

Republic of Serbia

MINISTRY OF TRADE,

TOURISM AND TELECOMMUNICATIONS

Market Inspectorate Sector

Number: 334-00-01206/2022-06

Date: 30 June 2022

 Nemanjina 22-26 

Belgrade

Pursuant to Article 68, in connection with Article 104 paragraph 1 item 5) of the Law on Prevention of Money Laundering and Terrorism Financing (*Official Gazette of the Republic of Serbia* Nos. 113/2017, 91/2019 and 153/2020), and Article 44 paragraph 1 of the Law on Public Administration (*Official Gazette of the Republic of Serbia* Nos. 79/2005, 101/2007, 95/2010, 99/2014, 47/2018 and 30/2018 – new Law), the Minster hereby passes this

**DIRECTIVE**

# **ON PUBLISHING THE INDICATORS TO RECOGNISE SUSPICION OF MONEY LAUNDERING OR TERRORISM FINANCING IN REAL ESTATE AGENTS**

The Ministry of Trade, Tourism and Telecommunications hereby passes this Directive on Publishing the Indicators to Recognise Suspicion of Money Laundering or Terrorism Financing in Real Estate Agents No. 334-00-01206/2022-06 of 30 June 2022, which brought the list of indicators to recognise suspicious transactions for Obliged Entities in real estate sale and lease brokerage in compliance with amendments to regulations in this field.

Pursuant to Article 69 of the Law on Prevention of Money Laundering and Terrorism Financing, real estate agents, as Obliged Entities according to this Law, shall include the indicators, which constitute an integral part of this Directive, in lists of indicators they prepare.

Obliged Entities shall apply the list of indicators in this Directive as of 31 July 2022.

On the date of publishing of this Directive, the Directive on Publishing the Indicators to Recognise Suspicion of Money Laundering or Terrorism Financing in Real Estate Agents of 8 July 2019 shall be repealed.

## LIST OF INDICATORS

1. The parties do not actually act on their behalf and they are trying to hide the identity of the actual client;
2. The client is trying to identify himself/herself by documents other than personal documents;
3. The client presents for inspection only copies of personal documents or inappropriate documents;
4. The client refuses to provide data normally collected in practice (personal data, address, occupation) and/or there are inconsistencies in enclosed documentation (dates, signatures and other data);
5. The client/legal entity provides an address which is a P.O. box number for communication with real estate agents, or the address where the client/legal entity is registered is unknown;
6. The client is publicly known, according to the media as a person involved in illegal economic (informal economy) and/or criminal activities;
7. The client substitutes the parties (brings a new person and presents him/her as a fictive person) immediately before implementation of the contract, without any explanation for such actions, and he/she is known for his/her illegal activities;
8. The client is trying to establish good and friendly relations with the staff of the real estate agent, and according to publicly available sources he/she has a criminal background;
9. The client who is interested in a real estate, which he/she has not seen himself/herself, is buying the real estate through agents (lawyers, proxies, close friends etc.), suspicion is rising because intelligence suggests that the client/buyer performs various business activities that are borderline illegal (illegally);
10. Real estate is purchased on the same day or within a very short period, particularly when significant difference from the market price is observed and it is assumed that the clients are related parties;
11. Intelligence suggests that the client has a substantial quantity of cash to purchase real estate and it is assumed that payment will be made in cash;
12. The value of offered real estate is high, and the client provides unreasonable answers on the manner of payment for the real estate, i.e. requests to make transactions exclusively in cash or combined with unreliable sources of payment.
13. The client shows great interest in fast purchase transaction, although there is no particular reason to do so, and requests fast formal conclusion of the contract and expresses the intent to use complex and unusual payment methods;
14. Transactions where the client requests payment consisting of several smaller payments, which cumulatively make up the price of real estate (fragmentation), particularly in case of high-value real estate where intelligence suggests that the parties are linked to illegal or criminal activities;
15. Intelligence suggests that the client has sources of finance in a foreign country, or outside the financial system, and wishes to contract payments in several smaller amounts using money transfer payment institutions (e.g. Western Union);
16. The client insists on new money transfer services, where there is a probability that real cash flow or participants in payment cannot be identified (Crypto currency, PayPall, Ерау etc.), which have not been available so far on the market at the real estate agent, or various electronic and other payment channels are used;
17. The client insists on electronic conclusion of the contract and electronic submission of a purchase order, and he/she is from a country known for production and distribution of narcotics, a country that does not have a regulated money laundering identification and prevention system and a country from the so-called “blacklist”, or a country suspected to incite terrorist activities and financing, although it is not certain that an intermediation service will be performed (APML website);
18. Several purchase transactions performed by a group of natural persons and/or legal entities (non-governmental, charity, religious or other non-profit organisations) which are assumed to be involved in illegal actions, and intelligence suggests that sources of money for the payment are unrelated parties;
19. The client offers a high real estate agent fee, with the aim of bribing so that the actions and duties under the Law on Prevention of Money Laundering and Financing of Terrorism are not complied with;
20. A transaction executed by the client is not in accordance with his/her usual business practice, and within a short period he/she makes several purchases without any economic or legally founded reasons, with the obvious aim of money placing;
21. The client does not show a particular interest in characteristics of real estate (the quality of construction, location, the date of completion and acceptance); instead, he/she wishes that the real estate sale and lease brokerage service is performed at any cost;

22. The client insists on the conclusion of the contract for a certain type of real estate or in a zone (area) where prices are known, without insisting particularly to learn competitive prices, which shows that his/her aim is to place money in real estate at any cost;

23. The client which is suspected to be linked with terrorist activities and/or is included in the UN sanctions list 1267, is interested in establishing business relations and investment in real estate (APLM website);

24. Transactions coming from countries/territories included in the “blacklist”, which do not apply regulations in the field of prevention of money laundering and where there is a high geographic risk of money laundering, whether the client is from such territories or not (APLM website);

1. Rent in the amount significantly higher than rent for real estate of similar characteristics in the same or similar location, which is paid in advance for a long period, when there is suspected criminal intent and fictive contract;
2. The client who has recently purchased a real estate is selling the real estate for a price several times higher than the purchase price, which is a sign of involvement of related parties for fictive money transfer and concealment of origin and layering;
3. The client requests that the transaction is performed urgently or requests that it is treated as confidential,
4. The client is very “talkative” about topics relating to money laundering or financing of terrorism;
5. The client is unusually well familiar with the legislation on reporting suspicious transactions, confirms fast to the real estate agent that funds are “clean” and that they were not laundered;
6. The client is trying to identify himself/herself otherwise, instead of by providing the statutory personal identity document;
7. The client suddenly shows great interest in mechanisms and functioning of the system for prevention of money laundering and financing of terrorism;
8. The beneficial owner of the client is a firm or a natural person registered in a tax haven, a country though which trade in narcotics is performed, or a country which did not regulate by the law the prevention of money laundering and financing of terrorism, while the general business operations indicate that the beneficial owner is a domestic natural person;
9. The client accesses from an IP address (Internet Protocol address) in a country and/or region included in the so-called “blacklist”.
10. The client is a national of a country which does not comply with the standards for prevention of money laundering and financing of terrorism;
11. The real estate agent has learned that the client was sanctioned for criminal offences;
12. The media links the client with terrorism / financing of terrorism/extremism and fundamentalism / religious radicalism;
13. Intelligence suggests that the client a bad reputation or suspicious sources of funds, uses virtual currencies in his/her business operations (e.g. bitcoin, litecoin) or uses alternative payment channels (e.g. Hawala, Hundi) to avoid regular financial channels;
14. The real estate agent doubts the veracity of the indicated purpose of transaction (e.g. assistance for one’s family, supporting a person, concepts often used by extremists and terrorists etc.), particularly in case of frequent orders where personal or business relations between participants in transaction cannot be determined;
15. Transactions for which employees at the Obliged Entity concluded based on their experience, knowledge and information on their disposal that they are not in accordance with the client’s usual activities.

Done in Belgrade, on 30 June 2022

 MINISTER

Tatjana Matić