

**ADVISORY GUIDELINES OF THE FINANCIAL INTELLIGENCE UNIT
REGARDING THE CHARACTERISTICS OF TRANSACTIONS
WITH A MONEY LAUNDERING SUSPICION**

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I GENERAL PROVISIONS

1. These guidelines have been issued and published pursuant to section 39 subsection 2 of the Money Laundering and Terrorist Financing Prevention Act (hereinafter the “the Act”) (RT I 2008, 27, 177; last amendment RT I, 19.03.2015, 54).
2. The objective of these guidelines is to assist the obligated persons in identifying suspicious and unusual transactions, which might be indications of money laundering. The occurrence of such a single circumstance listed in the indications leading to the recognition of suspicious transactions (hereinafter the “list”) that refers to a suspicious transaction or operation (hereinafter the “indicator”) might not necessarily mean a suspicion of money laundering – suspicion might arise in the event of several circumstances. Suspicion may also arise in the course of application of due diligence measures. Suspicion may not be confined to listed criteria.
3. These guidelines are an updated version of the guidelines drawn up on 28 January 2008. The Financial Intelligence Unit will supplement the guidelines pursuant to developments in typology of unusual and suspicious transactions. The guidelines will be published on the official homepage of the FIU at www.politsei.ee/rahapesu.
4. When the definition of “a person” is not specified in the list, it denotes both natural and legal persons.
5. The notification must be accompanied with the number of its indicator (group.subgroup.characteristic; e.g. 2.1.6) that corresponds to the circumstances of the suspicious transaction/activity. The use of numbering simplifies the preparation of the notice and the drafting of the subsequent feedback.
6. The persons referred to in section 29 of the Act who give instructions to employees regarding the compliance with the law, may also give instructions on how to act if one or several indicators occur.
7. Part A of the list is applied to credit and financial institutions. In assessing the need for submission of a notification, the Act, the present guidelines and circumstances related to transactions underlying the assessment (for example, irrationality of transactions,

clearly a fictitious transaction, abnormal customer transaction when taking account his or her profile, etc.) shall be taken into consideration.

8. If during the establishment of a customer relationship a suspicion arises that the person does not act in his/her name or on his/her behalf (hereinafter - "legal or natural person acting as a fictitious person," "fictitious enterprise"), but the submitted documents and a principal's declaration of intent conform to formalities, the credit or financial institution evaluates the arising risks itself and decides whether to establish a customer relationship or not. In such a case after a customer relationship is established, the customer's further activities are monitored and a notification to the FIU is prepared when any other indicators occur. In the event of such situations, the credit and financial institutions shall adhere to the provisions of section 27 of the Act.
9. If a credit or financial institution discovers a formal indication in a transaction, but the documents required pursuant to sections 23 and 24 of the Act prove the legal origin of property and allay all doubt, there is no need to submit a notification as regards such a transaction.
10. The persons listed in section 3 of the Act (with the exception of credit and financial institutions) send a notification to the FIU if they detect the characteristics listed in part B of the list in a transaction or several interconnected transactions.
11. Lawyers, notaries public and auditors are due to their professional skills legally competent to assess in a riskbased manner the need to send a notification.
12. Pursuant to the obligation of professional secrecy, the lawyers and legal counsels are not obliged to disclose the information and documents received in the course of legal counselling, defending and/or representing the customer (except for in cases provided for in section 3 subsection 2 of the Act) nor to submit a notification to the FIU based on the information received in such manner.
13. The auditors' notification obligation applies only to these transactions with a money laundering suspicion that the auditor notices in the course of the ordinary professional activities conforming to professional standards and of that the customer being audited has not informed the FIU himself/herself.

II. LIST OF CHARACTERISTICS OF SUSPICIOUS TRANSACTIONS

A. For credit and financial institutions

1. Upon entry into a settlement contract and contract with customer

1.1 characteristics that refer to a fictitious person in case of a natural person;

1.1.1 person's appearance and behaviour are not in conformity with the nature of the transaction being carried out or the person's behaviour arouses suspicion in any other way than described in points 1.1.2- 1.1.9 of these guidelines;

1.1.2 person uses external assistance in filling in documents or cannot fill them in;

1.1.3 person is not familiar with the nature of the activities of the person represented;

1.1.4 person does not know the data related to the person represented (for example, beneficial owner, owners, location, contact information, etc.);

1.1.5 person cannot describe his/her possible partners and/or fields of activity;

1.1.6 person wants to open an account in a bank office in one county/town, while the address/location of the representative and legal person is elsewhere and the person has no reasonable explanation for such a need;

1.1.7 the credit or financial institution is aware that the person has been previously suspected of being a fictitious person.

In addition to the above-mentioned indicators, the occurrence of the following circumstance is also marked to the notification:

1.1.8 the credit or financial institution refuses to conclude customer relationship with the person in accordance with section 27 of the Act, or to carry out a transaction in connection with the suspicion of a fictitious person.

1.1.9 the credit or financial institution refuses to conclude customer relationship with the non-resident person in accordance with section 27 of the Act, or to carry out a transaction in connection with the suspicion of a fictitious person.

Note: *If the person or his/her activity conforms to more than two of the abovementioned indicators, the number of the indicator will be 1.1.*

1.2 Suspicion of a legal person being a fictitious person;

- 1.2.1 representatives of the legal person are not clearly identifiable in documents (the personal identification code or date of birth is missing);
- 1.2.2 legal person is registered in a jurisdiction, which in the opinion of FATF¹, experiences serious deficiencies in application of measures preventing money laundering and terrorist financing;
- 1.2.3 the address of the legal person is a post-box;
- 1.2.4 the address of the legal person refers to the place of residence of a natural person, who is not linked to the legal person, and this does not conform to the expected/alleged field of activity;
- 1.2.5 the legal person has no contact phone number;
- 1.2.6 the credit or financial institution has a pre-existing suspicion that the legal person is a fictitious person.

In addition to the above-mentioned indicators, the occurrence of the following circumstance is also marked to the notification:

- 1.2.7 the credit or financial institution refuses to conclude customer relationship with the legal person in accordance with section 27 of the Act regarding the suspicion of a fictitious person.
- 1.2.8 the credit or financial institution refuses to conclude customer relationship with the non-resident person in accordance with section 27 of the Act regarding the suspicion of a fictitious person.

Note: *If the submitted/existing information regarding the legal person conforms to more than two of the abovementioned indicators, the number of the indicator will be 1.2.*

¹ Opinion of FATF in relation to countries where money laundering and terrorist financing prevention measures are not in accordance with standards of FATF, are set forth at homepage of the FIU at: www.politsei.ee/rahapesu and at web-page of FATF at: <http://www.fatf-gafi.org/>. As of June 1 2015, the list of the countries includes: Iran, North Korea, Algeria, Ecuador, Myanmar, Afghanistan, Angola, Guyana, Indonesia, Iraq, Lao, Panama, Papua New Guinea, Sudan, Syria, Yemen, Uganda. For updated list see the links.

1.3 Unusual documents:

- 1.3.1 there are serious deficiencies in a person's authorisation documents or other documents proving the right of representation that cast doubt on their authenticity;
- 1.3.2 person's authorisation or identity documents are not valid;
- 1.3.3 there is a suspicion of counterfeiting regarding the documents submitted;
- 1.3.4 person does not submit data or documents for identification or for complying with due diligence measures pursuant to the Act²;
- 1.3.5 the credit or financial institution refuses to conclude customer relationship due to suspicion of money laundering or non-submission / insufficiency of documents or relevant information required for complying with due diligence measures;
- 1.3.6 the credit or financial institution terminates customer relationship due to suspicion of money laundering or non-submission of documents or relevant information required for complying with due diligence measures.

2. Upon entry into product or customer contracts

- 2.1 person cannot explain why he/she needs the service, he requests from the credit or financial institution;
- 2.2 person requests unusually high limits (especially the ones used through remote channels), which do not conform to the person's social appearance, expected turnover, or in case of an undertaking – to the volume of economic activities;
- 2.3. person opens three or more bank accounts and/or orders three or more bank cards which do not conform to the person's expected turnover or nature of activity;
- 2.4 before entry into a loan or lease contract, the deposits to the account of a person with normally low income or no income have increased significantly;
- 2.5 undertaking requires a loan or a leasing contract for acquiring an asset that does not conform to its ordinary field of activity;

² For example, a person does not want to disclose the source/origin of money or assets or name and relevant data about the owners, actual beneficiaries and other persons having important control over the undertaking

- 2.6 an economically passive undertaking or a recently established company submits data about unusually large turnover or profitability with the aim of receiving credit for non-business costs (for example, a newly established enterprise is leasing a luxurious car);
- 2.7 person wants to list another person as a user of leased asset, when this person is neither professionally nor personally linked to him/her³.

3. Upon concluding transactions

3.1 Unusual cash transaction:

- 3.1.1 a few major (more than EUR 15,000) or periodic cash payments also in smaller amounts if it does not conform to the person's economic activities or regular turnover;
- 3.1.2 a few large or regular cash deposits to the account of a natural person;
- 3.1.3 cash payments to a person's account from which loan and leasing payments are paid and other financial obligations are fulfilled, whereas the ordinary economic activities in the account are missing or the turnover does not conform to the economic activities;
- 3.1.4 a large debit turnover of the account within a short period, mainly due to cash deposits;
- 3.1.5 the payment of state taxes and fees in large amounts of cash;
- 3.1.6 cash payments to the customer's account, which are used for purchasing securities, derivatives or other financial instruments in the sum that does not correspond to the customer's profile;
- 3.1.7 single large sum (more than EUR 15,000 in cash) or regular foreign currency exchange, if this is unusual for the customer in question or if such an activity does not correspond to economic activities of the operator;
- 3.1.8 purchase of financial products (for example insurance products) for large amounts of cash if this does not correspond to the customer's profile or

³ Denotes widespread cases in case of which the lessee of asset is either a legal or a natural person not in fact using the asset. The user is a completely different person who lets someone else enter into a leasing contract in order to hide his/her ownership of leasing property. At the same time, the person enters himself/herself as the user of asset (e.g. a car).

does not have a logical explanation or if the customer is unable to explain / prove the origin of the cash;

3.1.9 single large sum cash payment (more than EUR 15,000) or regular cash deposits, including small sum deposits to an account via ATMs, if this does not correspond to the customer's profile;

3.1.10 single large sum cash withdrawals (more than 15,000 EUR) or regular cash withdrawals in smaller amounts from ATMs, if this does not correspond to the customer's profile;

3.1.11 a single large sum cash withdrawals (more than 15,000 EUR) or regular cash withdrawals, incl. in smaller amounts, in a bank office, if it does not correspond to the person's regular activities or account turnover.

3.2 Unusual transaction on an account of a person:

3.2.1 single, unusually large domestic payment not corresponding to regular turnover and/or is not sufficiently justified;

3.2.2 single, unusually large cross-border payment not responding to regular turnover and/or is not sufficiently justified;

3.2.3 another party to the transaction is a non-resident shell bank (the so-called "Shell bank")⁴;

3.2.4 payments made through a person's account indicate that this is a payment institution (for example, uses an account for depositing customers' money or for executing payment transactions), that does not hold relevant payment service provider permit of the Financial Supervision Authority;

3.2.5 single large payments (more than EUR 15, 000) and/or periodic ones, incl. in smaller amounts, to the accounts that are opened in banks or financial institutions of countries or territories with higher money laundering risk,

⁴ A shell bank is a bank that has neither place of activity nor actual management activity in the country (usually in the country with low tax-limit) where its location is and its authorisation is issued. Shell banks are credit institutions or other operators or offices belonging to the field of activity of the credit institution and performing similar activities, with no actual physical place of activity in its location (e.g. in location of the board or body substituting the board) involving meaningful mind and management and unaffiliated with regulated financial group (does not belong to any consolidated groups subject to consolidated supervision or conglomerate).

if this does not respond to the operator's activity profile or if clear justification for carrying out of the payment is missing⁵;

- 3.2.6 single large (more than EUR 15,000) or regular purchase or sale of web money, incl in smaller amounts, or payments for other financial instruments advertising confidentiality or anonymity;
- 3.2.7 frequent payments (over EUR 2,000) from a provider of gambling services to one customer, with details stating for example winnings from a casino;
- 3.2.8 single large (more than EUR 15,000) or unusually frequent payments, also in smaller amounts, between the same parties, whereas there are no other transactions on the account indicating normal economic activities or the customer's profile;
- 3.2.9 several incoming international payments within a short period of time, which are thereafter withdrawn in cash;
- 3.2.10 single major or regular, incl. in smaller amounts, purchase or selling of cheques, which does not correspond to the customer's profile;
- 3.2.11 several payments to one account with an insufficient explanation;
- 3.2.12 early repayment of a loan or leasing in an unusually large amount for the customer and in an amount not in conformity with the usual turnover or income of the customer;
- 3.2.13 other characteristics, not listed in the guidelines, occur which may indicate illegal activities;
- 3.2.14 the person does not provide data and/or explanations regarding the aim of the transaction.

4. The credit or financial institution has the knowledge that

- 4.1 a debit card or credit card is used by an unauthorised person;
- 4.2 the user of the account is suspected of being a fictitious person;
- 4.3 the customer, who is a legal person, is suspected of being a fictitious person;

⁵ The credit and financing institutions themselves determine the territories with high money laundering risk according to the risk-based approach.

- 4.4 unauthorised person is using internet banking or other indirect contact service provided by a credit or financial institution (the service is used by means of false identity or user- IDs, passwords, etc. issued to a customer are abused);
- 4.5 the actual user of leased property is (are) not the person(s) stated to the credit or financial institution;
- 4.6 person not connected with the lessee or borrower regularly makes leasing or loan payments;
- 4.7 there are other features in the activities of the customer that refer to possible other offences related to money laundering or property or the preparation of such offences.

5. Insurers and insurance intermediaries

- 5.1 when concluding the contract, the person shows unusually strong interest in the size and probability of the insurance indemnity payment, if the loss event was to arrive soon after entering into an insurance contract;
- 5.2 when concluding the contract, the person shows unusually strong interest in termination of the contract and the terms of disbursement, rather than in results of long-term investments or other important circumstances of the contract;
- 5.3 a life insurance contract is concluded, insurance premiums of which are disproportionate in relation to insured risks and other circumstances of the contract;
- 5.4 person purchases an insurance policy , making instalment payments in cash in amounts that are clearly disproportionate to the income of the insurance applicant or instalment payments are made by a person who is not related to the policyholder (for example, it is not a family member nor do they form the same household);
- 5.5 large insurance premiums are paid under the insurance contract from countries where identification and other money laundering prevention measures are applied insufficiently, or from tax havens and low tax regions;
- 5.6 during the contract period, a beneficiary is replaced by a person who has no direct link with the policy-holder;

5.7 termination of the contract by the policy-holder without the latter being worried about the related contractual penalties or other additional costs that he or she has to pay;

5.8 person wants to conclude life insurance agreement for a period of less than 3 years and there are other characteristics not listed in the guidelines that may point to illegal activities;

5.9 customer agrees easily with very unfavourable terms and conditions that are not related to his or her health or age.

6. Currency exchange and payment service providers (incl. credit institutions providing the service to non-customers)

6.1 large number of small denomination banknotes are exchanged for large denomination banknotes;

6.2 same persons regularly exchange large amounts of different currencies;

6.3 foreign currency is exchanged in large amounts, in cash;

6.4 customer exchanges foreign currency and requests the largest denomination bills;

6.5 after exchanging a large amount of cash, the person asks the money to be transferred to another person or to a bank account located in another country;

6.6 person has poor knowledge of the beneficiary's address and contact information or is reluctant to disclose such information;

6.7 person wants to exchange cash for numerous postal money orders (including national and international express postal money orders) in small amounts for numerous other parties;

6.8 person makes transfers to other persons in different countries that do not conform to the person's usual activities;

6.9 person informs that the funds will be withdrawn by a third party acting on his/her behalf and on his/her account;

6.10 person's appearance does not conform to the nature of the transaction being executed by him/her⁶;

⁶ When taking into account the appearance of the person, it is clearly evident that it is the case of a person acting in interests of another person and is not the holder of the funds himself/herself (for example, a homeless person or too young or old for executing this particular transaction).

6.11 person in relation to whom there is a preexisting suspicion of money laundering, exchanges large amounts of money;

B. Persons set out in section 3 (1) of the Act (except for credit and financial institutions)

7. Organisers of game of chance

7.1 tokens bought for large amounts of money or units of monetary stakes (so called game nominals) are sold back with the request to deposit it on a bank account as winnings;

7.2 person acts in the name of someone else;

7.3 person buys out someone else's winning in cash;

7.4 person requests the transfer of winnings to someone else's bank account;

7.5 person systematically wins large amounts of money;

7.6 person has within a short period of time gambled for an unusually large amount of money;

7.7 person requests written confirmation of the amount won in a third party's name;

7.8 person wishes to exchange small denomination banknotes for large denomination banknotes;

7.9 person pays by a legal person's or government authority's or government-controlled agency's credit or debit card or by a card with no personal data;

7.10 person places bets (more than EUR 2,000) in cash;

7.11 after a short period of playing, person wants to cash in the remaining credit (more than EUR 2,000) and requests that the operator of games of chance issues a document that certifies that the money has been paid out to him/her.

8. Persons who carry out or act as intermediaries in transactions with real property

8.1 real property transactions exceeding EUR 15,000 are concluded in cash;

8.2 payment for the real property is preceded by a cash payment in an amount exceeding EUR 15,000 to the account of a third party;

8.3 person not connected to the party to the transaction pays real property transaction or commission;

- 8.4 seller requests the amount received from the sales of real property to be transferred to the account of a third party, unless, it involves fulfilling a debt obligation of the seller or of a person related to the seller or fulfilling other obligation referred to or agreed upon in the contract⁷;
- 8.5 real property transaction sets out that part of the cost of the real property will be paid by leasing or credit and part of it in cash in the amount that exceeds 15,000 euros;
- 8.6 person is willing to buy real property without seeing it first;
- 8.7 person is willing to pay or pays considerably more than the market price of the real property;
- 8.8 person asks the real property appraiser to write significantly higher or lower price of the real property than its market price, in the valuation report;
- 8.9 person wants to rent living or business premises for a substantially higher price than the market price or takes no interest in the rental price;
- 8.10 person asks a different amount (higher or lower) from the actual price of the real property transaction to be entered into the contract of purchase and sale or lease contract;
- 8.11 at least one party is a fictitious person (see subdivisions 1.1-1.3 of part A);
- 8.12 the representative of a party does not submit sufficient information about the person being represented;
- 8.13 at least one party refuses to submit sufficient information about himself/herself;
- 8.14 upon verification of data suspicion remains that the person acts in the interest of someone else;
- 8.15 the payment for the real property is done via financial institution that is located in an area with insufficient personal identification or other money laundering prevention requirements or in a tax haven or in territory with a low tax-rate;
- 8.16 a request is made to deposit the sum received from the sale of real property to an account held by a resident of a tax haven;

⁷ Unless there are doubts regarding the agreement that there are no actual debt relations (fictitious agreement).

8.17 person expresses a wish to pay or pays rent in the amount exceeding 1,000 euros in cash within one calendar month.

9. Auditors and providers of accounting and tax advice services

Characteristics of the customers suspected of money laundering in case of which the potential detection of transactions with money laundering suspicion during the work carried out in the course of ordinary professional activities, should be analysed:

- 9.1 person's lifestyle and spending do not correspond to his/her legal income (applies for private persons);
- 9.2 profitability or turnover received from business activities is disproportionate when compared with other companies operating in the same field and is clearly not justified by business skills (marketing, advertising, etc.);
- 9.3 person turns to different accounting experts for no reason, for unclear reasons or for the purpose of avoiding submission of true and fair reports (changes providers of relevant services very often);
- 9.4 the number of people employed by a legal person is clearly economically unjustified taking into account the field of activity in question;
- 9.5 the owners or members of board of a legal person are clearly fictitious.

Features of transactions suspected of money laundering:

- 9.6 legal person makes various payments for economically unjustified and/or not related consultation services to a person registered in a low tax-rate territory or in a tax haven;
- 9.7 accounting control reveals signs of embezzlement of assets;
- 9.8 person acquires, rents or leases means for luxurious expenses (for example, luxury cars or vessels) for funds obtained from economically unreasonable cash transactions or from persons registered in a low tax-rate territory or in a tax haven;
- 9.9 frequent cash transactions that are clearly unusual when taking into account the person's field of activity.

10. Notaries, attorneys, bankruptcy trustees or other persons providing legal services

Pursuant to section 3 subsection 2 of the Act, requirements of this Act apply to notaries public, attorneys, enforcement officers, bankruptcy trustees, interim bankruptcy trustees and providers of other legal services if they act in the name and on account of a customer in financial or real property transactions or if they guide planning or entry into a transaction or perform a professional operation or provide a professional service, which involves the following:

- a) the purchase or sale of immovable, enterprises or shares of companies;*
- b) the management of the customer's money, securities or other property;*
- c) the opening or managing of bank accounts or security accounts;*
- d) the acquisition of funds necessary for the foundation, operation or management of companies;*
- e) the foundation, operation or management of trusts, companies or other similar entities.*

Notaries

10.1 immovable property transactions exceeding EUR 15,000 are concluded in cash;

10.2 payment for the real property is preceded by a cash payment in an amount exceeding EUR 15,000 to the account of a third party;

10.3 a person not connected to a party to the transaction pays for real property transaction or commission;

10.4 the seller requests the amount received from the sales of real property to be transferred from the notary public's deposit to the account of a third party, unless, it involves fulfilling a debt obligation of the seller or of a person related to the seller or fulfilling of other obligation referred to or agreed upon in the contract;

10.5 notary suspects that the price of the property entered into the contract of purchase and sale, differs considerably (is bigger or smaller) from the actual market value of the property;

10.6 within a short period of time a new transaction is concluded with the same real property with a price which differs considerably from the previous one, and when it is not possible to associate it with the overall rise and/or fall of the real property price;

10.7 there is a suspicion that at least one party to the transaction is a fictitious person (see subdivisions 1.1-1.3 of part A);

10.8 there is a suspicion that the person acts in the interests of somebody else;

- 10.9 the payment for the real property is done via financial institution that is located in an area with insufficient personal identification or other money laundering prevention requirements or in a tax haven or in territory with a low tax-rate;
- 10.10 notary is asked to transfer the amount received from the real property to an account that is located in an area with insufficient personal identification or other money laundering prevention requirements or in a tax haven or in territory with a low tax-rate;
- 10.11 notary public is asked to certify a transaction that has no economic justification;
- 10.12 the method of payment is not disclosed at the time of concluding a notarial contract.

Attorneys and other persons providing legal services

- 10.13 person asks the attorney to introduce himself/herself to financial institutions;
- 10.14 person wishes to use the services of attorneys in the foundation of a company (like trusts and international commercial enterprises) with the aim of maintaining his/her anonymity and hiding the (illegal) origin of funds being used in business activities;
- 10.15 person expresses a wish to use the account of attorneys or other persons providing legal services with the aim of depositing money or for settlement purposes by ensuring thereby his/her anonymity;
- 10.16 person turns to an attorney with the aim of concluding a purchase or sale transaction of real property in a value which exceeds the market value or is significantly lower than the market value or is in other ways unusual. The same applies to real estate investments in case of residents of foreign countries who have no connection to Estonia which justifies the purchase of real property or if these transactions are not in conformity with the social or economic situation of the person;
- 10.17 person wishes, with the help of lawyers or other persons providing legal services, to conclude transactions in large amount of cash (exceeding EUR 15,000) and does not wish to submit data regarding the origin of property;
- 10.18 person wishes with the help of an attorney or in his/her name to conclude transactions with no economic justification;

10.19 person contacts an attorney or other person providing legal services with a proposal that by its nature might be an indication of money laundering.

Note: Notification shall be sent to the Financial Intelligence Unit even if due to suspicion of money laundering or terrorist financing the customer relations were not entered into.

11. Intermediaries and other traders of precious metals, precious stones, items of high artistic value and other high-value commodities when cash transactions exceed EUR 15,000

11.1 person is unidentifiable or tries not to submit his/her identification data;

11.2 person's representative tries to hide the actual party to the transaction or does not know his/her personal data;

11.3 person tries to conclude a fictitious transaction;

11.4 upon establishment a long-term customer relationship, the person wants to settle in cash only;

11.5 there is a suspicion that the person acts in interests of someone else;

11.6 there is a prior money laundering suspicion in relation to the person;

11.7 person wants to settle in cash in an amount exceeding EUR 15, 000;

11.8 person repeatedly settles in cash in amounts exceeding EUR 15,000;

11.9 person makes a cash payment that is slightly below the identification obligation limit (EUR 15,000) in order to avoid identification;

11.10 the payment is made via a fictitious company or a bank founded in a tax haven;

11.11 the payment is preceded by a cash payment in an amount exceeding EUR 15,000 to the account of a third party.

12. Providers of trust and company services

12.1 person wishes to use services for foundation of a company or other legal person in order to maintain one's anonymity and to hide (illegal) origin of the funds⁸;

12.2 person does not wish to disclose the actual beneficiaries to a provider of services when founding a company;

⁸ A very sophisticated structure of (international) owners of the company, etc. may refer to this.

- 12.3 person does not wish to disclose the origin of the initial capital or capital to be used for business activities to a provider of services when founding a company;
- 12.4 there is suspicion of a fictitious person, in relation to a person who wishes to use the services for founding or managing an incorporated entity or other legal person (for example, social appearance or background do not respond to character of the service being ordered or the person does not know the facts about the company, etc.);
- 12.5 person wishes to conduct via providers of trust and company services transactions that have no economic reason and pursuant to which suspicion arouses that the operator has no actual business activity⁹;
- 12.6 person refuses to give explanations regarding the transactions, persons or assets involved in transactions to service providers or the explanations given and documents are not credible;
- 12.7 resident of a foreign country who has no connections with Estonia or who is from a country or territory with high money laundering risk, is requesting trust and company services¹⁰;
- 12.8 person wishes to carry out transactions via providers of trust and company services in large amounts (exceeding EUR 15,000) of cash and does not wish to submit data regarding the origin of assets;
- 12.9 person presents providers of trust and company services a proposal, the nature of which refers to money laundering.

Note: Notification shall be sent to the Financial Intelligence Unit even if the customer relationship was not entered into.

⁹ For example, transactions in unusually large sums, money transfers with details “consultation fee”, international payments related to alleged loan transactions (for example, “repayment of loan”). Also payments that are related to off-shore or tax-free areas or areas/countries where by assessment of FATF, measures of prevention of money laundering are not applied sufficiently or where there are stricter than usual requirements to personal, business and bank secrets or where data related to actual beneficiaries of enterprises are not collected / updated / issued.

¹⁰ List of relevant countries can be found at home-page of the FIU www.politsei.ee/rahapesu and homepage of FATF at: www.fatf-gafi.org

13. Non-profit associations and foundations for the purposes of the Non-profit Associations and Foundations Act

The Act applies to non-profit associations and foundations for the purposes of Non-profit Associations and Foundations Act, if they are paid in cash in the sum exceeding EUR 15,000 or equivalent sum in other foreign currency, irrespective of fact, whether the payment is effected in one part or as several mutually related payments.

- 13.1 it has not been possible to identify the person who has donated money;
- 13.2 person who made the donation has been suspected of being a fictitious person;
 - 13.2.1 the amount of the donation is not in accordance with income, financial status or social background of the person who made the donation;
 - 13.2.2 the volume of the donation exceeds the reported profit of the operator or it is not in accordance with the donor's known economic performance;
- 13.3 donation is made by a recently founded (less than half a year ago) legal person;
- 13.4 donation is made by a non-resident person, whose origin is impossible to establish;
- 13.5 person who made a donation is setting unusual conditions for the use of the donated money (for example, requires return of donated property after a certain period has passed or to transfer donated money to a person / enterprise / organization indicated by the donor);
- 13.6 the amount of donation either in one payment or by several linked payments remains below the reporting threshold (EUR 15,000) in order to avoid identification.