Annex: Red Flags for Transactions Suspected to Involve Money Laundering or Terrorism Financing (Credit Co-operatives)

1. Products / Services – Deposit, Withdrawal, or Remittance
    (1) The aggregation of cash deposited into an account, or the aggregation of cash withdrawn from an account, reaches a specific amount within a certain period.
    (2) The aggregation of cash deposited into a customer's accounts, or the aggregation of cash withdrawn from a customer's accounts, reaches a specific amount within a certain period.
    (3) The aggregation of cash deposited by a customer, or the aggregation of cash withdrawn by a customer, with the amount of each transaction slightly below the currency reporting threshold, reaches a specific amount within a certain period.
    (4) A customer's account suddenly has deposits that accumulatively reach a specific amount (e.g. by depositing multiple promissory notes or checks into the account.)
    (5) An inactive account suddenly has deposits that accumulatively reach a specific amount and are transferred rapidly.
    (6) Immediately after a customer opens an account, payments that accumulatively reach a specific amount are deposited or remitted into the account and transferred rapidly.
    (7) Payments are intensively deposited into an account and transferred rapidly to the extent that the total amount or number of payments reaches a specific level.
    (8) A customer frequently transfers funds that accumulatively reach a specific amount between multiple customer accounts.
    (9) A customer frequently processes transactions in the form of cash withdrawal but such transactions have an effect of money transfer.
    (10) Each of a customer's deposit is followed immediately by a withdrawal with similar amount, and such transactions accumulatively reach a specific amount.
    (11) A customer frequently deposits or withdraws cash on behalf of other person, or an account is frequently deposited or withdrawn cash by a third party, to the extent that such transactions accumulatively reach a specific amount.

(12) A customer uses cash that accumulatively reaches a specific amount at a time to make multiple remittances or apply negotiable instruments (e.g. cashier's checks, due-from-bank checks and drafts), negotiable certificates of deposit, traveler's checks, beneficiary certificates, or other securities.

(13) A customer purchases or sells foreign exchange, foreign currency cash, traveler's checks, foreign currency drafts, or other bearer's financial instruments that accumulatively reach a specific amount.

(14) A customer frequently exchanges small-denomination notes for those of large-denomination, or vice versa.

2. Products / Services – Credit

(1) A customer suddenly repays loans that accumulatively reach a specific amount but fails to reasonably explain the source of funds.

(2) A customer uses large amount of cash, cash equivalents, high-value goods, or real estates, etc., or funds, assets or credits provided by unrelated third-parties as collaterals or guarantees to apply loans.

(3) Default on loans secured by cash, cash equivalents, or assets that can be easily converted into cash with the intention of having bank dispose such collaterals.

3. Products / Services – Safe Deposit Box

(1) A customer uses safe deposit box in an unusual frequent manner. For example, a customer frequently opens safe deposit box or rents multiple safe deposit boxes.

(2) A customer opens safe deposit box with several individuals, or an individual that is not the original lessee frequently opens the safe deposit box.

4. Products / Services – Others

Using personal accounts to conduct embassy, diplomatic representative office, or official affairs; or using accounts held by embassy, diplomatic representative office, or governments to pay personal expenses of foreign nationals (such as expenses for college students).

5. Unusual Transaction Activity / Behavior – Transaction Behavior

(1) Selling financial debts in large volume but requesting cash payments; frequently using traveler's checks or foreign currency checks that

accumulatively reach a specific amount without a reasonable explanation; lacking reasonable information of the underlying trade's quantities and prices in the transactions of issuing letters of credit that accumulatively reach a specific amount; or opening an account with large amount cashier's checks issued by another financial institution but seems to be suspicious ML/TF transaction.

(2) Deposit, withdrawal, remittance, or other transactions conducted by an individual involved in a special and material case that is instantly reported by television, press, internet or other media are apparently unusual.

(3) Several individuals together go to a bank to conduct deposit, withdrawal, remittance, or other transactions.

6. Unusual Transaction Activity / Behavior – Customer identification information
   (1) A customer has "Regulations Governing the Deposit Accounts and Suspicious or Unusual Transactions", "Template of Directions Governing Anti-Money Laundering and Combatting the Financing of Terrorism of Banks", or other circumstances that result in the incompletion of customer identification process.
   (2) A large number of customers share the same address, occupants of an address change frequently, or the address is not the actual residence address.

7. Terrorism Financing
   (1) Related parties of a transaction are terrorists or terrorist groups designated by foreign governments and notified by Financial Supervisory Commission, or terrorist groups identified or investigated by an international organization; or the fund for a transaction seems to, or is reasonably suspected to, have a connection with terrorism activities, groups, or terrorism financing.
   (2) Within a certain period, a young customer either withdraws or transfers funds that accumulatively reach a specific amount, transfers or remit funds that accumulatively reach a specific amount to hot areas of frequent military and terrorism activities or non-profit organizations, and immediately terminates relationship or closes the account.