

# Money Laundering, Suspicious Circumstances<sup>1</sup>

**Beatrix Pintér\***

Faculty of Law  
University of Pécs (Hungary)

**Abstract:** *In this paper the author discusses the fact that for any cash transaction, which equals or is above EUR 15,000, the system requires an objective notification responsibility. The overwhelming majority of notification are coming from commercial banks, and other financial institutions; since the main subjects of money laundering are bank accounts; they are the 'site' of transfers, and it incorporates many layers of transactions<sup>2</sup>. Besides these automated trigger elements, the sector itself possesses a rather advanced internal supervision system, and set of internal rules; in order to overcome money laundry. Based on more than fifteen years of experience, the financial intelligence unit was successful in collection the observations and deficiencies<sup>3</sup> which had been made public since.*

**Keywords:** *money laundering, suspicious circumstances, notification, information*

**Rezumat:** *În această lucrare, autorul discută despre faptul că pentru orice tranzacție în numerar, care se ridică la sau depășește 15.000 de euro, sistemul de combatere a spălării banilor presupune obligația unei notificări. Marea majoritate a notificărilor provin de la băncile comerciale și alte instituții financiare, deoarece principalele obiecte ale spălării banilor sunt conturile bancare, acestea sunt „terenul” transferurilor și includ mai multe nivele de tranzacții. Pe lângă aceste elemente de declanșare automată, sectorul în sine are un sistem avansat de supraveghere internă și un set de reguli interne vizând combaterea spălării banilor. Având la bază mai mult de cincisprezece ani de experiență, serviciul de colectare a informațiilor financiare a reușit strângerea unor date privind observații privind sistemul și deficiențe ale acestuia, care au fost făcute publice.*

**Cuvinte-cheie:** *spălarea banilor, condiții suspecte, notificare, informare*

For any cash transaction, which equals or is above EUR 15,000; the system requires an objective notification responsibility. Regardless of this requirement the overwhelming majority of notification are coming from commercial banks, and other financial institutions; since the main subjects of money laundering are bank accounts; they are the 'site' of transfers, and it incorporates many layers of transactions<sup>4</sup>. Besides these automated trigger elements, the sector

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\* p.beatrix@gmail.com.

<sup>1</sup> Gál I.L., *The History and Present System of Anti-Money Laundering Regulation in Hungary (Infraționalitatea transfrontalieră*, Timișoara, 2006, p. 359).

<sup>2</sup> Gál I.L., *The money laundering*, KJK-KerszövJudiciary and Business Publisher, Budapest, 2004, p. 125-128.

<sup>3</sup> Gál I.L., *Dynamic and satic money laundering – critical analysis of a new fact* (Hungarian Law 2008. 3. szám 129-130, Co-author: Pál Sinku Phd.), Elek Balázs: *Certain tasks of evidence in connection with money laundering crimes*. In: *Studia Iurisprudentiae Doktorandorum Miskolciensium*, Miskolci Doktoranduszok Jogtudományi Tanulmányai 6/1. 2005, p. 167-177.

<sup>4</sup> Gál I.L., *The money laundering* (KJK-KerszövJudiciary and Business Publisher), Budapest, 2004, p. 125-128.

itself possesses a rather advanced internal supervision system, and set of internal rules; in order to overcome money laundry. Based on more than fifteen years of experience, the financial intelligence unit was successful in collection the observations and deficiencies<sup>5</sup> which had been made public since<sup>6</sup>.

Consequently, the data providers are obliged to notify whenever they come in direct contact with perpetrators of money laundering, but in most cases just from the circumstances you cannot clearly judge, that there is a true intention of committing a criminal act<sup>7</sup>. In this very important part of the money laundering process (placement of funds) the responsibility of financial service providers is rather high, since they have to make sure that certain transactions and the given circumstances do fit in a rational economic activity<sup>8</sup>. Sharing the experiences already detailed above, inside trainings, local Financial Supervisory Authority, or recommendations of international organisations all give an adequate knowledge base to identify the circumstances, reasons, causes of money laundering, in order to evaluate them, and to take all necessary measures against them<sup>9</sup>. Certainly these measures are not exhaustive, because any given, more or less specific situation decides what is to be considered suspicious and what can be neglected. Recommendations generally formulate the circumstances of most frequent suspicious acts, when notification is worth to be considered<sup>10</sup>. For example if somebody's lottery winning is transferred by the designated agency, this does not substantiate the suspicion, irrespective of the amount of money. It happened that a financial institution notified the given authority, with respect to a large credit provided by the given bank itself, just because the sum of money was above a certain threshold limit. That is why all crediting transactions performed by institutions entitled to given credits, are excluded from the suspicion of money laundering, because the legal origin of the fund is fully legal<sup>11</sup>.

The Financial Supervisory Authority<sup>12</sup> has an exhaustive list regarding all unusual transactions, which might formulate<sup>13</sup> given circumstances<sup>14</sup> for suspicion of money laundering.

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<sup>5</sup> Gál I.L., *Dynamic and static money laundering – critical analysis of a new fact* (Hungarian Law 2008. 3. szám 129-130., Co-author: Pál Sinku Phd.), E. Balázs, *Certain tasks of evidence in connection with money laundering crimes*. In: *Studia Iurisprudentiae Doktorandorum Miskolciensium*, Miskolci Doktoranduszok Jогtudományi Tanulmányai 6/1. 2005, p. 167-177.

<sup>6</sup> Gál I.L., *Valid criminal regulation of money laundering in Hungary A* (Appeared on web page of the Financial Supervisory Authority: – 15<sup>th</sup> of December 2007).

[http://www.pszaf.hu/engine.aspx?page=pszafhu\\_penzpiaciter&switch-content=pszafhu\\_szakkonz2007\\_20071206\\_1&switch-zone=Content%20Zone%204&switch-render-mode=full](http://www.pszaf.hu/engine.aspx?page=pszafhu_penzpiaciter&switch-content=pszafhu_szakkonz2007_20071206_1&switch-zone=Content%20Zone%204&switch-render-mode=full).

<sup>7</sup> Gál I.L., *The objects of committing money laundering* (Studies for honour of 80<sup>th</sup> birthday of Mr. József Földvári Pécs, 2006, p. 59).

<sup>8</sup> Gál I.L., *Some question of prevention of crime regarding to counterfeiting. (Border guards' Announcement*, Pécs, 2003, p. 161).

<sup>9</sup> Gál I.L., *Problems regarding to money criminal law concept Sanctions and interpretation of law* (Company and Law 2003. 11. szám 18).

<sup>10</sup> Gál I.L., *Istoricul și sistemul actual al reglementărilor privind combaterea spălării banilor din Ungaria (Infraționalitatea transfrontalieră*, Timișoara 2006).

<sup>11</sup> Gál I.L., *Some thoughts about money laundering* (Bizonyítékok Tiszteletkötet Tremmel Flórián Egyetemi Tanár 65. Születésnapjára Pécs, 2006, p. 169).

<sup>12</sup> Gál I.L., *Insider Trading. The New Hungarian Regulation* (European Law and National Legislation, ed.: Michal Tomašek Právnická fakulta Univerzita Karlova v Praze, Pravnafakulteta Univerza v Ljubljani Praha 2007).

<sup>13</sup> Gál I.L., *Some reason regarding to much dynamic changing chapter of Penal Code* (Collega 2002. február, 36-37).

<sup>14</sup> Recommendation no 3/2008 (XI.20) of Council of Financial Supervisory Authority regarding to Prevention and Combating of Money Laundering and Terrorist Financing

([http://www.pszaf.hu/data/cms649157/pszafhu\\_ajanlas\\_2008\\_3\\_mell2.pdf](http://www.pszaf.hu/data/cms649157/pszafhu_ajanlas_2008_3_mell2.pdf)) (2012.06.13).

## **1. Money laundering using unusual cash transactions<sup>15</sup>**

- a) Placement of an unusually big cash deposit and withdrawal it by a natural person (not legal person), especially if it cannot be combined with the given person's profession. The appearance of the client, solely does not explain the lack of suspicion in case of a large cash deposit. For example the identification documents and the appearance of a criminal are always 'clean', because he does not want to risk two think at once<sup>16</sup>.
- b) Radical and sudden increase of cash payments and/or cash deposits, either in the case of a natural person or a legal entity<sup>17</sup>.
- c) Clients, who possess more relatively small cash deposits, which summed up constitute a considerable amount of money<sup>18</sup>.
- d) Frequent money exchange in between different currencies.
- e) Significant cash movement within short period of time, on a previously 'frozen' bank account.
- f) Clients who arrive at the same time, to the same bank, and launch large sum of cash or currency operation.
- g) Multitude of cash transactions, with amounts just below the notification threshold.
- h) Cash deposits and cash payments within the same day without real cash movement in such way, to affect more clients' accounts.

## **2. Money laundering by using a bank account<sup>19</sup>**

- a) When a client has more bank accounts at the same bank, without justifying its business activity, often occurs money transfer between the accounts without rational reason. Only rational which can be stated in such cases are referring to bookkeeping techniques<sup>20</sup>.
- b) Cash flow on bank accounts of a natural person or a company does not refer to business, but there is a significant pay in to the bank account, or there is a transfer without any obvious purpose.
- c) Using general bank services in irregular way, like voluntary resignation from interest of a large sum of deposit.
- d) Regularly placement of a considerable sum of money by more people to the same bank account<sup>21</sup>.
- e) More people transfer small amounts of money regularly to same account, which is transferred to another account, which seemingly has no real connection with the original account.
- f) Assigning in a deposit a big sum of money, which the account owner offers as a warranty

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<sup>15</sup> Gál I.L., *The Techniques of Money Laundering* (Emlékkönyv Losonczy István Professzor halálának 25. évfordulójára Pécs, 2005, p. 133).

<sup>16</sup> Gál I.L., *Some question about contact between economic crimes and theoretical economics* (Tanulmányok Erdősy Emil professzortiszteletére Pécs, 200.).

<sup>17</sup> Gál I.L., *The old and new direction of prevention of money laundering in international and in EU law* (Európai Jog 2007. 1. szám).

<sup>18</sup> Gál I.L., *A XXI. Száz adójbüncselekmény-típusa: a terrorizmus finanszírozása* (Rendészeti Szemle 2009. 6. szám 65-68. oldal).

<sup>19</sup> Gál I.L., *The Fight against Money Laundering in Hungary* (Journal of Money Laundering Control Volume Eight, Number Two, December 2004., UK, London, társszerző: Dr. Tóth Mihály 187).

<sup>20</sup> Gál I.L., *Trecutul, prezentul și posibilul viitor al dreptului penal al afacerilor în lumina aderării la Uniunea Europeană* („Pandectele române” nr. 10/2007, decembrie, társszerző: Dr. Tóth Mihály).

<sup>21</sup> Gál I.L., *Glavne značajke mađarskog i hrvatskog sustava za sprečavanje prnaja novca* (Pravni aspekti prekogranične suradnje i EU integracija: Mađarska-Hrvatska, Pécs-Osijek 2011, társszerző: Igor Vuletič).

### 3. Suspicious transaction of economic companies

a) The owner of company is changed and the new owner's background and appearance (homeless) is incompatible with the company's activity, or after changing the owner the company's financial situation suddenly changes<sup>22</sup>.

b) Such company, which financial indicators noticeably differs from the others companies with similar activity.

c) The business owner sets more deposit in different bank branches on same days.

d) Account that devoid of rational business target or where the transactions cannot be combined with the owner of the account (incoming or outgoing transactions to or from tax haven countries)<sup>23</sup>.

e) Account that receive many small amount transfers, or where are effectuated many small amount payments, after that the total amount is transferred to a third account, in case this activity cannot be assigned with the company's regular activity.

f) The company regularly places a large sum of money and maintains large amount of balances, but does not engage any other financial services like loans, documentary credits, wages, tax payment, etc.

g) Financial affairs performed by money substitute tools, which are lacking essential data, or contains fictive recipients, false remitter etc.<sup>24</sup>

h) Unusual transfers between related accounts, or on such companies' account, between that besides the business relation there exists other explicit owner interlacements.

i) The rate of cash deposits, their placement and frequency cannot be combined with the company's activity<sup>25</sup>.

j) The appearance and abilities of the leader of company – who is entitled for registration – are not suitable for such position, especially, if the person who dispose for the account is not an employee of the company.

k) The same person or group of people dispose for more companies account, or accounts and money transfer is regularly on the accounts<sup>26</sup>.

l) On the account often happens recommitment due to fall through contract or to miss transfer of money<sup>27</sup>.

m) After funding a company with minimal capital, it launches transactions with significant turnover, and receives a huge loan from a bank.

n) Regularly and unduly members' loan provided for company, if the amount is suspiciously

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<sup>22</sup> Gál I.L., *The Impact of the Economic Crisis on the Criminal Law* (Biennial International Conference, 8<sup>th</sup> edition, Timișoara, 2010).

<sup>23</sup> Gál I.L., *Riot and violence in Hungary – Crime Against the State?* („Revista de științe juridice”, Craiova, 2007, p. 3).

<sup>24</sup> Köhalmi L., *Kampf gegen die Geldwäsche im Ungarischen Strafrecht* (Tanulmánykötet Erdősy Emil professzor 80. születésnapja tiszteletére, Pécs, 2005.).

<sup>25</sup> Gál I.L., *The Hungarian Legislation against Terrorist Financing* (Nové Jevy v Hospodářské a Finanční Kriminalitě Vnitrostátní a Evropské Aspekty Editor: Josef Kuchta Brno, 2008.).

<sup>26</sup> Köhalmi L., *Europäisierungstrend im Strafrecht – Mitgliedstaatliche Erfahrungen* (Infraționalitatea transfrontalieră, 2006).

<sup>27</sup> Gál I.L., *Einige Fragen zur Ermittlung der Geldwäscherei* (Policajné vedy a policajné činnosti Bratislava, 2008.).

high<sup>28</sup>.

o) Current account loan provided at one day, transferred at once, for companies which are in owner and finance relation between each other, without real economical content and at the end of the day all amount returns to transfer Initiator Company<sup>29</sup>.

#### **4. Money laundering using transaction related to investment<sup>30</sup>**

a) Request for such investment services, where resources of capital to be invested are not clear, or the investment is not related to the client's business activity<sup>31</sup>.

b) Purchasing bonds of high value, in such way that the each purchasing is just under the notification limit.

c) Purchasing, trading or holding stocks and shares without any business reason, or in unusual circumstances, like sharing stock and shares is not justified by the economic situation

d) Trading and purchasing illiquid stocks and shares which have no developed market rate, or which cannot or very hard obtained from public sources and this type of transaction cannot be assigned with the company's regular activity.

e) Ordering such derivative transaction in which the company gets in contact with same clients, realising continuous profit or losses.

f) Initiating complex transactions which are out of clients' perspective, affects many accounts and many companies, and in the series of the transactions bearer's bond are exchanged.

g) Regular orders for loss making transactions.

h) Initiation of ordering transactions in great quantity with cash payment.

i) Taking initiative for ordering more and correlated transactions by clients (regular companies), who have relationship with each other.

j) Running more securities account by the same client without any economical reason, and undetectable and untraceable turnover on each security account, but summing up these amounts the result is considerable.

k) Client who possess too many or too large amount of bond in physical form without any reason, even though it could be held electronically.

l) After purchasing shares taking out or transferring the purchasing price, and thereafter ordering a similar or larger transaction.

#### **5. Money laundering through credit transactions<sup>32</sup>**

a) Clients who suddenly pay back their troublesome credits.

b) Loan request for a caution, where the origin of caution is unknown or the caution does not correspond to clients' property status.

c) Financing request from the financial institution when is unknown the source of clients'

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<sup>28</sup> Gál I.L., *The Hungarian Legislation against Terrorist Financing* (Conferința Internațională bială Timișoara 2008), Elek B., *Economical crimes in the Hungarian Code Penal. Studies regarding criminality in the economic field romanian and hungarian legislations*. Agora University Oradea, TKK. 2008, p. 219-251.

<sup>29</sup> Köhalmi L., *Das sicheuropäisierendeungarische Strafrecht* (PhD tanulmányok Finszter Géza 60. születésnapjára, Pécs, 2005).

<sup>30</sup> Gál I.L., *The History and Present System of Anti-Money Laundering Regulation in Hungary* (Infraționalitatea transfrontalieră, Timișoara 2006, p. 359).

<sup>31</sup> Gál I.L., *The prevention of money laundering and the informatics* (Informatika és büntetőjog Pécs, 2006., társszerző: Dr. Molnár Csaba).

<sup>32</sup> Gál I.L., *Istoricul și sistemul actual al reglementărilor privind combaterea spălării banilor din Ungaria* (Infraționalitatea transfrontalieră, Timișoara, 2006, p. 368).

financial contribution<sup>33</sup>.

d) Loan request in such case when on other accounts of the client exist a large sum of money free to use.

e) Using loaned money in such way which cannot be combined with the disclosed target of loan.

f) Loan application submitted for off-shore company, or loan application assured by an off-shore banks' promissory notes<sup>34</sup>.

g) The object for loan request disclosed by client has no economic sense, or when the client propose to lodge cash security for the loan while refuse to explore the aim of the loan.

h) The client purchases deposit certificates and uses them for loan reassurance.

i) The client ensures the loan by cash deposit.

j) The client uses cash deposit placed in an off-shore financial institute for obtaining a loan.

k) The money obtained from a loan is redirected unexpectedly to off-shore area.

l) The client unexpectedly pays the loan or its majority back, without any economic event<sup>35</sup>.

m) The loan is paid back by such person whom the client has no financial relation.

## **6. Money laundering using international activities<sup>36</sup>**

a) Appearance of such companies with large sum of money which resides in a country famous for drug trading.

b) Keeping high balance, which is not compatible with the clients' regular turnover, and transferring it abroad.

c) Client which during its external trade activity deviate from ordinary payment mode used in the foreign country<sup>37</sup>.

d) It is suspicious when client transact a large amount of money with drug related countries, especially if the clients' business profile differs from the foreign country's commercial structure.

e) Transactions affected to off-shore bank or a "shell" bank which banks' name is very similar to the name of a larger financial institution.

f) Frequent money payments order in wherein the entitled or the obliged is an off-shore institute, and this type of orders cannot be assigned with the clients' regular business<sup>38</sup>.

g) The client transfers and receives payments (to or from tax haven countries) especially if these transfers have no business reason or these transfers cannot be assigned to clients' business or with the clients' past. Typical case when an off-shore reinsurer transfers a large sum of money as agent commission<sup>39</sup>.

h) Regularly repetitive transfers from bank account of a natural person to tax haven countries.

i) The client receives transfers or performs transfers with such amount of money which is

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<sup>33</sup> Gál I.L., *The money laundering as the global economic and criminal challenge* (Belügyi Szemle 2005. 6. szám).

<sup>34</sup> Gál I.L., *Criminal defence of Capital Market 1.* (Cégés Jog 2003. 1-2. szám).

<sup>35</sup> Gál I.L., *Announcement orcompliance?* (Penta Unio, Budapest, 2009, p. 30-35).

<sup>36</sup> Gál I.L., *Insider Trading. The New Hungarian Regulation* (=European Law and National Legislation, ed.: Michal Tomašek Právnická fakulta Univerzita Karlova v Praze, Pravna fakulteta Univerza v Ljubljani Praha 2007, p. 198).

<sup>37</sup> Gál I.L., *Criminal defence of Capital Market 2* (Cég és Jog 2003. 4. szám).

<sup>38</sup> Gál I.L., *Cooperation of international criminal law on combating against of money laundering* (Gazdasági büntetőjogi tanulmányok Pécs, 2005).

<sup>39</sup> Gál I.L., *Economical criminal law for economists* (Akadémiai Kiadó, Budapest, 2007).

just under the notification limit or the transactions are impact many banks but these transactions be assigned with clients' business activity.

### **7. Insufficient or suspicious information<sup>40</sup>**

a) Company hesitates to give complete information about its business destination, bank relations, employees, directors and the place of business activity<sup>41</sup>.

b) Client unwilling to provide information when opening an account or purchasing devices by cash above the notification limit.

c) Client without any references, local address or identification (passport, driving license or social insurance card) wants to open an account or who denies providing any other information which the bank requests for opening an account<sup>42</sup>.

d) The potential borrower hesitates or denies defining the purpose of the loan or the source of the repayment, or indicates a questionable purpose or source.

e) Client provides minimal information or the information seems be false or provides such information, which the bank cannot or very hardly verify, especially those related to identification<sup>43</sup>.

f) Possible client hesitates or denies providing references, or the provided references cannot be verified.

g) Persons who do not indicate on the loan application form the present and past employment.

### **8. Unusual characteristics or activities<sup>44</sup>**

a) Location of the account management bank or branch is too far from client address, mainly if exist nearer branch and there is no logical explanation for choosing a remote one.

b) Client or account, who/which often appears to cash deposit packed in so money belt that is used by other banks<sup>45</sup>.

c) Client never comes to bank, has many agent who perform cash payments.

d) Non explained, important deviation from conventional bank methods.

e) Risk taken by the client increasing suddenly in a non typical way<sup>46</sup>.

### **9. Attempts to avoid notification or the registration requirements<sup>47</sup>**

a) Client attempts to enter into financial transaction, which exceeds the certain threshold and when is informed about the registration and notification requirements takes back some of the

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<sup>40</sup> Gál I.L., *Trecutul, prezentul și posibilul viitor al dreptului penal al afacerilor în lumina aderării la Uniunea Europeană* („Pandectele române” nr. 10/2007, decembrie, társszerző: Dr. Tóth Mihály, p. 32).

<sup>41</sup> Gál I.L., *The counterfeiting* (Tanulmányok Vargha László tiszteletére Pécs, 2003).

<sup>42</sup> Gál I.L., *Environment of money laundering* (Tanulmánykötet Erdősy Emil Professzor 80. születésnapja tiszteletére Pécs, 2005).

<sup>43</sup> Gál I.L., *Old and new attempting of defining the concept of economic crime* (Rendészeti Szemle 2009. 7-8. szám).

<sup>44</sup> Gál I.L., *Riot and violence in Hungary – Crime Against the State?* („Revista de științe juridice”, Craiova, 2007. 3. 49.).

<sup>45</sup> Gál I.L., *Financing of money laundering and terrorism* (Emlékkönyv Irk Albert egyetemi tanár születésének 120. évfordulójára Pécs, 2004).

<sup>46</sup> Gál I.L., *The Fight against Money Laundering in Hungary* (Journal of Money Laundering Control Volume Eight, Number Two, December 2004., UK, London, társszerző: Dr. Tóth Mihály).

<sup>47</sup> Gál I.L., *The Hungarian Legislation against Terrorist Financing* (Nové Jevy v Hospodářské a Finanční Kriminalitě Vnitrostátní a Evropské Aspekty Editor: Josef Kuchta Brno, 2008, p. 238).

money to keep the transaction just under the notification limit.

b) Client takes money in a financial institution and insists to not fulfil the registration and notification forms.

c) Client sets more deposits under the notification limit on one account in a short time or the large deposits divide between more accounts to avoid the compulsory notification.

d) Client hesitates to provide information for the identification or to continue the transaction when is informed about the identifying obligation.

e) Client tries to pressure bank employee to not submit the provided registration and notification forms.

#### **10. Money laundering using life insurance<sup>48</sup>**

a) Radical and sudden increasing of cash deposit or payment performed either by a private person or by a company.

b) Considerable cash deposit linked to investment units in case of life insurance which cannot be assigned to clients' profile<sup>49</sup>.

c) Regular transaction directly under the identification limit.

d) Cash deposits or subtractions which cannot be assigned to clients' profile.

e) Having resort of services deviated from general regularity.

f) Company hesitates to give complete information about its business destination, bank relations, employees, directors and the place of business activity.

g) Client unwilling to provide information when making a contract.

h) Client without any references, local address or identification (passport, driving license or social insurance card) wants to open an account or denies providing any other information which the insurance company requests for making the contract.

i) Client provides minimal information or information seems to be false or provides such information which the insurance company cannot or very hard can verify especially regarding to identification.

j) Non explained, important deviation from conventional insurance activity methods<sup>50</sup>.

k) Client attempts to enter into transaction or make a contract which exceeds the certain threshold and when is informed about the registration and notification requirements the client modifies the contract to keep the transaction just under the notification limit<sup>51</sup>.

l) Client wants to deposit money and insists to not fulfil the registration and notification forms.

m) Client makes many contracts under the notification limit<sup>52</sup>.

n) Client hesitates to provide information for the identification or to continue the transaction when is informed about the identifying obligation.

o) Client pressures or tries to pressure an employee to not submit the provided registration

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<sup>48</sup> Gál I.L., *Einige Fragen zur Ermittlung der Geldwäscherei* (Policajné vedy a policajné činnosti Bratislava, 2008, p. 34).

<sup>49</sup> Gál I.L., *The Techniques of Money Laundering* (Emlékkönyv Losonczy István Professzor halálának 25. évfordulójára Pécs, 2005).

<sup>50</sup> Gál I.L., *Main characteristics of Hungarian and Croatian anti-money laundering systems* (Cross-border and EU legal issues: Hungary-Croatia Pécs-Osijek 2011., társszerző: Igor Vuletić).

<sup>51</sup> Gál I.L., *Dynamic and static money laundering – critical analysis of a new fact* (Magyar Jog 2008. 3. szám, társszerző: Dr. Sinku Pál).

<sup>52</sup> Gál I.L., *The objects of committing money laundering* (Tanulmányok Földvári József professzor 80. születésnapja tiszteletére Pécs, 2006).



and notification forms.

### **11. Money laundering with exchange<sup>53</sup>**

- a) Possessing unusual large amount of money if it cannot be assigned with the client's appearance, behaviour<sup>54</sup>.
- b) Regular, large amount of money exchange<sup>55</sup>.
- c) Client arrives together and performs at same time large amount of money exchange.
- d) Consecutive transactions directly under the identification limit.
- e) Regular and large amount of money exchange of rarely used currency.
- f) Client hesitates providing information for the identification.
- g) Client attempts to perform an exchange which exceeds the threshold and when is informed about the registration and notification requirements the client takes back some money to keep the transaction just under the notification limit.
- h) Small banknote currency exchange to bigger banknote, or trading it, or simultaneously purchasing another currency.

### **12. Money laundering by pawn activity<sup>56</sup>**

- a) Client suddenly pays back the pledge.
- b) Client regularly puts a huge quantity items in pawn office which one by one price is low but together have a high value and typically does not have been taken out of pawn.
- c) The appearance of clients' does not explain the possession of the item putted in pawn.
- d) Client is very nervous and based on the clients' behaviour may arise the suspicion to money laundering<sup>57</sup>.
- e) Clients' clothes or behaviour not comply with quality of the item putted in pawn.
- f) Client withdraws the transaction when realize the identification obligation.
- g) The reason given by client for loan has no economic sense or the client denies giving explanation for loan.
- h) Client buys certificate of deposit which uses to reassurance the loan.
- i) Client keeps the company seat in country enumerated in annex no. 4 or lives in one of enumerated country.
- j) Other person tries to take a valuable item out of pawn, for which has no acceptable explanation.

### **13. The transactions of suspicions of financing of terrorism<sup>58</sup>**

Terrorists by their behaviour, lifestyle take care to not cause a stir, to not give reason for

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<sup>53</sup> Gál I.L., *The Hungarian Legislation against Terrorist Financing* (Conferința Internațională bială Timișoara, 2008., 429).

<sup>54</sup> Gál I.L., *Explanation of legislation regarding to money laundering and financing terrorism*; HVG-Orac Lap és Könyvkiadó Kft. Budapest, 2012.

<sup>55</sup> Gál I.L., *Main characteristics of Croatian and Hungarian regulation against of money laundering* (Határon átnyúló és uniós jogi témák: Magyarország-Horvátország Pécs-Osijek 2011., társszerző: Igor Vuletič).

<sup>56</sup> Gál I.L., *Main characteristics of Hungarian and Croatian anti-money laundering systems* (Cross-border and EU legal issues: Hungary-Croatia Pécs-Osijek 2011. 198., társszerző: Igor Vuletič).

<sup>57</sup> Gál I.L., *Some question of prevention of crime regarding to counterfeiting* (Pécsi Határőr Közlemények Pécs, 2003).

<sup>58</sup> Gál I.L., *Glavne značajke mađarskog i hrvatskog sustava za sprečavanje prnaja novca* (Pravni aspekti prekogranične suradnje i EU integracija: Mađarska-Hrvatska, Pécs-Osijek 2011. 188., társszerző: Igor Vuletič).

suspicion in their environment, connection system and financial habits. Therefore in their regards cannot or hardly can be typed the describing of unusual transaction. Terrorists collecting money from illegal and legal sources too, besides the protection money, extortion, trading with drugs and weapons, they have legal activities like collecting sources from legally function foundations, or non-profit organisations or collect membership, or marketing publications<sup>59</sup>.

a) Could suspicious for example when a foreign client opens an account and require more than one bank cards. After opening the account long time passes – it could be more months – when appear a transfer or a cash deposit on the account which in a short time has been take of in cash via ATMs. As follows does not happen anything on the account then the process has been repeated<sup>60</sup>.

b) Could suspicion arising when more people cancelling their life insurance bond, and order to pay all value of bond for a same person.

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<sup>59</sup> N. Ryder, *The Financial Services Authority and money laundering: a game of cat and mouse*, „Cambridge Law Journal”, 2010, p. 637.

<sup>60</sup> Gál I.L., *Problems regarding to money criminal law concept Sanctions and interpretation of law* (Cég és Jog 2003. 11. szám).