

**Indicators Related to
Gold and Precious Metals and Stones Sector**

Preface

The Gold Sector is considered one of the cash-intensive sectors, hence it is largely exploited by ML/FT criminals, pursuant to the latest global trends and tendencies and effective practices revealed and the indicators monitored in AML/CFT field, helping in designing and preparing effective systems and controls to reduce the risks of exploiting the Gold and Precious Metals Sector for ML/FT purposes.

Indicators Related to Customer:

1. Customer or supplier attempts to maintain a high degree of confidentiality regarding the transaction, such as requesting not to keep normal commercial records.
2. Customer is reluctant to give accurate information about his identity when making the purchase.
3. Customer or supplier incorrectly claims that he occupies a job with the commercial entity.
4. Supplier is unwilling to give complete or accurate contact information, or to provide financial documents and information about his commercial background or business connections.

Indicators Related to Transaction:

1. Customer purchases the goods randomly, regardless of their value, size or color.
2. Customer purchases a product and pays for it in cash, then cancels the transaction and gets a large amount of money back.
3. Customer requests that gold be converted into bars.
4. Paying a large amount in cash for a piece of jewelry or a precious metal.
5. Transaction is carried out at a huge amount from an unknown merchant.
6. Customer frequent purchases gold bars or other precious metals or precious stones for large amounts of cash inconsistent with the nature of the customer's activity and sources of income.
7. Customer inquires about the possibility of returning the goods and obtaining a check in return, especially when the customer requests that the check be issued in the name of a third party.

8. Selling gold bars, coins and precious stones from retail jewelry stores.
9. Purchases or sales are inconsistent with commercial practices in the relevant sector.

Indicators Related to Products, Services and Channels Used:

1. Customer uses non-banking financial institutions to conduct his transactions without a clear reason or economic benefits for that.
2. Large and regular payments are made in a currency other than the Kuwaiti Dinar.
3. Requesting a decrease in the value of the invoice or requesting structured, complex or multiple invoices.
4. Company's goods transportation process is vague.
5. Supplier offers a suspiciously low price or discount to speed up the transactions.
6. Paying large sums for shipments that have exaggerated insurance or less than their actual cost.
7. Newly established companies that record gold exports in large quantities within a significantly short period of time.
8. Companies which activity is related to the export of gold and precious stones mix funds and sell their products for less than their value, using successive invoices for the same period.
9. Exporting gold at prices below market prices, changing ownership and the bill of lading during the interim station (customs free trade area), to be imported at the final station (importing states) at higher values.
10. Using documentary credits and letters of guarantee to import gold, precious metals and precious stones at values that may be less than their real value.

Indicators Related to Geographical Location:

1. Customer or supplier is linked to a high-risk geographical location.
2. Location of the commercial entity, or a subsidiary or affiliate thereof, in states that do not apply the FATF policies.
3. Gold shops conduct transactions with sites not associated with mining or manufacturing gold and precious stones.