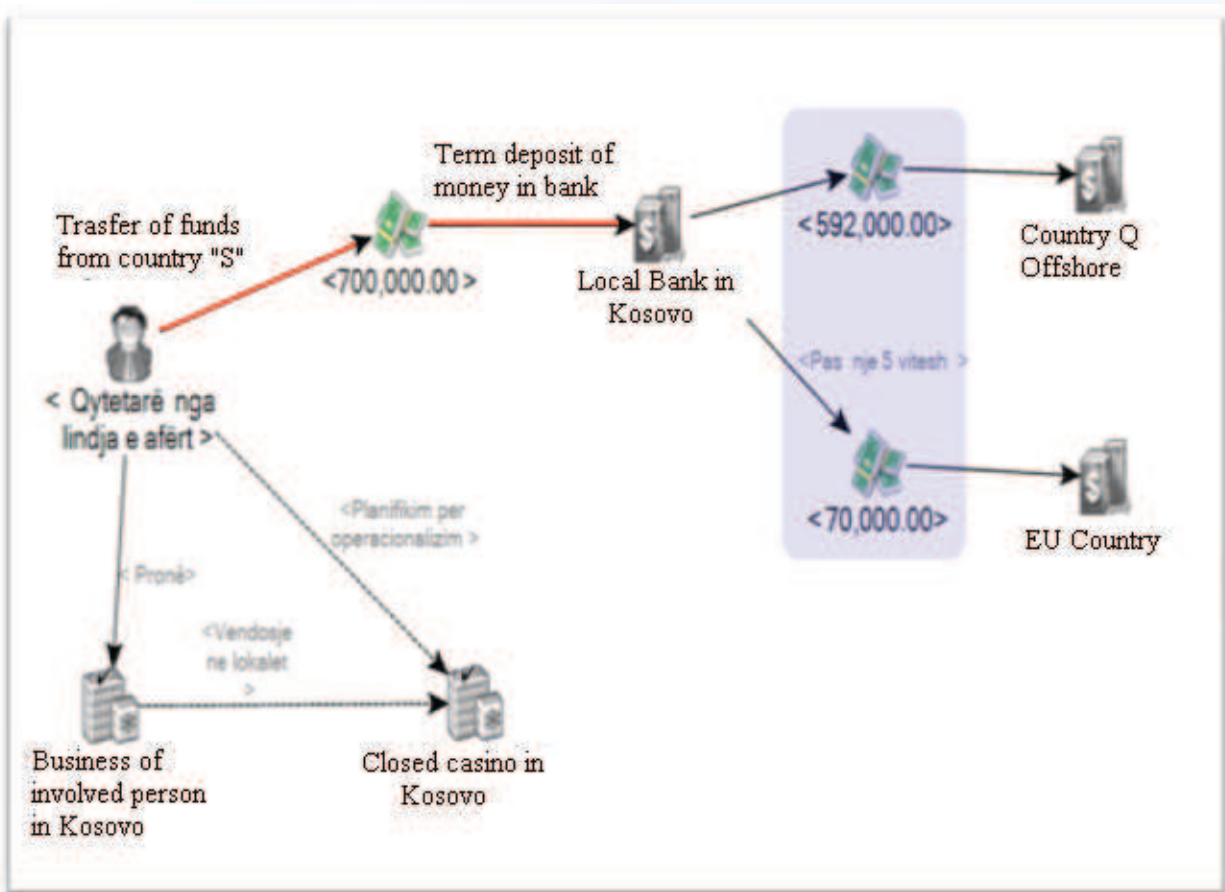




Graphic no.15

## Case 16

Person "Y" citizen of an EU country and originating from a near eastern country made the transfer of a significant amount of money over half a million euros for the State "Q" known as a fiscal paradise place or Offshore. That international transfer, the person made with the description for "business issues". But while conducting investigations, it is identified that a sum of € 700,000.00 was transferred in advance from the State "S" to a commercial bank in Kosovo. In the meantime, from this amount were withdrawn in cash the value of € 100,000. After gathering information about the person in question, it is understood that the person was in the process of opening a casino in Kosovo and the same one had entered in Kosovo with three different passports. FIU-K issue administrative orders for the freezing of bank accounts and it referred the case for investigation to the law enforcement institutions which also continue for a period of freezing of the bank account. Person "Y" had left Kosovo for a long time and the amount of €70,000 was left in the bank account, deposited for a period of about 5 years, then transferred to an EU country, and there after FIU-K inform the FIU of the other country with special reports.



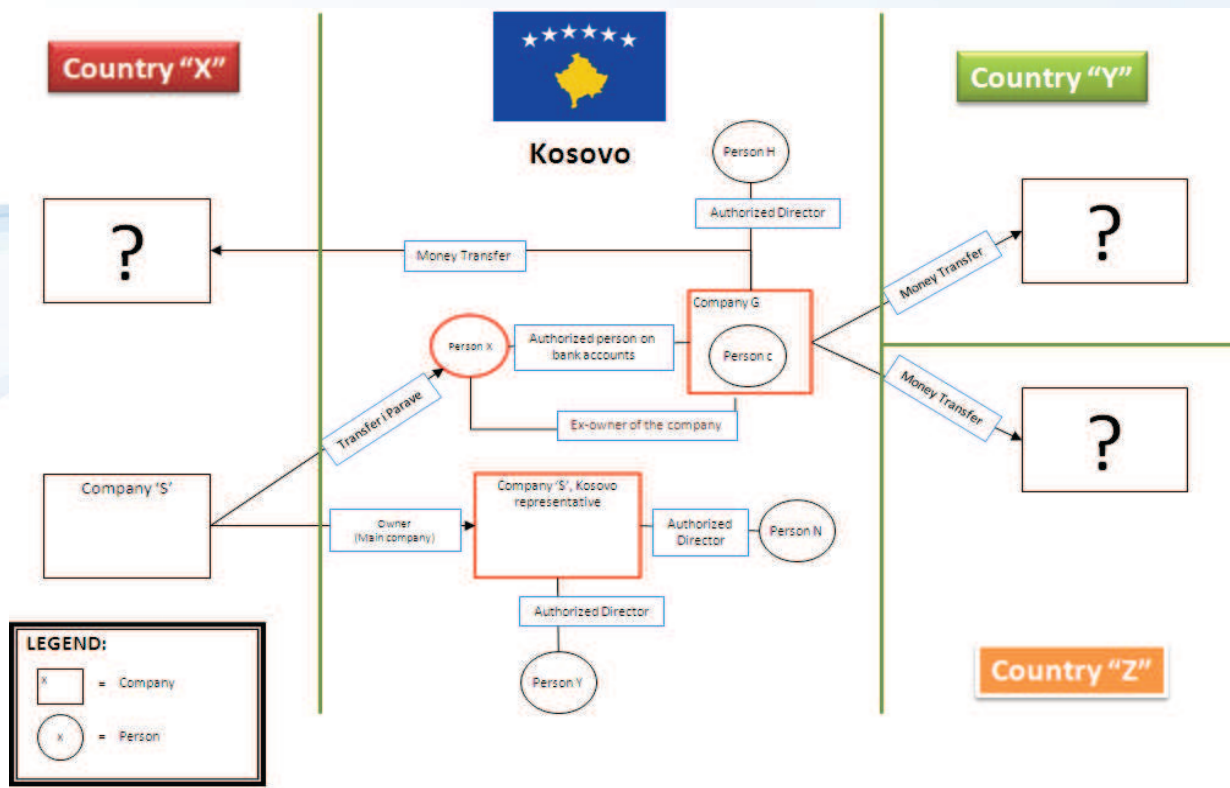
Graphic no.16

## MONEY LAUNDERING BASED ON TRADE

### Case 17

Based on data obtained from a legally obliged person, FIU-K begin analyzing the case and the results showed that a person 'X' with Kosovo citizenship, within a very short period of time (about 1 year) received funds continuously transferred from another state and ordered by a company 'S' of that state but it also had representation in our country, while the person in question had no legal connection with the representative or its person. The total amount of funds received by the person 'X' was around 390,000 Euros. All the funds were transferred through 38 transfers, where about 90% or 35 out of 38 international transfers were made under the reporting threshold (€10,000). Those funds in the same period of time were drawn in cash. Also during the analysis, resulted that the above mentioned person was not employed and had no business registered in his name.

By analyzing the bank data, it resulted that the suspected person in this case also figured as an authorized person of the bank account of a private business 'G' Ltd, which company in that period was transferring cash without any clear economic justification other than the country from which initially came funds and this also in two different states. Several years earlier person 'X' was the owner of that company. It is suspected that the source of these funds transferred in the two countries comes from the company 'S' which even though had its representative in Kosovo, did not transfer funds through it but by individuals and companies associated with that person.



Graphic no.17

## Case 18

A citizen 'Y' of a country of the European Union (EU) had made a transfer of funds in the amount of 635,000 Euros. Transfer of cash was ordered to be made by a bank from an EU country and the beneficiary account was the personal account of the person in question in one of the commercial banks in Kosovo. During the opening of the account, person 'Y' was accompanied by the person 'Z' citizen of Kosovo, who was the person authorized to have access to that account. It was not clear for the bank what kind of relation or cooperation the two persons have between them. Citizen 'Z', a few days later, went to one of the branches of the bank where funds were and asked to withdraw a significant amount of funds, amount of 260,000 Euros within a single transaction. Since the sub-branch of the bank had set the limit of holding cash, person 'Z' is prevented to withdraw such amount of funds in cash. The person in question just a few days later has withdrawn in cash all nine transactions in the total amount of 29,500 Euros. Moreover, before that person "Z" had also received some amount of money transferred from person "Y" and the highest value of them was up to 40,000 €.

During the process of analyzing the case, FIU-K had made a request for information to its counterpart Unit (foreign FIU) and their response was that person 'Z' was known to the authorities of the state where funds were transferred from. Some years ago this person had stayed in that country and for several years was sentenced in imprisonment for trafficking in drugs (as a heroin dealer). An international arrest warrant was issued for this person.

In that period FIU-K had ordered the freezing of bank accounts of persons involved in this case for up to 48 hours, and then with the order of the prosecutor, freeze the account was prolonged for a period of time.

During the investigation by law enforcement institutions in our country, but also restarted investigations in the country of origin of funds (which had begun after the notification by the FIU Kosovo in order to discover the origin of funds), person 'Z' during interviews stated, as following:

- Transfer of funds (€ 635,000) from the person "Y" was made for business purposes, and he had business relations with person 'Y' for about two years ago.
- The purpose of transfer of funds in Kosovo was to build a factory, without giving details of what will be produced at the factory.

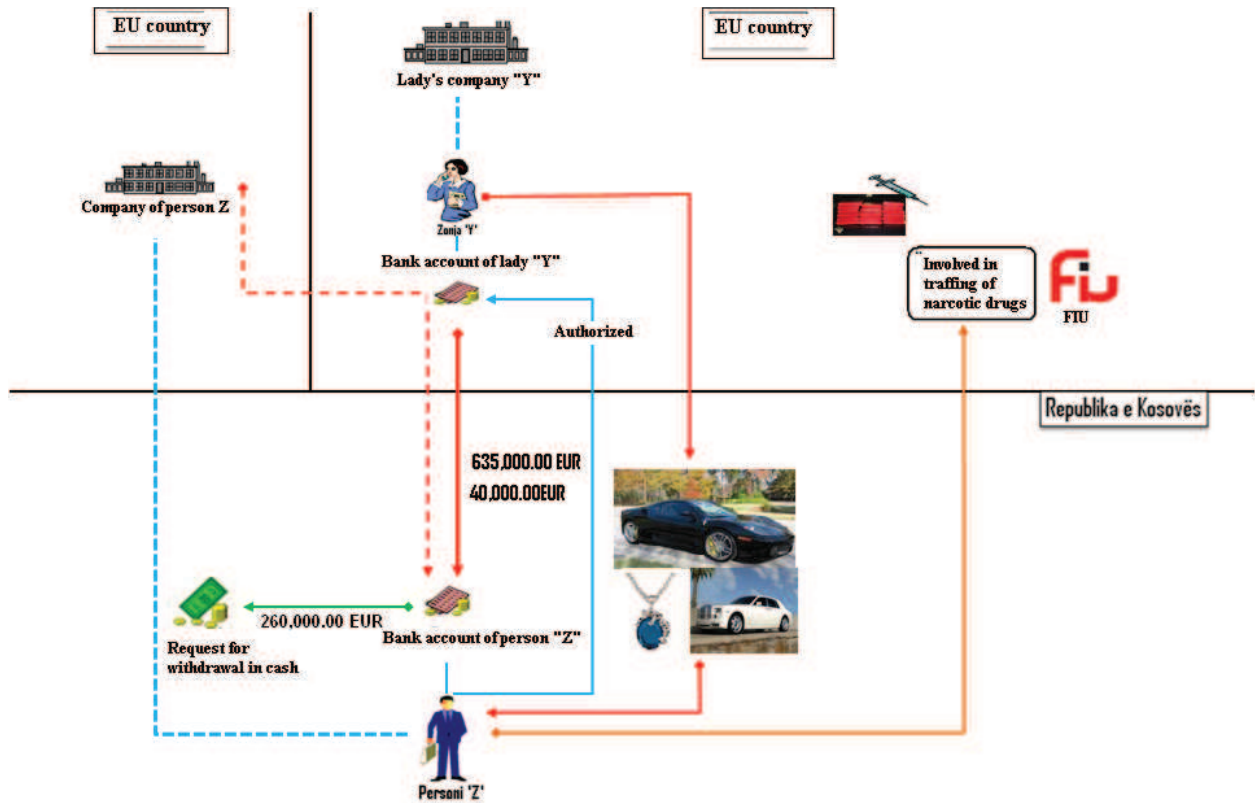
At the time when the transfer of funds was committed (€ 635,000), Person 'Z' had participated in the privatization of an enterprise in Kosovo, but failed to win. One of the suspicion points was that those funds with suspicious origin have had the purpose to be used for the privatization process.

- When the person 'Z' was asked on what was his experience in business, he said that he had owned a construction company in an EU country (other than the resident country of person 'Y'). When he was asked about the name of the company in the EU country, he

said that the name of that business was similar to his first and last name. He also said that there were no person employed in that company;

- On the question of who had the funds (635,000 euros) transferred to our country, he said that most of them were for Miss 'Y', but a part of them come from his business in that EU country;
- Also, when asked about the reason why Mrs / Miss 'Y' had transferred 40,000 euros some time ago, person 'Z' stated that the funds were received as a gift and for the purpose of covering daily/monthly expenses. He also received other gifts from the person 'Y' including a luxury vehicle, perfumes, expensive jewellery etc.
- The major part of those funds he claimed that he spent in hotels and casinos and not investing in his business. Also the withdrawal of funds from the account in the amount of € 29.500, he justified by stating that he has spent them in gambling, and said that he had lost all of them. He also said that those funds had been spent in some casino and gambling houses in two neighbouring countries in the Balkans.
- Person 'Z' stated that he wished to withdraw substantial amount of funds from the account (€ 260,000), to transfer them to another bank in order to avoid payment of account maintenance costs. But in reality, the maintenance of account was same in the two banks (1 Euro).
- He also said that he had met Mrs / Miss 'Y' several weeks ago in Kosovo, where they have discussed the freezing of accounts and blockage of money. When he was asked about the profession of person 'Y', he stated that she has a business in another EU country which it is controlled together by herself and her brother.
- During that period, they also had gone on vacation at a luxury seaside place, spending a lot of money. Person 'Z' also stated that with Mrs/Miss 'Y' he have friendly relationship and often they go on holiday together.

It is to believe the fact that the person 'Z' never invested in Kosovo and did not build anything in his name, so that it is suspected that the money transferred from person 'Y' (suspected to be his girlfriend) can be made for purchasing and trafficking of drugs, for which citizen 'Z' was already familiar to.

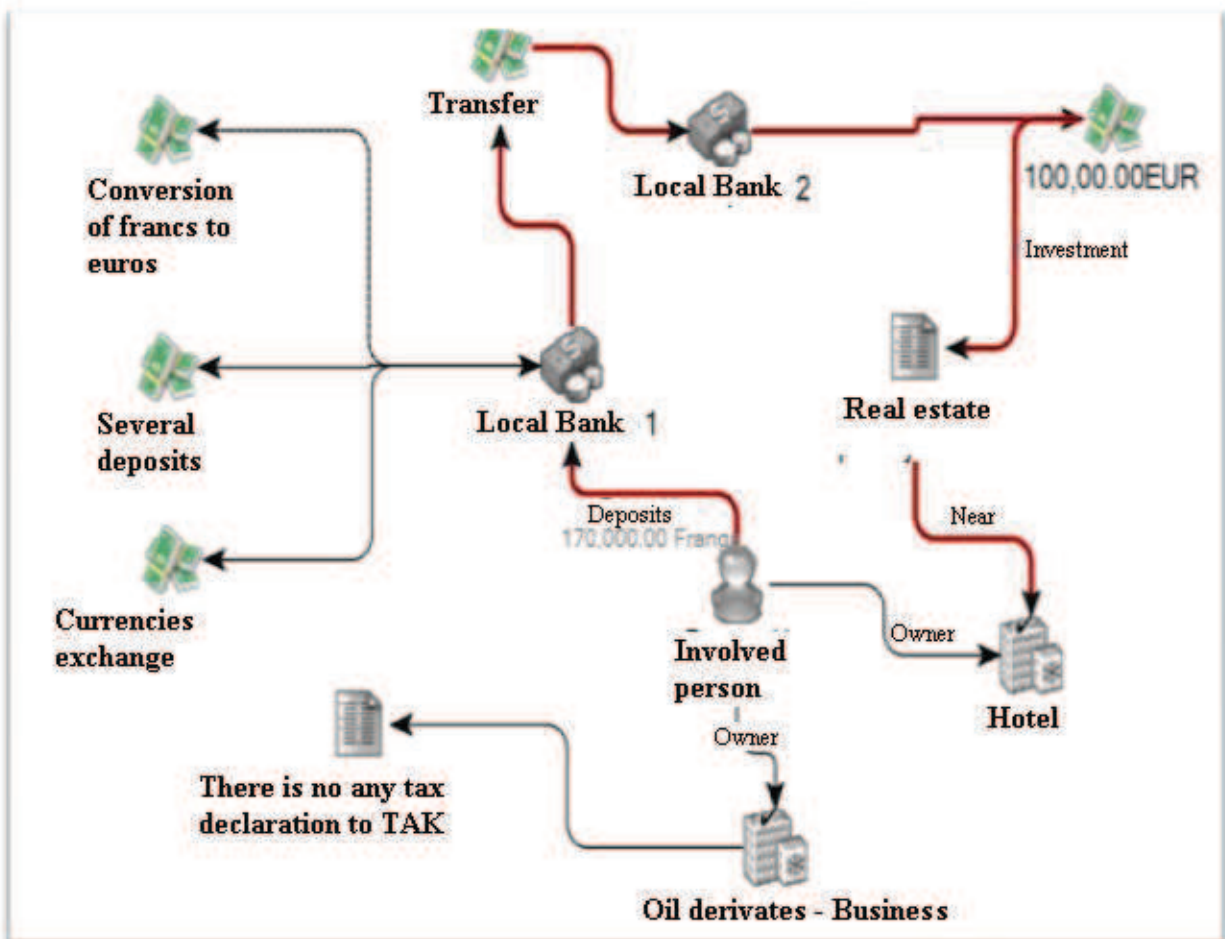


Graphic no.18



## Case 19

A young person was reported by a reporting subject that he was making cash deposits in foreign currencies. Only in two cases the same person had managed to deposit in a local bank two large amounts of money CHF 100,000 and CHF 70,000. Both these amounts then were transferred to another local bank in our country. The person is registered as the owner of a business hotel and another one who deals with the sale of oil derivatives. The person in question also is evidenced by the use of a large number of bank accounts (11 of them) as individual and business accounts at several local banks. Some other bank accounts of the person involved do not have any significant financial activity. In addition to that he stated that he was working in a European country, but its financial activity does not confirm such a thing, because most of the time the person was living in Kosovo. His local businesses have not realized any tax declaration and also the origin of the funds has not been proven to be coming from business activities of the person concerned. Funds deposited into his business account are invested in real estate. The case was sent to other law enforcement institutions for further investigation.



Graphic no.19