

Republic of Panama
Superintendency of Banks

SPECIAL AGREEMENT No. 12-2005 E
(of December 14, 2005)

“GUIDE WITH EXAMPLES OF SUSPICIOUS OPERATIONS”

THE BOARD OF DIRECTORS
using its legal authority, and

WHEREAS:

Through Agreement No. 12-2005 of December 14, 2005 this Superintendency of Banks updated the guidelines regarding the prevention of money laundering and terrorism financing, so as to consolidate and strengthen the regulation on the prevention of the improper use of banking and trust services in Panama;

Pursuant to Article 11 of Agreement 12-2005 of December 14, 2005, the Superintendency of Banks, through the related Special Agreement, will periodically update a guide of operation examples that merit the careful observation of each Bank and Trust Corporation to determine, together with other analysis elements, if they are indeed suspicious operations that could be related to Money Laundering and/or Terrorism Financing.

In work sessions of this Board of Directors with the Bank Superintendent, the need and convenience has been made evident of establishing the Suspicious Operation Guide for Banks and Trust Corporations, pursuant to what Article 11 of Agreement 12-2005 of December 14, 2005 stipulates.

AGREES:

ARTICLE 1: We approve the following list, as an example of some operations that merit the careful observation of the Bank and Trust Corporations, as they apply to each sector, to determine together with other analysis elements, if they are indeed suspicious operations that could be related to Money Laundering and/or Terrorism Financing:

1. Accounts with the following characteristics:
 - a. Accounts that receive relevant habitual deposits and remain inactive during other periods. These accounts are later used to create an apparently legitimate banking background through which other fraudulent activities can be carried out;
 - b. An inactive account that contains a small amount, all of a sudden receives a deposit or a series of deposits followed by daily cash withdrawals or on nearby dates which will continue until the amount deposited has been completely withdrawn;
 - c. An account for which several persons have authorized signatures, but among whom there does not seem to exist a personal or trade relation; or
 - d. Accounts that display frequent money transactions for a business that usually does not handle large amounts of cash.
2. Deposits and Withdrawals with the following characteristics:

- a. Structured deposits just below the limit for declaring through several branches of the same Bank or through groups of people that enter a branch at the same time;
 - b. Large cash deposits outside the customer service schedule, thus avoiding direct contact with the entity's staff;
 - c. Multiple transactions carried out the same day, in the same Bank branch, but with an apparent intention of using different cashiers;
 - d. Business account deposits and withdrawals that are usually made in cash instead of checks;
 - e. Failing to withdraw funds against check deposits by a customer that operates a retail business and provides the service of buying checks. This suggests that this customer has another source of funds;
 - f. A single cash deposit comprised of many bills of B/.50.00 and B/.100.00; or
 - g. A small amount of deposits using considerable amounts of checks in which, nonetheless, withdrawals are rarely made for daily operations;
3. Fund transfers with the following characteristics:
- a. Fund deposits in several accounts, generally in amounts below the reporting limit, which later are consolidated in a specific account and transferred abroad;
 - b. Instructions to the Bank to transfer funds abroad and later transferring the same amount from other sources;
 - c. Deposits and withdrawals of large amounts of money through transfers, through countries whose economic activity level, in the intermediary Bank's judgement, does not justify the amounts and frequency of those transactions;
 - d. Transferring money or revenues to another country without changing the currency type. Receiving transfers and immediately purchasing monetary instruments to pay third parties;
 - e. Instructions to perform fund transfers just below the limit for declaring in an apparent effort to avoid being considered a suspicious operation;
 - f. Electronic transfers towards or by an individual whereby the information on the originator or the person in whose name the transaction is made is not provided with the electronic transfer when said information is expected to be included;
 - g. Transactions in currencies made in a customer's name by a third party, followed by electronic fund transfers towards places that have no apparent trade connection with the customer or towards countries that generate a specific concern;
 - h. Accounts from which wire transfers are sent and received without an apparent trade or personal reason, and that are inconsistent with the customer's business history; or
 - i. Accounts that receive many small money transfers or check deposits and drafts, and almost all funds are immediately transferred to another city or country, when the activity is not consistent with the business' or customer's history;
4. The customer's characteristics, of his financial capacity and personal, professional or commercial activity:
- a. The same person opening multiple accounts wherein they make many small deposits which together do not match the customer's financial capacity;

- b. Accounts with high volume and/or frequency of check deposits or withdrawals, drafts, transfers and other negotiable instruments which do not match the nature of the business or the customer's financial capacity;
 - c. Accounts from which wire transfers are sent and received without an apparent trade or personal reason, and that are inconsistent with the customer's business history;
 - d. Accounts that receive many small money transfers or check deposits and drafts, and almost all funds are immediately transferred to another city or country, when the activity is not consistent with the customer's business history;
 - e. The same address for persons involved in cash transactions, particularly when the address is also a business and/or does not seem to match the declared occupation (for example, student, unemployed, self-employed, etc.);
 - f. The occupation declared by the person executing the transaction does not match the type of activity (for example, a student or unemployed person who receives or sends large amounts in electronic transfers, or who makes daily cash withdrawals of the maximum amount allowed in different places in a large geographic area);
 - g. A customer requests a safe when his trade activity is unknown or said activity does not seem to justify the use of a safe;
 - h. Lack of employment history in the past or present, from people who make frequent money transactions in large amounts;
 - i. Unexplainable incoherencies arise in the customer identification or verification process (for example, on the current or previous country of residence, the country issuing the passport, the countries visited according to the passport, and the documents submitted to confirm the name, address and birth date);
 - j. Customers identified with the same residence, telephone number, mailing address or e-mail without apparent justification;
 - k. Customers who are Politically Exposed Persons (PEP), national or foreign, who are being investigated nationally or internationally for activities related to the money laundering felony and/or terrorism financing; or
 - l. Customers whose trade activity is casinos or games of chance, pawn shops or consignment houses, trading metals or precious stones and attorneys or real estate agents, when acting in the name of and for their customer in a transaction, who is being investigated nationally or internationally for activities related to the money laundering felony and/or terrorism financing.
5. Operations linked to countries, territories or jurisdictions that have reasons for concern:
- a. Several operations involving large amounts of currency within a brief time period, by electronic transfers towards jurisdictions that generate specific concerns;
 - b. A personal or business account through which a large amount of transfers are made from and/or towards places that generate concern;
 - c. Using multiple accounts to gather and later canalize funds towards a small number of foreign beneficiaries, individuals as well as businesses, particularly when the latter are located in places that generate concern;
 - d. A customer obtains a credit instrument or links to commercial financial transactions that entail the movement of funds to or from places that generate concern, when there seem to be no logical trade reasons to relate to those places;
6. Operations with strikingly unusual characteristics;

- a. Frequently changing low denomination bills for high denomination bills and vice versa;
 - b. Accounts for customers whose addresses are outside the Bank's service area;
 - c. Loans that use certificates of deposit or other investment vehicles as collateral;
 - d. Customers who often visit the safe box area immediately before making a cash deposit whose amount is just below the required limit for generating a report;
 - e. Accounts or customers that frequently deposit large amounts of cash wrapped in paper strips from other Banks;
 - f. Accounts or customers that frequently deposit dirty or moldy bills;
 - g. Accounts that frequently receive deposits made with very old or spoiled bills;
 - h. Customers that suddenly pay a challenging loan, without there being an explanation on the origin of the money;
 - i. Customers that buy cashier's checks, drafts, etc., with large amounts of cash;
 - j. Business accounts, trust fund accounts, etc., that display large cash deposits;
 - k. Customers that buy cashier's checks, drafts or traveler's checks in large amounts, just below the amount required for generating a report, with no apparent reason; or
 - l. Accounts where drafts with strange signs or symbols are deposited by mail.
7. Customers who try to avoid complying with information requirements or who give insufficient or suspicious information:
- a. Customers who, without rational reasons, request being included in the list of the Bank's habitual customers to report cash transactions;
 - b. Customers who frequently request a higher limit for reporting transactions;
 - c. Customers who refuse to give the information needed for the reports or to proceed with the transaction, once they are told that the corresponding report must be submitted;
 - d. Persons who keep or try to keep a Bank employee from saving the report of a transaction in file;
 - e. Corporations that abstain from providing and/or updating complete information on the purpose of the business, previous banking relations, location, or director and officer names;
 - f. Reluctance to inform about and/or update personal background when they open an account or buy monetary instruments above the specified limit;
 - g. Request to open an account without references, local address, or identification (personal ID number, passport, foreign registry, driver's license or social security card) or other adequate documents, or refusal to provide and/or update any other information the Bank requires to open an account;
 - h. Submittal of strange and suspicious identification documents that the Bank cannot quickly verify;
 - i. Impossibility to communicate with the customer using the phone number provided to the Bank;

- j. Omission of documents about previous or present jobs in a loan application;
 - k. Businesses that do not want to reveal details about their activities or provide financial statements on those activities;
 - l. Businesses that submit financial statements that are noticeably different than those of other businesses with similar activities;
 - m. Non-satisfactory explanations on the significant discrepancy of operations with the Bank concerning their profile;
 - n. Loans guaranteed by third parties that do not seem to have any relation to the customer; or
 - o. Loans pledged with properties, whereby the payment will be made in another jurisdiction.
8. Changes in the execution patterns of some transactions:
- a. Sudden and inconsistent changes in transactions and in ways of managing money;
 - b. Important changes in cash sending patterns between correspondent Banks;
 - c. Increases in the amount of cash handled, without a corresponding increase in the number of reported transactions;
 - d. Significant movement of high denomination bills, fact that does not guard any relation with the Bank's location area;
 - e. Large increases in the use of small denomination bills and the corresponding decrease in the use of high denomination bills, while no transaction reports have been recorded; or
 - f. Fast increases in the size and frequency of cash deposits, without the corresponding decrease in the non-cash deposits.
9. Transactions related to terrorism financing.

In addition to what applies as described in numerals 6, 7 and 8:

- a. Regarding non-profit or charity organizations, banking transactions that do not seem to have a logical economic purpose or there does not seem to be a link between the activity declared by the organization and the other parties that participate in the transaction;
 - b. Account opened in the name of an entity, a foundation, a partnership or an investment fund that displays fund movements above the normal or usual level of income, without an economic or legal justification, taking into account the customer's profile;
 - c. Using multiple personal accounts or accounts from non-profit or charity organizations to collect funds and later canalize them, immediately or after a brief time period, to foreign beneficiaries;
 - d. A series of cash deposits in different foreign currencies made into the same account;
 - e. Deposits made the same day or on nearby dates to the account of a non-profit organization in small amounts by a third party;
 - f. Accounts opened in the name of exchange houses where wire transfers and/or structured deposits are received;
10. Transactions related to exchange arbitration and automatic tellers (ATM).

In addition to what applies as described in numerals 6, 7, 8 and 9:

- a. The opening of bank accounts whose customers request several debit cards to make withdrawals through automatic tellers (ATM) in another country and they perform these operations repeatedly, receiving an economic benefit due to the ultimate difference between the purchase price of the currencies with which the deposits are made and the value upon which the dollars are settled when the withdrawal is made through automatic tellers;
- b. Multiple cash deposits in a day using one or more automatic tellers (ATM);
- c. Cash withdrawal through a cashier for the amount of B/. 9,500.00 and through an automatic teller (ATM) for the amount of B/. 500.00 on the same day or on consecutive days; or
- d. Accounts displaying several deposits under the limit amount made in an automatic teller.

ARTICLE 2: EFFECT. This Agreement will be in force sixty (60) calendar days after its enactment and it will be updated periodically.

Given in the City of Panama, on the fourteenth (14) day of the month of December of two thousand five (2005).

TO BE RELEASED, PUBLISHED AND FULFILLED.

THE PRESIDENT,

THE SECRETARY,

Jorge W. Altamirano-Duque M.

Antonio Dudley A.