



LAO PEOPLE DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Bank of the Lao P.D.R
Anti-Money Laundering Intelligence Office

No. 918 / AMLIO
Vientiane, on 15 September 2016

NOTICE

To: Directors of commercial banks and Managers of branches of foreign commercial banks

Subject: Strengthening attention to the implementation of Know Your Customer and Customer Due Diligence measures by considering additional indicators of transactions suspected of being at risks of financing of terrorism.

- Pursuant to the Law on Anti-Money Laundering and Counter-Financing of Terrorism, No. 50/NA, dated 21 July 2014;
- Pursuant to the Decision on Reporting on Suspicious Transaction Related to Money Laundering or Financing of Terrorism, No. 13/NCC, dated 19 October 2015;
- Pursuant to the Agreement on Know Your Customer and Customer Due Diligence, No. 01/NCC, dated 15 January 2016;
- Pursuant to the Instruction on Indicators of Suspicious Transaction of Money Laundering or Financing of Terrorism, No. 41/AMLIU, dated 12 January 2016;
- Referring to the indicators approved by the Financial Action Task force (FATF) in June 2016.

The Anti-Money Laundering Intelligence Office (AMLIO) would like to inform you that: to add to indicators of Suspicious Transaction on Money Laundering or Financing of Terrorism to be suitable with the actual situation and conditions of anti-money laundering and financing of terrorism activities of Lao PDR as stipulated in the Instruction, No.41/AMLIU, dated 12 January 2016, the Heads of the reporting entities of commercial banks and foreign commercial banks, including their branches in the nationwide shall pay their attention to enhance the implementation of Know Your Customer (KYC) and Customer Due Diligence as follows:

1. To enhance use measures of KYC and Customer Due Diligence methods in accordance with the Decision, No. 01/NCC, dated 15 January 2016 against behaviors, activities, accompanying persons, representatives and substitutes by taking into account from the additional indicators of being at risks of financing of terrorism pursuant to the Annex to this Notice;

2. If the behaviors, activities, accompanying persons, representatives or substitutes are corresponding to the indicators as specified in the Annex to this Notice, they shall be reported to AMLIO pursuant to Decision, No. 13/NC NCC, dated 19 October 2015;
3. The Annex to this Notice shall be used by the officials specifically designated or assigned only. It is prohibited to forward or disclose to any other irrelevant persons, organizations, or parties. Forwarding or disclosing of the same shall be deemed to be in breach of this Notice and shall be subject to administrative measures according.

Therefore, this is to inform you and strengthen your attention to implement the provisions as above-mentioned.

**Acting Director General of Anti-
Money Laundering
Intelligence Office**

[Signed & Seal]

Phengsy Phengmuoang

- Annex:
 - Indicators of transactions suspected of being at risks of financing of terrorism (Annex Notice No. 918/AMLIO, dated 15 September 2016)
 - For more information contact: AMLIO Tel 021264624 or Fax 021265320

Executive Summary

Additional indicators of risk transaction on financing terrorism

Appendix of Notice No.918/AMO, dated 15 September 2016 determined additional indicators of risk transaction on financing terrorism. The followings are indicators that are additional to what have been specified in the Instructions on Indicators of Suspicious Transaction of Money Laundering or Financing Terrorism No.41/AMLIU, dated 12 January 2016 in order to ensure the suitable with the actual situation and conditions of Lao PDR in each period to comply with international standards which consists of 7 parts and 19 main indicators and 239 sub-indicators the following only part VI related to indicator of NPO:

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VI. Indicators of Non-Profit Organizations “NPO”

❖ Donation:

1. There are multiple large money/fund of international donation/grants from foreign countries or companies transferred into NPO account which it was unclear the relationship on the transactions;
2. *A small amount of money transferred to the NPO's account which it was unclear for description of the transaction;*
3. There are accumulated big amount of donation which no have reasonable grounds, in particular in cash;
4. Multiple cash deposits into individual account (or in case be able to indicated that the transaction have transferred to high risk country) where the transaction describe to provide a humanitarian or similar cause;
5. There is a high probability that donations/assets to the NPO are come from/to a foreign country that does not match with the donor's source of fund;
6. There were multiple donations from anonymous donors;

7. An individual who was receiving money from donations to a bank account intended for charity and have been transferred to an organization involved in the financing of terrorism-via electronic media;
8. Donations to the NPO are intended for a limited number of beneficiaries only;
9. There are deposits that use an unusual combination of bearer negotiable instruments to legal businesses;
10. NPOs are operating in conflict areas that received donations from agencies (according to business interests in those areas) directly to an account or through different transaction. The funds may be related to a terrorist organization through the NPO.

❖ The expenses

1. The organizations have no objective in providing assistance with humanitarian which has sent money to high-risk countries;
2. Using of donation funds which not linked to NPO activities;
3. The aim of transaction facilitates to NPOs to beneficiaries are not involved in the project and not associated with the construction;
4. Using a charity organization to sell the goods;
5. The payment of the goods is covered by a third party who is not the importer;
6. The NPO “in the report statement” is disproportionate to expectations (e.g., the risk that funds will be used, diversified, tax collection for terrorist financing purposes).

❖ Conducting transaction.

1. Transactions are conducted by the NPO are inconsistent with the type, size and objectives-of the organization's activities;
2. Transactions are conducted by the NPO inconsistent with the activities notified by the beneficiary/donors;
3. There are large transaction flow in a short-term which are involves multiple NPOs that represent unreasonable links such as the use of the same address, agent or employee, or multiple accounts with the same name;
4. The transfer of mobilized funds to the region that has been identified as activities and initiatives related to the financing of terrorism regularly;
5. The request on conducting transactions from partners who was not listed or was a unit related to terrorism;
6. The Individuals who have deposited money in multiple accounts (he/she is the owner) and requested to transfer their money for donation;
7. Repetition of financial contributions by individuals into the NPO’s account and upon receipt of funds are transferred to the accounts of individuals and legal entities;
8. In the NPO’s account are active only crediting and cashing.

❖ Executives and NPO's staff

1. There are individuals who were authorized to sign the accounts or NPOs that are not related to family or business, which frequently changes person to sign the NPO's account;
2. The accounts were donated by new establish NPOs and foundations;
3. There are many orders of settlement in the accounts of the NPO founders (or other entities that has associated with the NPO such as executives and a staff who was responsible in the treasury);
4. The opening of NPO's account was opened on behalf of the individual;
5. Incomplete information about the source of transaction which facilities to the NPO or to the person related to the organization;
6. The director (or staff) of the NPO who was embezzled funds such as fund was withdrawn before transfer to the conflict area;
7. The bank accounts of executives or coordinators were operating in conflict area may pay for management/ransom fees for their business interests or threats on behalf of a terrorist organization.

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