



# AML CASE STUDIES

VinciWorks

**CREDIT SUISSE FOUND GUILTY**

**IN MONEY LAUNDERING CASE**

# Credit Suisse found guilty in money laundering case

Credit Suisse and a former employee were found guilty in a Swiss federal criminal court of failing to prevent money laundering. In what is the first time a Swiss bank has been subject to such criminal prosecution, the judges determined that the bank and the employee did not do enough to stop an alleged Bulgarian cocaine trafficking ring from laundering profits through the bank. The case precedes the scandal-ridden bank's eventual buyout by rival UBS in March 2023.

The case raised a number of red flags for:

- ✓ Banks
- ✓ Financial services
- ✓ Law firms

**146M CHF** in transactions

**43M CHF** in cash

## What happened?

The case centres on relationships that Credit Suisse and its ex-employee, a former Bulgarian tennis player, Elena Pampoulova-Bergomihad, had with former Bulgarian wrestler Evelin Banev, who was a major figure in a European cocaine smuggling ring, and his associates.

Pampoulova-Bergomihad joined Credit Suisse in 2004 and brought with her at least one Bulgarian customer, who was an associate of Banev. The customer, who was later shot dead as he left a restaurant with his wife in Sofia, Bulgaria in 2005, had begun placing suitcases full of cash in a safe deposit box at Credit Suisse.

According to court testimony, Pampoulova-Bergomi regularly collected bags of cash - some amounting to the equivalent of £400,000 - from associates of the wrestler. Ultimately, the former tennis player, who left Credit Suisse in 2010, carried out more than 146 million Swiss francs in transactions, including 43 million francs in cash.

## What did they do wrong?

The ring used a practice known as "smurfing," where a large sum of money is broken down into smaller amounts that are below the anti-money laundering alert threshold, to launder money, putting millions of euros in small-value bills into safety deposit boxes and later transferring them into accounts.

The bank contended that this was standard practice at the time the deposits were made, although Swiss private banks have since adopted much tougher anti-money laundering (AML) Know Your Client (KYC) checks after international pressure.

During court hearings Pampoulova-Bergomi noted that Credit Suisse learned of murders and cocaine smuggling allegedly connected to the Bulgarian gang but continued to manage their cash. She said that she informed her managers about events, including two murders, associated with the clients, but that they still decided to pursue the business.

The court heard evidence around the bank's role in accepting millions of Euros in bank deposits between 2004 and 2008, which it said was full of red flags.

The court ultimately said Credit Suisse made it possible for the crime ring to launder money through the bank by failing to monitor its accounts adequately and make sure the business complied with anti-money laundering rules.

"What is significant about this case is that Switzerland is taking legal action against a company and not just any company - Credit Suisse is one of the jewels in the Swiss crown," said Mark Pieth, a money laundering expert at the University of Basel

*"What is significant about this case is that Switzerland is taking legal action against a company and not just any company - Credit Suisse is one of the jewels in the Swiss crown"*



## What were the penalties?

Credit Suisse faces a fine of \$2.1 million and was ordered to pay around \$20 million to the Swiss government. Pampoulova-Bergomihad was found guilty of money laundering and received a 20-month suspended prison sentence and a £1.7 million fine, which was also suspended.

Credit Suisse said it would appeal the decision, noting that the alleged offences occurred over 14 years ago. The bank said it was “astonished to be charged” when prosecutors brought the case in December 2020 and noted that it is continually testing its anti-money-laundering framework and has been strengthening it over time. Pampoulova-Bergomihad’s lawyer said she wasn’t sufficiently trained by the bank, and will appeal.



## The risk indicators

The list of red flags in this case is long. To name a few, the client's origin, Bulgaria, a high-risk location, should have set off warning bells. Then there was the association with criminal elements, the high sums brought in cash - and often in suitcases. And of course, the murders that were brought to the attention of the bank.

The court agreed. It said it found deficiencies within Credit Suisse both with regard to the management of client relations with the criminal organisation and with regard to the monitoring of the implementation of anti-money laundering rules.

 High risk location

 Association with criminal elements

 High sums in cash

 Murders



## Postscript: Where are the bad guys now?

Banev is not facing charges in Switzerland but was convicted of drug trafficking in Italy in 2017 and then in Bulgaria in 2018 for money laundering. He vanished but was arrested in September in Ukraine.

According to Interpol's red list of wanted persons, Bulgarian prosecutors are seeking his extradition to face charges of setting up an organised criminal group for money laundering, while Romania seeks him for setting up a group for drug trafficking.

## AML client onboarding solution

Omnitrack, VinciWorks' [AML client onboarding solution](#) enhances both the risk assessment and document collection aspects of client onboarding.

Our template workflows adapt to the specific risks posed by each client, based on factors such as jurisdiction, type of entity and industry. This allows you to make informed choices about each client using the risk-based approach. Our comprehensive workflows incorporate industry-specific guidance such as LSAG for law firms.

The flexibility of Omnitrack lets you choose the default workflow most appropriate to your business. The workflow can be customised to suit your own areas of practice and risk scoring system. Our team will guide you through every step of the process.



## AML training suite - Relevant training for all staff

VinciWorks strives to make its [AML training](#) more than simply a tick-box exercise.

Our courses are packed with realistic scenarios, real-life case studies and every customisation option you can think of.

We have everything from in-depth induction training to refresher courses and five minute knowledge checks. Whichever industry, jurisdiction or job role you work in, a course can instantly be built just for your staff.



## AML audit

Our partners at [Compliance Office](#) have the expertise needed to help you conduct an independent, tech-enhanced AML audit, in accordance with the latest Legal Sector Affinity Group (LSAG) guidance.

Their team keeps their pulse on the latest AML requirements and your audit will be completed by former practising solicitors with many years of experience in law firm regulation, often former SRA staff.

You won't need to worry about dedicating extra time and internal resources to this critical process and you'll be free to enhance your compliance controls and fully adhere to regulatory requirements. Once the audit is completed, you'll receive a detailed report as well as an action plan that will be critical in helping your firm address any weaknesses



# VinciWorks

## Contact us

[www.vinciworks.com](http://www.vinciworks.com)

[enquiries@vinciworks.com](mailto:enquiries@vinciworks.com)

+44 (0) 208 815 9308