

**2022 SUMMARY REPORT ON ACTIVITIES**

**OF THE OFFICE OF THE REPUBLIC OF SLOVENIA FOR MONEY LAUNDERING PREVENTION**

INTRODUCTION

Article 130 of the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*] No. 48/22 – ZPPDFT‑2 and 145/22) provides that the **Office of the Republic of Slovenia for Money Laundering Prevention (hereinafter: the Office), which is the central state body for receiving, analysing and informing competent authorities about suspicious transactions and any other information on money laundering or terrorist financing,** has the obligation to report on its work to the Government of the Republic of Slovenia at least once a year.[[1]](#footnote-1)

The 2022 Work Report of the Office represents the Office’s **27th report to the Government of the Republic of Slovenia** and covers the period between **1 January 2022 and 31 December 2022.** This period is presented separately in terms of statistical and other numerical data, but for the purpose of year-on-year comparisons, the report also provides some data from previous periods.

ORGANISATIONAL CHART OF THE OFFICE

With the enforcement of laws preventing money laundering and terrorist financing and the establishment of anti-money laundering offices around the world 28 years ago, the system for detecting money laundering and terrorist financing has also assigned a special role to the obliged parties (financial and non-financial institutions)[[2]](#footnote-2) and anti-money laundering offices. The internationally established term for these offices is the **Financial Intelligence Unit (FIU)**, which broadly refers to their tasks of receiving, analysing and disseminating financial and other intelligence to the competent authorities. This task is also reflected in the definition of the Financial Action Task Force (FATF), which describes an FIU as the "**central national authority for receiving, analysing and reporting to the competent authorities on suspicious transactions and other information relevant to money laundering or terrorist financing.**"

According to their organisational form, the FIUs around the world are divided into administrative, police, prosecutorial/judicial and hybrid types, however the majority of them are administrative (in almost half of the EU Member States). Slovenia has also decided for the administrative type of the FIU, which does not have police competences, but has a special role in the detection and prevention of money laundering and terrorist financing.[[3]](#footnote-3) The advantage of such FIUs is also the possibility to develop trust and cooperation of the FIU with obliged entities, especially banks.

The Office is a**n administrative body within the Ministry of Finance of the Republic of Slovenia** and acts as a clearing house between financial system institutions on the one hand and criminal law enforcement authorities on the other. In accordance with its powers, it analyses suspicious transactions reported to it by obliged entities or other eligible proponents. If the Office finds reasons to suspect money laundering or terrorist financing or other criminal acts, it sends the collected data as a notification or information to the competent authorities (Police, State Prosecutor's Office, Financial Administration, Intelligence and Security Agency) for further processing. Regarding the Office's notifications to the Police/State Prosecutor's Office, it should be noted that this is intelligence information, part of which is the analysis of financial and other data. Such notifications are not considered as criminal complaints under the Criminal Procedure Act.

The Office’s The organisational chart has changed compared to 2021, based on amendments to the Public Employees Act[[4]](#footnote-4) and the Decree on the internal organisation, job classification, posts and titles in public administration and judicial [[5]](#footnote-5)bodies, as a **partial reorganisation** was carried out in 2022.Some tasks of individual sectors were reallocated, and some sectors were also renamed.

**Organisational chart of the Office**

In addition to management, the Office consists of five organisational units:

**General Affairs Division and IT support**

**International Cooperation Service**

**Inspection**

**Legal Affairs and Prevention Division**

**Suspicious Transactions Division**

CASH TRANSACTIONS, TRANSFERS TO THIRD COUNTRIES AND CASH TRANSFERS VIA EU BORDER

The Office receives from the obliged entities referred to in Article 4 of the ZPPDFT-2 and the Financial Administration of the Republic of Slovenia data on all transactions above a certain amount, namely:[[6]](#footnote-6)

data on all cash transactions exceeding EUR 15,000 (hereinafter: cash transactions);

data on all transfers exceeding EUR 15,000 made at the request of the customers to accounts in countries or to accounts of natural and legal persons residing or having their registered office in countries listed as high-risk countries or associated with an increased risk of money laundering or terrorist financing (hereinafter: transfers involving higher-risk countries), and

 data on cash transfers of EUR 10,000 or more across the Slovenian section of the European Union border in accordance with Regulation (EU) 2018/1672 on controls on cash entering or leaving the Union (hereinafter: cash transfers across the Community border).

CASH TRANSACTIONS EXCEEDING EUR 15,000

Pursuant to Article 75 of the ZPPDFT-2, obliged entities are required to report to the Office all cash transactions exceeding EUR 15,000.[[7]](#footnote-7)Since 1 September 2017, when the Rules on the method of reporting data to the Office of the Republic of Slovenia for t Money Laundering Prevention Official Gazette of the Republic of Slovenia [Uradni list RS], No 32/17) entered into force, the obliged entities are obliged to send data on cash transactions via secure electronic means.

In 2022, the Office received data by secure electronic means from obliged entities on **51,378 cash forms[[8]](#footnote-8) exceeding EUR 15,000 for a total amount of** **EUR 1,918,830,127** .

The share of reported cash transactions by sector is similar to that in previous years, **while the** **number** **of reported forms and the total amount of transactions reported increased by 20% and 24.9% compared to 2021, respectively. The average amount of cash per reported form increased by 4% compared to the previous year.**

***Table 1: Number and share of cash forms exceeding EUR 15,000 in the 2020-2022 period by obliged entity***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Obliged entity | 2020 |  | 2021 |  | 2022 |  |
|  | **Number** | **Share** | **Number** | **Share** | **Number** | **Share** |
| Banks | 30,769 | 85.01% | 35,358 | 82.27% | 43,451 | 84.26% |
| Savings institutions | 3,652 | 10.09% | 4,195 | 9.76% | 4,169 | 8.08% |
| Casinos | 1,771 | 4.89% | 3,410 | 7.93% | 3,875 | 7.51% |
| Others | 3 | 0.01% | 17 | 0.03% | 72 | 0.14% |
| Total cash transactions | **36,195** |  | **42,980** |  | **51,570** |  |
| Total amount | **1,280,791,830** |  | **1,536,055,994** |  | **1,918,830,127** |  |
| Amount/form | **35,386** |  | **35,739** |  | **37,208** |  |

A three-year comparison indicates that, as in previous years, the majority of cash transactions reported to the Office come from obliged entities in the banking sector, followed by savings institutions and casinos, while other obliged entities under the ZPPDFT-2 (e-money issuers, exchange offices, accountants, lawyers, notaries, etc.) report fewer than 100 cash transactions per year.

TRANSFERS EXCEEDING EUR 15,000 INVOLVING HIGHER-RISK COUNTRIES

Pursuant to Article 75 of the ZPPDFT-2, obliged entities must notify the Office within three working days at the latest of any transfer exceeding EUR 15,000 made at the customer's request[[9]](#footnote-9):

to accounts of natural and legal persons with a permanent or temporary residence or a registered office in countries with a high or increased risk of money laundering or terrorist financing, or

to accounts located in the countries referred to in the previous indent.[[10]](#footnote-10)

The list of countries with a high or increased risk of money laundering or terrorist financing was amended twice in 2022, reaching a total of 76 to 77 countries. The Office publishes these lists on its websites.

From 1 January 2022 to 31 December 2022, obliged entities reported to the Office a total of **9,299** **transactions amounting to DKK 168.366, EUR 665,024,601, GBP 91,669, TRY 4,496,872 and USD 176,878,019,** (**a total of EUR 832,217,361** **based on the exchange rate of 31 December 2022)**. These transactions were made on behalf of entities domiciled in a high risk country or transferred to bank accounts opened in a high risk country.

The total number of transactions involving high-risk countries increased significantly in 2022 (compared with **3,263** transactions worth EUR 635,412,734 in the previous year). This increase was mainly due to the inclusion of Turkey in the FATF's list of countries with strategic deficiencies.

CASH TRANSFERS OF EUR 10,000 OR MORE ACROSS EU BORDERS

Pursuant to Article 131 of the ZPPDFT-2, customs authorities are obliged to forward to the Office, within three days at the latest, data on each declared import or export of cash amounting to or exceeding EUR 10,000 when entering or leaving the EU. In 2022, a total of 57 **cash transfers were reported at Slovenia’s external EU border,** an increase of almost 25% compared to the previous year, when the customs authorities registered 46 transfers. There were no unreported cash transfers across EU borders in 2022.

The total amount of transfers was EUR **2,253,442, CHF 3,483,160 and USD 208,822 USD.** The largest number of transfers in Swiss Francs related to the replacement of old and damaged banknotes and inheritance, while transfers in euros related mostly to investments, personal consumption and real estate purchases.

MONITORING OF SUSPICIOUS TRANSACTIONS

In 2022, the Office received from the obliged entities referred to in Article 4 of the ZPPDFT-2 data on suspicious transactions, regardless of the amount, as well as data on persons, assets and property for which there are grounds for suspicion of money laundering or terrorist financing. Pursuant to the Decree on restrictive measures against the Democratic People's Republic of Korea (Official Gazette of the Republic of Slovenia [*Uradni list RS]*, No 18/2017), the Office is also responsible for receiving reports on suspicious transactions related to the prohibited development and proliferation of nuclear weapons. In 2022, the Office did not receive any such reports.

The Office may also start dealing with cases based on initiatives of the state and inspection authorities referred to in Article 108 of the ZPPDFT-2, as well as on the facts reported by the supervisory authorities referred to in Article 152 of the ZPPDFT-2. Pursuant to Article 114 of the ZPPDFT-2, the Office receives certain data from its foreign counterparts and verifies the records of cash transaction, the records of transfers of cash across the borders of the European Union and the records of transfers involving countries with an increased or high risk of money laundering and terrorist financing, which may also serve as a basis for initiating the collection of data on suspicious transactions, property or persons.

Pursuant to paragraph two of Article 94 of the ZPPDFT-2, the Office receives, collects, reports and analyses data and information. Articles 110 and 111 of the ZPPDFT-2 empower the Office to notify the competent authorities in cases where it considers that there are grounds for suspicion of money laundering or terrorist financing or other officially prosecuted offences for which a custodial sentence is imposed in transactions.

GROUNDS FOR SUSPECTING MONEY LAUNDERING OR TERRORIST FINANCING

In 2022, the Office received pursuant to the provisions of the ZPPDFT-2 a total of **1,123 reports of suspicious transactions or activities relating to the grounds for suspicion of money laundering and 38 reports were based on grounds of suspicion of terrorist financing.**

Based on all reports, the Office opened **1,161 cases** and processed them in accordance with the provisions of the ZPPDFT-2. The processed reports, together with comparative data for the 2019–2022 period, are categorised in this report according to the following:

Reporting entities,

Number and dynamics of pending and closed cases,

Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds of suspicion of money laundering,

Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds of suspicion of terrorist financing,

Cases referred to the Criminal Police Directorate of the Ministry of Interior and other competent authorities on grounds of suspicion of committing other criminal offences,

Authorisation to temporary suspend transactions,

The value of temporarily seized dirty money and assets,

The typology of suspicious transactions.

Reporting entities

More detailed information on the entities reporting suspicious transactions and the individuals involved, which formed the basis for cases opened and investigated by the Office in 2022, is provided below. This information also includes data on reports from 2019 for year-on-year comparisons. The table below lists the reporting entities, as explicitly specified in the ZPPDFT-2, since the Office can only investigate specific cases and exercise its powers based on such reports.

*Table 2: Number and share of cases by reporting entities in the 2019–2022 period*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 |  | 2020 |  | 2021 |  | 2022 |  |
|  | **ML** | **TF** | **ML** | **TF** | **ML** | **TF** | **ML** | **TF** |
| 1. REPORTS OF OBLIGED ENTITIES  | **889** | **24** | **893** | **51** | **860** | **19** | **840** | **34** |
|  | **85.65%** | **77.42%** | **82.38%** | **96.23%** | **80.00%** | **67.86%** | **74.79%** | **89.47%** |
| Banks | **755** | **8** | **737** | **5** | **732** | **6** | **776** | **4** |
| Savings institutions  | **84** |  | **87** | **1** | **57** |  |  |  |
| Post Office | **7** |  | **17** |  | **4** |  | **1** |  |
| Brokerage companies and management companies of investment funds | **10** |  | **4** |  | **3** |  | **1** |  |
| Leasing | **2** |  | **1** |  | **1** |  | **3** |  |
| Auditors and accountants | **5** |  |  |  | **1** |  |  |  |
| Casinos | **9** |  | **1** |  |  |  |  |  |
| Other organisers of games of chance | **1** |  | **1** |  |  |  | **3** |  |
| Goldsmiths | **1** |  |  |  | **1** |  | **4** |  |
| Real estate agencies |  |  |  |  |  |  | **1** |  |
| Insurance companies |  |  | **1** |  |  |  |  |  |
| Virtual currencies |  |  |  |  | **6** |  |  |  |
| Payment service providers | **5** | **16** | **38** | **45** | **23** | **13** | **32** | **30** |
| Other obliged entities | **3** |  | **4** |  | **29** |  | **17** |  |
| Notaries | **2** |  | **1** |  | **1** |  | **1** |  |
| Lawyers | **5** |  | **1** |  | **2** |  | **1** |  |
| 2. INITIATIVES OF STATE AUTHORITIES | **81** | **5** | **115** | **1** | **128** | **5** | **167** | **1** |
|  | **7.80%** | **16.13%** | **10.61%** | **1.89%** | **11.91%** | **17.86%** | **14.87%** | **2.63%** |
| Ministry of the Interior, Criminal Police Directorate | **48** |  | **70** |  | **99** | **3** | **142** |  |
| State Prosecutor’s Office | **20** |  | **17** |  | **9** |  | **6** |  |
| Ministry of Finance, Financial Administration |  |  |  |  | **4** |  |  |  |
| Court | **4** |  | **3** |  | **4** |  | **2** |  |
| Commission for the Prevention of Corruption |  |  | **1** |  | **1** |  | **1** |  |
| SLOVENIAN INTELLIGENCE AND SECURITY AGENCY | **9** | **5** | **24** | **1** | **11** | **2** | **16** | **1** |
| MINISTRY OF DEFENCE, INTELLIGENCE AND SECURITY SERVICE |  |  |  |  |  |  |  |  |
| 3. REPORTING OF THE FACTS OF SUPERVISORY AUTHORITIES | **14** |  | **16** |  | **14** |  | **17** |  |
|  | **1.35%** | **0.00%** | **1.48%** | **0.00%** | **1.30%** | **0.00%** | **1.51%** | **0.00%** |
| SECURITIES MARKET AGENCY | **1** |  | **1** |  |  |  |  |  |
| Ministry of Finance, Financial Administration | **2** |  | **1** |  |  |  |  |  |
| Market Inspectorate |  |  |  |  | **1** |  |  |  |
| Bank of Slovenia | **11** |  | **13** |  | **13** |  | **17** |  |
| Insurance Supervision Agency |  |  | **1** |  |  |  |  |  |
| 4. OFFICE ON ITS OWN INITIATIVE  | **1** |  | **2** | **1** | **18** |  | **25** |  |
|  | **0.10%** | **0.00%** | **0.18%** | **1.89%** | **1.67%** | **0.00%** | **2.23%** | **0.00%** |
| 5. FOREIGN FIUs  | **53** | **2** | **58** |  | **55** | **4** | **74** | **3** |
|  | **5.11%** | **6.45%** | **5.35%** | **0.00%** | **5.12%** | **14.29%** | **6.59%** | **7.89%** |
| TOTAL | **1038** | **31** | **1084** | **53** | **1075** | **28** | **1123** | **38** |

In 2022, **1,161** **cases** were opened based on suspicious transactions reported by reporting entities and other data, namely:

**874** cases based on **suspicious transactions reported by obliged entities;**

**168** cases based on **initiatives of state authorities;**

**17** cases based on **facts reported by supervisory authorities;**

**25** cases based on **facts reported otherwise;**

**77** cases opened on the basis of data from **requests of foreign FIUs engaged in anti-money laundering and terrorist financing.**

Table 2 shows that the Office received most suspicious transaction reports from obliged entities (financial and non-financial institutions), among which banks stand out in terms of the number of reports sent, as they send the Office the largest number of reports each year, in relation to which they believe that there are reasons to suspect money laundering or terrorist financing. A similar trend was also noted in 2022, when out of the total 1,161 reports as many as 874 cases were opened based on data reported by banks, which accounted for 75.19% of the total number of cases pending.

Number and dynamics of opened and closed cases

The table below shows the number of opened and closed cases in the period 2012–2022, i.e. the increase and closure of cases that the Office handled due to suspicion of commission of criminal offences of money laundering or terrorist financing.

***Table 3: Overview of opened and closed cases handled by the Office in the period 2012–2022***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| YEAR | RECEIVED | NOTIFICATIONS | INFORMATION | RESOLVED BY THE OFFICE | TOTAL CASES RESOLVED | NUMBER OF WRITINGS SENT[[11]](#footnote-11) NOTIFICATIONS/INFORMATION |
| 2012 | 559 | 175 | 73 | 130 | 378 | 132/64 |
| 2013 | 600 | 170 | 109 | 156 | 435 | 135/83 |
| 2014 | 480 | 190 | 124 | 207 | 521 | 157/111 |
| 2015 | 521 | 259 | 107 | 206 | 572 | 190/95 |
| 2016 | 449 | 245 | 151 | 136 | 531 | 185/128 |
| 2017 | 558 | 243 | 117 | 75 | 435 | 181/92 |
| 2018 | 787 | 328 | 149 | 82 | 559 | 253/129 |
| 2019 | 1069 | 351 | 243 | 187 | 781 | 259/170 |
| 2020 | 1137 | 450 | 486 | 298 | 1234 | 362/354 |
| 2021 | 1103 | 493 | 872 | 516 | 1931 | 434/801 |
| 2022 | **1161** | **314** | **418** | **339** | **1071** | **285/401** |

The table shows that the Office **opened 1,123 cases** in 2022 and **concluded 1,071 cases** in the same period.

In 2022, cases were concluded as follows:

309 cases were concluded through **285 suspicious transaction notifications** forwarded to the Criminal Police Directorate at the Ministry of the Interior, and in some cases also to the State Prosecutor’s Office and other competent institutions on the grounds of suspicion of money laundering. They accounted for **29.31%** of all cases concluded in 2022;

418 cases were concluded through **401 written notifications** on the grounds of suspicion of other criminal offences set out in Article 111 of the ZPPDFT-2. They were therefore forwarded to competent authorities (Police, Financial Administration). These cases accounted for **39.02%** of the total number of cases concluded in 2021.

**339 cases were** **concluded and archived at the Office**. No grounds for suspicion of money laundering, terrorist financing or any other officially prosecuted criminal offence referred to in Article 111 of the ZPPDFT-2 were found in these cases. They accounted for **31.65% of** all cases concluded by the OMLP in 2022;

**21 cases** were concluded by sending **spontaneous information** to foreign related financial and intelligence units.

In 2021, he office's management changed the way operational analyses are carried out. Based on the above, the closure of cases by transferring reports to another authority for resolution, a declaratory decision, and the closure of cases by sending spontaneous information to related foreign financial intelligence units were newly introduced. Cases closed in the aforementioned ways were not included in Table 5 of the 2021 Activities Report, as the Office did not use such methods for concluding cases in previous years.

It has been determined that the methods of closing cases described above were substantively identical to information (referral of reports to another authority for resolution) and cases closed at the Office (declaratory decision), and therefore they were included as such in this year's report in statistical data. This report still specifically shows cases closed through spontaneous information, but these will need to be re-evaluated next year, as the Office will not use such methods of closing cases in the future.

The data show a significant decline in the number of resolved cases regardless of the resolution method: the number of cases resolved through notification, the number of cases resolved through information, and the number of cases concluded at the Office declined by 36%, 53% and 35%, respectively. The reason for the decline is that in 2021 most cases were concluded without a previous operational analysis, so that more cases were resolved than in 2022.

Based on data from previous years, **the number of reports received** or cases opened on their basis in 2022 was **5% higher** than in 2021 and **just over 24% higher** than the last five-year average. The average number of reports for the 2018-2022 period was 1,052 per year, which was **a very high average** compared to the aannual number of reports per capita in other countries.

Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds for suspicion of money laundering under Article 245 of the Criminal Code

Among the concluded cases, those in which additional data collection and analysis revealed grounds for suspicion of the commission of a criminal offence of money laundering, together with supporting documentation pursuant to Article 110 of the ZPPDFT-2, were referred to the Criminal Police Directorate of the Ministry of the Interior and, in some cases to the competent State Prosecutor's Office, for further investigation.

In 2022, **the** **analysis of 309 cases gave rise to suspicion of a criminal offence of money laundering.** As a result, these cases were referred to the Criminal Police Directorate of the Ministry of the Interior and/or to the Public Prosecutor's Office through **285 written notifications (notifications** related to suspicions of terrorist financing, as outlined in point 3.1.4). The reason why the number of cases is greater than the number of notifications sent is that some notifications contained several interconnected cases. In addition to the aforementioned suspicious transaction reports, **83 amendments** to previously submitted suspicious transaction reports were sent to the Criminal Police Directorate of the Ministry of the Interior and/or the State Prosecutor's Office in 2022.

The Office indicated the crime of fraud under Article 211 of the Criminal Code as the most likely predicate crime in more than one half of the notifications and crimes committed abroad in approximately 15% of all notifications.

In 2022, the Office **investigated 451 domestic natural and legal persons and 293 foreign natural and legal persons** included in suspicious transaction notifications on the grounds of suspicion of having committed the crime of money laundering. Compared to the previous year, the Office handled approximately 28% fewer people than the previous year, with the average number of people per notification increasing from 2.07 people per notification to 2.6 people per notification. The declining trend in foreign persons investigated (54% of all persons investigated in 2020 and 42% in 2021) continued in 2022, when the share of foreigners among all persons investigated was 39%.

As in previous years, foreign individuals from Italy make up the majority, accounting for 13% of all foreign persons, followed by citizens of Slovakia (7%) and Germany (4%).

The amount of money related to suspected criminal activity decreased in 2022 compared to the previous year both in euros and US dollars. **The average amount per case handled decreased to approximately EUR 608,000.**

Cases referred to the Criminal Police Directorate of the Ministry of the Interior on grounds of suspicion of terrorist financing under Article 109 of the Criminal Code

In 2022, the Office also received **38 reports** on identified transactions that could be **related to terrorist financing.** Almost all of these reports were received from obliged entities, three reports from related authorities abroad and one from the Slovenian Intelligence and Security Agency.

When analysing these reports, the Office identified the reasons for suspecting the commission of the crime of terrorist financing under Article 109 of the Criminal Code in five cases, which is why they were sent to the competent authorities in the form of **four notifications.** These notifications dealt with 15 persons, ten of whom were foreign.

With regard to cases relating to suspected crimes of terrorist financing under Article 109 of the Criminal Code, the number reports on such cases increases every year, as, for example, only five reports relating to suspicions of terrorist financing were received. Of the 38 reports on cases of terrorist financing received in 2022, a good 89% originated from obliged entities. The above table shows that the same number of persons was investigated in 2022 as in the year before, while the amount involved in cases dealt with reasons other than suspected crime of money laundering shows a sharp decline.

In most of the other reports on suspected terrorist financing received, the Office identified the reasons for suspecting the commission of the criminal offense of illegal crossing of the state border under Article 308 of the Criminal Code.

For the purposes of terrorist financing prevention, the list of persons and organisations from the EU and UN lists against whom certain financial sanctions are applied based on EU Directives and United Nations Resolutions (Consolidated List of Persons, Groups, Entities subject to EU Financial Sanctions) is subject to regular checks. With the introduction of a new suspicious transaction reporting system, these checks are carried out immediately upon receipt of the report. In 2022, these checks did not show that any of the persons from the list carried out a financial transactions or was connected with financial transactions executed in Slovenia.

Exercise of authority to temporarily suspend transactions

Pursuant to Article 105 of the ZPPDFT-2, the Office is authorised to issue an order temporarily suspending a transaction for a maximum of three working days if it deems that there are reasonable grounds to suspect that a criminal offence of money laundering has been committed. In 2022, the Office exercised this authority **in 19 cases, suspending transactions in a total amount of EUR 1,147,562 on 27 bank accounts and one electronic wallet in Slovenia and two bank accounts abroad.** In part of these cases, prior to the expiry of the temporary suspension of transaction, the State Prosecutor's Office proposed a temporary injunction to dispose of funds in the affected accounts. On the basis of this proposal, the courts issued orders to temporarily secure the funds in the accounts.

Value of temporarily secured assets in money laundering cases

With the adoption of The Act Amending the Prevention of Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No 145/2022 – ZPPDFT-2A), paragraph three of Article 132 of the ZPPDFT-2 was deleted. This provision had previously required State Prosecutor's Offices and courts to notify the OMLP about individuals who had been charged or accused, as well as about ongoing pre-trial or criminal proceedings against them.

In view of the foregoing, the below Table 9 shows only the total amount of temporarily secured assets as of 31 December 2022 and no longer the amounts by type of assets seized.

***Table 4:***  ***Amount of temporarily seized assets in Slovenia and abroad as at 31 December 2022***

|  |  |
| --- | --- |
| AMOUNT | CURRENCY |
| 134,326,247.19 | **EUR** |
| 30,822.80 | **USD** |

A comparison of data on temporarily secured assets in 2021 (EUR 159,646,668 and BTC 12.0995) shows that the total **amount of temporarily secured assets decreased by approximately 16%.**

Value of confiscated assets in money laundering cases

In 2022, courts issued six final judgments of conviction for the crime of money laundering under Article 245 of the Criminal Code, ordering the confiscation and restitution of property derived from criminal activity, in addition to imposing prison sentences and fines as an accessory sentence. This chapter only provides data on financial effects of judgments, while data on all final sentences are presented in Section 4.1.5.

Judgments delivered in 2022 included prison sentences with an average duration of 13 month to five individuals, and suspended prison sentences with an average duration of 12 months to three individuals. In addition, two individuals were sentenced to confiscation of assets totalling EUR 247,855, payment of restitution totalling EUR 450,341 and accessory fines totalling EUR 76,550.

By the end of 2022, the courts had confiscated EUR 5,730,176 based on all final judgments of conviction for the offence of money laundering. In cases still pending final judgment where assets were confiscated under Article 498a of the Criminal Procedure Act, the courts ordered the restitution of EUR 32,752,527 in illicit proceeds and imposed fines totalling EUR 1,395,689 as accessory sentences.

Despite a satisfactory overall number of judgments and assets confiscated, the Office notes **a significant gap between the value of assets temporarily confiscated on an annual basis and the value of permanently confiscated assets.** The Office also notes that some judgments do not include asset confiscation orders in their operative part, although orders to temporary secure the funds have been issued in such cases.

Typology of suspicious transactions

On the basis of analysis of suspicious transaction (cases), which were submitted to the competent authorities (Police/State Prosecutor's Office), it has been established that the typology of those suspicious transactions has not changed significantly in comparison with the previous year. In most of the cases investigated, the classical money laundering techniques associated with the first (placement) and second (layering) stages of money laundering were still prevalent, while in some cases all three money laundering stages were involved.

A specific money laundering **typology** is identified when a **pattern or series of similar procedures (methods) is used to conceal the illicit origin of money or other assets.** These typologies typically include the following key elements:

a **money laundering mechanism** is an environment or the system, where money laundering activities are carried out in part or in full, and primarily comprises the following groups: financial institutions (banks, savings institutions, brokerage companies, leasing companies), notaries, lawyers, private individuals, legal entities (domestic and foreign companies, shell companies, off-shore companies, sole traders, associations), and money transfer systems (Western Union, MoneyGram), trade in precious metals, gaming halls and casinos, virtual currency exchange platforms, etc.;

a **money laundering technique** is the way in which money laundering activities are carried out. These include cash withdrawals and deposits, the electronic transfer of funds between bank accounts (wire transfers), the use of alternative fund transfer systems, cross-border cash transfers, currency exchange, smurfing transactions, concealment through third parties, the use of the foreign accounts, etc.;

a **money laundering instrument** is the carrier of value used for money laundering operations. These include cash and other forms of money, cheques, bills of exchange, securities, investment gold or precious metals, real estate, vehicles and vessels, companies, virtual currencies, etc.

To understand the above typologies of money laundering and the basic elements associated with them, it should be emphasised that several basic elements of the typology may appear in a single case, so their sum does not mean the total number of cases, as several basic elements of the typology may be identified in a single case. Considering the presence of individual basic elements of money laundering typologies in 2022, the following was found:

The most commonly used **money laundering mechanisms** in 2022 are:

**Financial institutions** (banks and savings banks): the financial (banking) system was used **in 264 cases.** The most frequently used services of financial (banking) institutions or the financial system that were used to launder money included **the accounts of companies and individuals with banks**, of which at least 109 cases involved accounts abroad, meaning that foreign legal entities or individuals used accounts in Slovenia or that Slovenian legal entities and individuals used accounts abroad;

**private individuals** were involved **in 226 cases.** The method of use varied, either as self-laundering, when a private individual committed both the predicate offence and the criminal offence of money laundering, or the use of natural persons as proxies or as third parties through whom money laundering activities were carried out;

**legal entities** were involved **in 152 cases,** of which in at least six cases as shell companies;

**money transfer systems** (MoneyGram and Western Union) were used in **nine cases;**

**virtual currency service providers** were involvedin **12 cases;**

**mobile or electronic wallets** were used as money laundering mechanism in **five cases.**

In 2022, the most frequently identified **money laundering techniques** included the following (found in more than one case):

**transferring funds between accounts** (approximately 83% of the cases);

**transferring funds between countries** (approximately 74% of the cases);

**using accounts of individuals** (approximately 71% of the cases);

**using accounts of legal entities** (approximately 54% of the cases);

**using accounts abroad** (approximately 39% of the cases);

**cash withdrawals from accounts** (approximately 31% of the cases);

**cash deposits into accounts** (approximately 13% of the cases);

**cross-border money transfers** (approximately 12% of the cases);

**fraudulent misrepresentation of the purpose of the transfer** (approximately 8% of the cases);

**using online mobile banking** (approximately 6% of the cases);

**smurfing and avoiding identification** (approximately 5% of the cases);

**using funds for business activities** (approximately 4% of the cases);

**via authorised representatives** (approximately 4% of the cases);

**creating fraudulent liabilities** (approximately 3% of the cases);

**using fictitious contracts** (approximately 3% of the cases);

**using money transfer schemes** (approximately 3% of the cases);

**using mobile/electronic wallets** (approximately 2% of the cases);

COOPERATION WITH OTHER STATE BODIES IN DETECTING, INVESTIGATING AND PROSECUTING MONEY LAUNDERING

During the period under review, the Office actively cooperated with the Ministry of Internal Affairs, the Specialized State Prosecutor's Office, the Financial Administration and the Slovenian Intelligence and Security Agency in detecting and investigating money laundering crimes. In specific cases, the Office also collaborated with criminal investigators from several police departments and even police stations, as well as other state prosecutors. Cooperation with the aforementioned state bodies took place both at head of department level and at the operational level between authorised representatives of state authorities.

In 2022, the Office did not participate in any new **specialised investigation teams**. From its establishment until the end of 2022, the Office participated in a total of 73 specialised teams, 55 of which were established in accordance with the Confiscation of Assets of Illicit Origin Act. Cooperation with the police is considered to be good, as it took place both at the level of specific cases and at the level of mutual training and joint training of those liable under the ZPPDFT-2.

In 2022, proceedings were initiated in **70** cases in which suspected crimes of money laundering under Article 245 of the Criminal Code- were addressed in pre-trial or criminal proceedings. In 67 of these cases, pre-trial proceedings were initiated based on a police report, while in three cases the prosecution initiated the proceedings independently.

**In the period 1995–2022, pre-trial or criminal proceedings were initiated in 716 cases due to reasonable grounds for suspicion of a crime of money laundering being committed.**

Below is a more detailed assessment of the fight against money laundering performed by the Police, the State Prosecutor's Office and the judiciary.

CRIMINAL ACTS AND THE IMPLEMENTATION OF ARTICLE 132 OF THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING ACT

In accordance with Article 132 of the Prevention of Money Laundering and Terrorist Financing Act, the courts, prosecutors’ offices and other state bodies must forward to the Office data on criminal offences of money laundering and terrorist financing in order to enable the centralisation and analysis of all data related to money laundering and terrorist financing, Under this article, state bodies must report certain data to the Office on a regular basis and inform the Office once a year about the findings in relation to the notifications and information received, while state prosecutors' offices and courts must inform the Office about the persons and procedures against whom pre-trial, criminal or offence proceedings are pending.

**Acting within the scope of their powers, the Police and the State Prosecutor’s Office filed criminal complaints or initiated criminal proceedings in 70 cases in 2022.**

In 2022, the number of newly initiated criminal and pre-trial proceedings increased **from 49 to 70 proceedings** compared to the year before, which is the largest number of newly initiated proceedings on annual basis.

In the last five years, 30% of all money laundering proceedings have been initiated since 1995.

Police statistics on money laundering crimes

Based on data on criminal reports filed, which the police must promptly report to the Office, it was determined that in 2022 the police filed **63 criminal complaints** for money laundering crimes, **31 of which contained information that the Office had reported to the police in its writings.**

In the period 2012–2022, the police filed a total of more than **480 criminal complaints** on the grounds of reasonable suspicion of money laundering crimes.

In 2022, the police filed a total of 63 criminal complaints on the grounds of money laundering crimes, which is the largest number of criminal complaints filed on an annual basis so far. In previous years, approximately 60% of all criminal complaints filed on the grounds of suspicion of money laundering crimes were based on notifications from the Office, while, in the past two years, the share of criminal complaints filed on the basis of notifications received from the Office declined.

State Prosecutors’ statistics on money laundering crimes

In pre-trial proceedings, the Prosecutor's Office directs the work of the Police in detecting criminal offences, and as a law enforcement authority, based on criminal complaints from the police, it proposes to the investigating judge to launch a judicial investigation or files direct indictments against suspects. The Prosecutor's Office thus participates in all phases of pre-trial and criminal proceedings, as can be seen from Section 4.1.4, which describes the phases of proceedings in cases related to the crime of money laundering. The following only includes data on cases where prosecutors themselves initiated proceedings without a prior criminal complaint from the police for money laundering.

The Prosecutor's Office data received by the Office show that **prosecutors initiated seven new pre-trial or criminal proceedings on their own, without prior criminal charges from the police in 2022.** In the period 2012–2022, Prosecutors' Offices launched proceedings in **83 cases** themselves without prior police reporting (of which 26 were based on notifications or information from the Office), which is shown in the following graph by year.

***Chart 1:***  **Number of independently initiated prosecution proceedings for crimes of money laundering (without a prior criminal complaint filed with the Police for money laundering) in the period 2012–2022**



In the period 2010–2016, the Prosecutor's Office independently initiated the prosecution of money laundering crimes under Article 245 of the Criminal Code in an average of 12 cases per year, while the period 2017–2022 witnessed a significant decrease, as it initiated proceedings in an average of four cases. As shown in Section 4.1.4., despite the above the Prosecutor’s Office did not reduce the number of decisions to continue prosecution in other stages of criminal proceedings.

Statistics on pre-trial and criminal proceedings for crimes of money laundering

The data for 2022 received by the Office from the State Prosecutor's Offices show that, as of 31 December 2022, there were **799 cases against 1,364 natural persons and 181 legal entities in various stages of prosecution (from the filing of a criminal complaint to the final decisions of the courts).**

The table below shows the number of cases by stage and the number and the type of suspected, accused or convicted persons.

***Table 5:***  ***Stages of proceedings in which cases were related to the commission of money laundering crimes on 31 December 2022***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| STAGES OF THE PROCEEDINGS | Number of cases | Domestic individuals | Foreign individuals | Domestic individuals | Foreign individuals |
| Prosecutor’s Office: no decision yet | 111 | 73 | 98 | 15 | 6 |
| Prosecutor’s Office: criminal complaint dismissed | 195 | 252 | 114 | 43 | 11 |
| Prosecutor’s Office: prosecution postponed | 1 | 1 | 0 | 0 | 0 |
| Prosecutor’s Office: investigation required | 76 | 122 | 58 | 25 | 5 |
| Investigating judge: investigation opened | 14 | 39 | 2 | 1 | 2 |
| Court: indictment | 136 | 197 | 74 | 14 | 10 |
| Court: decision of conviction | 113 | 155 | 18 | 8 | 0 |
| Court: final decision of acquittal | 35 | 47 | 10 | 7 | 1 |
| Prosecutor’s Office: prosecution was barred | 50 | 99 | 17 | 9 | 0 |
| Court: staying of criminal proceedings | 27 | 37 | 7 | 2 | 0 |
| Court: transfer of prosecution abroad | 6 | 0 | 8 | 1 | 0 |
| Reclassification of the crime | 7 | 13 | 0 | 0 | 0 |
| Joinder of proceedings | 28 |   |   |   |   |
| TOTAL | **799** | **1,035** | **406** | **125** | **35** |

The table shows that, as of 31 December 2022, proceedings were already finally **concluded in 461** out of 799 cases related to the crime of money laundering:

in 195 cases criminal complaints were dismissed by the Prosecutor’s Office;

35 cases were concluded by delivering a final decision of acquittal;

113 cases were concluded by delivering a final decision of conviction;

in 77 the Prosecutor’s Office refrained from or discontinued criminal prosecution;

6 cases were referred for further consideration abroad;

7 cases were concluded by reclassifying the crime;

in 28 cases the Prosecutor’s Offices or the courts decided to join pre-trial or criminal proceedings.

In a further **111 cases, the Prosecutor’s Office had not yet taken a decision** to launch criminal prosecution and in **one case the prosecution was been postponed**, while in **226 cases the Prosecutor’s Office had already initiated pre-trial and criminal proceedings in court,** which were in the following stages on 31 December 2022:

76 cases were in a stage of filing a request for an investigation;

14 cases were at a stage of investigation;

136 cases were at a stage of indictment.

The following table shows the number of all cases in which criminal proceedings were ongoing for the crime of money laundering on the last day of each year, which shows that in the last ten years, on average, **proceedings had been initiated in 53 new cases** related to the commission of the crime of money laundering per year.

***Table 6: Comparison of the number of cases related to the commission of the crime of money laundering by stage of proceedings on the last day of each year in the period 2012–2022***

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| STAGES OF THE PROCEEDINGS | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Prosecutor’s Office: no decision yet | 64 | 80 | 104 | 94 | 112 | 135 | 141 | 138 | 62 | 72 | 111 |
| Prosecutor’s Office: criminal complaint dismissed | 50 | 55 | 55 | 65 | 74 | 82 | 87 | 103 | 176 | 184 | 195 |
| Prosecutor’s Office: prosecution postponed | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Prosecutor’s Office: investigation required | 21 | 27 | 20 | 27 | 31 | 31 | 34 | 48 | 58 | 69 | 76 |
| Investigating judge: investigation opened | 37 | 54 | 60 | 53 | 57 | 58 | 57 | 32 | 13 | 14 | 14 |
| Court: indictment | 39 | 50 | 60 | 73 | 77 | 74 | 78 | 102 | 125 | 132 | 136 |
| Court: decision of conviction | 9 | 26 | 42 | 60 | 68 | 78 | 83 | 93 | 101 | 107 | 113 |
| Court: final decision of acquittal | 13 | 15 | 16 | 19 | 22 | 26 | 27 | 28 | 32 | 35 | 35 |
| Prosecutor’s Office: prosecution was barred | 24 | 29 | 20 | 25 | 28 | 30 | 31 | 45 | 47 | 48 | 50 |
| Court: staying of criminal proceedings | 0  | 0  | 13 | 17 | 20 | 21 | 21 | 24 | 26 | 27 | 27 |
| Court: transfer of prosecution abroad | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Reclassification of the crime |  3 | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 7 | 7 |
| Joinder of proceedings | 0  | 3 | 6 | 12 | 12 | 12 | 12 | 12 | 25 | 27 | 28 |
| TOTAL | **265** | **348** | **408** | **457** | **513** | **559** | **583** | **637** | **679** | **729** | **799** |

In 2022, Prosecutor’s Offices dismissed 11 criminal complaints filed on the grounds of suspected crimes of money laundering.

**In 2022, six cases were closed by a final decision. One case related to a joinder of proceedings, and five cases were closed by final decisions of conviction.**

LEGISLATION AND OTHER LEGAL MATTERS

In 2022, the Office’s activities relating to legal matters comprised the following:

drafting the proposal and cooperation in adopting the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2);

drafting the proposal and cooperation in adopting the Act Amending the Prevention of Money Laundering and Terrorist Financing At (ZPPDFT-2A);

preparing opinions and positions on the implementation of the ZPPDFT-2 and implementing regulations adopted on the basis thereof;

cooperation in drafting proposals and adopting implementing legislation adopted on the basis of the ZPPDFT-2;

keeping a register of virtual currency service providers;

drafting the positions and replies in relation to requests to access public information pursuant to the provisions of the Public Information Access Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], Nos. 51/06 - official consolidated version, 117/06 - ZDavP-2, 23/14, 50/14 and 19/15 – Constitutional Court Decision, 102/15 and 7/18;

drafting replies and documents in response to media questions, parliamentary questions and questions and requests by inquiry commissions of the National Assembly of the Republic of Slovenia;

participating in the drafting and harmonising regulations issued by other competent authorities;

day-to-day editing of the Office's website in accordance with the guidelines of the Ministry of Public Administration and the Government Communication Office;

participating in the OECD’s assessment of Slovenia in terms of the implementation of the EOIR Peer Review.

LEGISLATION AND ASSISTANCE IN ITS IMPLEMENTATION

An important task of the Office or the Legal Division is the **drafting of legislative proposals** relating to the prevention of money laundering and terrorist financing. It should be pointed out that, on the one hand, this is a transposition of EU directives, which are subject to the principle of minimum harmonisation, taking into account established international standards (FATF recommendations), and on the other hand, the scope of regulation is increasingly expanding from the originally narrow scope of work of financial intelligence units to the scope of an increasing number of sectors of obliged entities and their supervisors. This requires a frequent lengthy harmonisation of the provisions of the ZPPDFT-2 with the provisions of regulations governing individual activities (such as banking, notary services, etc.), the competences of individual supervisory authorities (which operate on the basis of different procedural laws) or other areas closely related to the work of the Office (such as the area of ​​classified information, personal data protection and the like). The dynamics of adopting regulations at the EU level have also caused a rush in the preparation of proposals in previous years (the 5th Directive was adopted even before the deadline for transposing the 4th Directive expired, and preparations for new legislative initiatives at the EU level are now underway), and due to possible different interpretations of the provisions of the Directives and the principle of minimum harmonisation, concerns have subsequently been communicated to the European Commission, including in the form of official letters of formal notice.

Numerous legislative activities took place in 2022. Final amendments to the draft new ZPPDFT-2 were made and the new Act was adopted on 4 April 2022. Intensive cooperation also took place in adopting new EU legislation.[[12]](#footnote-12)

Adoption of the Prevention of Money Laundering and Terrorist Financing Act (ZPPDFT-2)

The ZPPDFT-2, which entered into force on 5 April 2022, contains a number of improvements that do not interfere with the concept of the previous ZPPDFT-1 or its fundamental provisions, but rather, by eliminating certain inconsistencies and ambiguities, easing certain requirements, and introducing additional tools or options for implementing measures by obliged entities and schemes for supervising the Act’s implementation, ensure more effective management of the risk of money laundering and terrorist financing by obliged entities and the implementation of supervision.

The new Act also transposed part of the provisions of **Directive (EU) 2019/1153** of the European Parliament and of the Council of 20 June 2019laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences, and repealing Council Decision 2000/642/JHA (OJ L 186, 11.7.2019, p. 122) and **Directive (EU) 2019/2177 of the European Parliament and the Council** amending Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Directive (EU) 2014/65 on markets in financial instruments and Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money-laundering or terrorist financing (Text with EEA relevance) (OJ L 334, 27.12.2019, No 155) and regulated in more detail the implementation of **Regulation (EU) 2018/1672** of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No 1889/2005 (OJ L 284 of 12.11.2018, p. 6).

In addition, based on comments and suggestions from obliged entities and findings from supervisory authorities, the ZPPDFT-2 also introduced improvements in the operation of the **anti-money laundering system**, namely:

clearer wording of some existing provisions and new provisions that eliminate ambiguities arising in practice among obliged entities;

a new category of obliged entities, i.e. legal entities and individuals engaged in trading in breeding horses;

deletion of certain categories of obliged entities, i.e. managers of mutual pension funds that provide mandatory supplementary pension insurance and managers of the bridging fund defined by the Act regulating bridging insurance for professional and top athletes;

easing certain obligations of obliged entities that were stricter under the ZPPDFT-1 than the requirements of Directive (EU) 2015/849 and other international standards and disproportionate in view of the identified risks of money laundering and terrorist financing, thereby ensuring the competitiveness of obliged entities under this Act compared to obliged entities from other Member States;

new tasks and obligations of obliged entities, where in practice there has been a perception of insufficient management of the risk of money laundering and terrorist financing;

the introduction of new tools that will allow obliged entities to comply with this Act in order to more effectively carry out their obligations and manage the risks of money laundering and terrorist financing, while allowing supervisory authorities to carry out supervision more effectively;

granting additional powers to supervisory authorities allowing them a more effective supervision over the implementation of this Act;

adjustment of fines for violations in accordance with the general constitutional principle of proportionality;

editorial improvements, e.g. corrections of incorrect references in the ZPPDFT-1 and more correct designations of obliged entities and tools that are regulated by sectoral regulations referred to in this Act.

Adoption of the Act Amending The Prevention Of Money Laundering And Terrorist Financing Act (ZPPDFT-2A)

This Act, adopted on 22 November 2022, regulates the implementation of Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls of cash entering or leaving the Union and repealing Regulation (EC) 1889/2005 (OJ L 284, 12.11.2019, p. 6; hereinafter: Regulation (EU) 2018/1672 and determines the obligation to report cross-border cash transfers between the Republic of Slovenia and other EU Member States, the measures to be taken by the competent authority and sanctions in the case of violation.

In addition, there was an amendment to the provisions on gambling, the concept of determining the origin of assets of politically exposed persons, the obligations of lawyers, law firms and notaries, and the duty to respond to the Office's request for financial information and financial analysis.

Implementing regulations

In accordance with paragraph two of Article 190 of the ZPPDFT-2, the following implementing regulations issued on the basis of this Act ceased to be valid on the date of entry into force of the ZPPDFT-1:

1. Decree on the exemption of organisers of classic games of chance from the implementation of measures for detecting and preventing money laundering and terrorist financing (Official Gazette of the Republic of Slovenia *[Uradni list RS],* No. 66/18);
2. Decree on the list of functions qualifying as prominent public functions in the Republic of Slovenia (Official Gazette of the Republic of Slovenia *[Uradni list RS],* No. 164/20);
3. Rules on determining the conditions for establishing and verifying customers’ identity by means of electronic identification (Official Gazette of the Republic of Slovenia *[Uradni list RS]*, No. 50/17);
4. Rules on technical requirements to be met by means of video-based electronic identification (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No. 32/18);
5. Rules on the establishment, maintenance and keeping of the Register of Beneficial Owners (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No. 66/17);
6. Tariff for accessing data in the register of beneficial owners (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No. 76/17);
7. Rules on factors of low risk and increased risk for money laundering and terrorist financing (Official Gazette of the Republic of Slovenia *[Uradni list RS]*, Nos. 6/18 and 152/20);
8. Rules laying down the conditions under which information on cash transactions executed by certain customers need not be reported (Official Gazette of the Republic of Slovenia *[Uradni list RS],* No. 31/18);
9. Rules on the performance of internal control, authorised persons, the storage and protection of data, professional training and management of the records of liable persons (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No. 54/17);
10. Rules on the method for reporting information to the Office of the Republic of Slovenia for Money Laundering Prevention (Official Gazette of the Republic of Slovenia *[Uradni list RS],* No. 32/17).

Similar to the preparation of legislative proposals, the office began participating in the drafting of proposals for new implementing regulations in 2022. The latter have replaced or will replace the aforementioned implementing regulations, which are or were in effect until the new implementing regulations came into force. n addition, the ZPPDFT-2 provides for new implementing regulations, for instance on the requirements and on the terms and conditions that must be met by secure remotely controlled or electronic procedures and means of identification.

Written opinions and positions regarding the implementation of the ZPPDFT-2

In 2022, the Office provided written opinions and positions on the implementation of the ZPPDFT-2 **in 111 cases.**

In some cases, it was first necessary reach a common position regarding the implementation of the Act in the framework of cooperation between supervisory authorities. It is generally recognised that the questions raised or requests for assistance in implementing legal provisions are increasingly demanding and complex, which on the one hand requires the involvement of more resources within the Office, and on the other hand, this indicates a qualitative development in at least some categories of obliged entities in implementing measures to prevent money laundering and terrorist financing in the framework of their business processes.

Areas of action that were particularly highlighted when delivering written opinions and positions regarding the implementation of the ZPPDFT-2 related to the following:

determining the beneficial owner;

the register of virtual currency providers and obligation to register therein;

the application of customer due diligence measures;

customer due diligence via third parties;

customer due diligence by using electronic identification means;

determining political exposure;

customer due diligence through an outsourcer;

interpretation of the concept of a majority state-owned company;

appointment of an authorised representative and deputy authorised representative;

grounds for suspecting money laundering or terrorist financing;

transfers to high-risk countries;

restrictions on cash transactions.

Register of virtual currency service providers

In accordance with paragraph one of Article 5 of the ZPPDFT-2, the Office keeps and maintains a register of virtual currency service providers.

In 2022, the Office received 12 requests for registration, whereupon it issued 12 decisions granting registration. In the same year, the Office also received a notification from two registered providers about the termination of the provision of the aforementioned services. Pursuant to point two of paragraph one of Article 6 of the ZPPDFT-2, the Office struck them both off the register following receipt of their notifications.

OECD assessment

The Office participated in the second round of the OECD's assessment of Slovenia's implementation of the exchange of information on request for tax purposes (EOIR Peer Review). The Office's participation related to the area of ​​beneficial ownership, which is regulated by the ZPPDFT-2.

The first round of assessment of the standard of transparency and exchange of information on request took place in 2014 and consisted of two stages: a review of the legal and legislative framework for information exchange and its implementation in practice. n the first round of the assessment, Slovenia received a ‘compliant’ rating, meaning that both the legal and legislative framework and their implementation in practice were in line with international standards. The majority, i.e. 80, of jurisdictions received a ‘largely compliant’ rating, nine jurisdictions received a ‘partially compliant’ rating, and two jurisdictions received a ‘non-compliant’ rating.

In September 2021, the OECD launched the second round of the assessment that lasted until May 2022. OECD’s representatives paid a working visit to Slovenia between 15 and 18 February 2022. The EOIR standard requires jurisdictions to maintain and exchange beneficial ownership information and to ensure that they can obtain information from and for any person, including financial institutions and administrators. To this end, the Office was involved in the preparation of responses and discussions during the working visit of OECD evaluators.

Slovenia received a ‘largely compliant’ rating in a new assessment, which was a result of increasingly stringent conditions and stricter standards imposed on individual countries. Slovenia has committed itself to reporting to the OECD on annual progress in segments where certain shortcomings have been identified.

INSPECTION

INSPECTION PROCEDURES

In 2021, the Office reorganised its inspection service by establishing a new independent Inspection Division, whose primary task was to carry out inspection supervision tasks and cooperate with other inspection bodies responsible for carrying out supervision under the ZPPDFT-1 (Bank of Slovenia, Securities Market Agency, Insurance Supervision Agency, Financial Administration, Market Inspectorate, Agency for Public Oversight of Auditing, Bar Association and Chamber of Notaries). On 5 April 2022, a new Anti-Money Laundering and Terrorist Financing Act (Official Gazette of the Republic of Slovenia [*Uradni list RS*], No [48/22](http://www.uradni-list.si/1/objava.jsp?sop=2022-01-0977) and [145/22](http://www.uradni-list.si/1/objava.jsp?sop=2022-01-3606) – ZPPDFT-2) entered into force, which introduced numerous changes compared to the ZPPDFT-1, the provisions of which remained partially in force.[[13]](#footnote-13) **As the central national authority for the prevention of money laundering and terrorist financing, the Office has supervisory powers over all obliged entities referred to in Article 4 of the ZPPDFT-2 (also previously under the ZPPDFT-1)**. In addition to the Office, other inspection bodies are competent to inspect individual obliged entities. In 2022, the Office's supervision was thus focused primarily on taxable persons that were beyond the competence of other inspection bodies and were selected in accordance with the strategic guidelines and priorities of the Inspectorate.

In accordance with the ZPPDFT-2 (also previously under the ZPPDFT-1), obliged entities from the financial and non-financial sectors have special responsibilities in detecting and preventing money laundering. These obliged entities must incorporate the prescribed preventive measures into their activities in order to reduce the risk of abusing money laundering or terrorist financing. The mandatory tasks that obliged entities must perform in order to detect and prevent money laundering and terrorist financing include:

assessing the risk of money laundering and terrorist financing;

creating policies and setting up controls and procedures to effectively mitigate and manage the risks of money laundering and terrorist financing;

implementing measures to acquire knowledge about the customer, including beneficial ownership (hereinafter: customer due diligence);

reporting the required and requested information and submitting documents to the Office;

appointing an authorised person and ensuring conditions for their work;

providing regular professional training for employees, and ensuring regular internal control over the performance of their duties;

drawing up a list of indicators for the identifying clients and transactions, in respect of which reasonable grounds to suspect money laundering or terrorist financing exist;

ensuring protection and retention of data and management of legally required records;

implementation of group policies and procedures and measures to detect and prevent money laundering and terrorist financing in own branches and majority-owned subsidiaries in third countries;

In 2022, acting in accordance with the adopted strategic guidelines and inspection priorities **the Office carried out enhanced inspections of obliged entities who provide accounting services, tax advisory services, and corporate or fiduciary services.** This profession group has been one of obliged entities since the very establishment of the money laundering and terrorist financing prevention scheme, but the supervisory responsibility for them was not defined for a long time, which is why they were not adequately inspected. It is typical of this group of obliged entities that they have a detailed insight into their clients' business operations and that, from this perspective, they play an important role in detecting and preventing money laundering, but they are often unaware of this due to the lack of information.

**In 2022, the Office carried out 225 independent inspections in individual areas: 124 inspections related to beneficial ownership and 74 indirect inspections and 27 independent field inspections of the implementation of measures under the ZPPDFT-2. Inspection of the implementation of measures was mainly carried out in the aforementioned categories of obliged entities, while three inspections were carried out for obliged entities in the financial sector.** Some obliged entities were first subject to indirect control, followed by on-site inspection.

THE OFFICE AS A MINOR OFFENCE AUTHORITY

The ZPPDFT-2 contains clearly defined violations of the Act, whereby the circle of persons whose actions are sanctioned is also precisely defined (violations by obliged entities, violations by business entities regarding data on the beneficial owner, violations by beneficial owners, specific violations by accounting and auditing companies and tax consulting companies, violations by lawyers and notaries, violations by virtual currency service providers, etc.). The amount of the minimum fines has been slightly reduced as compared with the provisions of the ZPPDFT-1. Violations of the ZPPDFT-2 are classified according to the gravity of the offence as follows:

the gravest violations (the fine imposable on legal entities ranges between EUR 6,000 and EUR 120,000 and the fine imposable on sole traders and self-employed individuals between EUR 1,000 and EUR 40,000);

grave violations (the fine imposable on legal entities ranges between EUR 3,000 and EUR 60,000, the fine imposable on their responsible person ranges between EUR 200 and EUR 2000, and the fine imposable on sole traders and self-employed individuals between EUR 500 and EUR 20,000);

minor violations (the fine imposable on legal entities ranges between EUR 1,500 and EUR 30,000 and the fine imposable on sole traders and self-employed individuals between EUR 250 and EUR 10,000).

Detected violations

The Office is also responsible for **supervising the registration of beneficial owners.** Criminal structures often use mailbox companies and shell companies to conceal the origin of criminally acquired assets and the true economic owner of these assets when laundering money. In order to prevent such practices, a regulation was adopted that sets the obligation to register data on beneficial owners and lays down the procedures for verifying these data.

**In 2022, the Office carried out** 124 such inspections of business entities, mainly on the basis of notifications received from banks and other obliged entities, and found violations in 107 cases.No offence proceedings were initiated against them, except in one case (since the irregularities, also considering the nature and efforts of obliged entities to remedy the deficiencies, were always eliminated by using "soft skills" of inspectors).

The Office also detected some violations of obligations regarding customer due diligence, employee training in AML/CFT, and internal control. In such cases, it ordered the obligated parties to remedy the violations within a specified period and, if necessary, initiated a minor offence procedure.

INTERNATIONAL COOPERATION

The legal basis for the Office’s international cooperation is set out in Articles 114, 115 and 117 of the ZPPDFT-2, which give the Office the authority to exchange information with foreign anti-money laundering and terrorist financing authorities. The chapter of this Act, which relates to international cooperation also sets out the conditions under which the Office may temporarily suspend a transaction at the initiative of a foreign authority, or allows it to send, i the framework of its tasks of preventing money laundering and terrorist financing, a written initiative to a foreign authority to suspend a transaction upon reasonable suspicion of money laundering or terrorist financing.

The Office is also vested with certain powers under the Council of Europe Convention No. 198 on laundering, search, seizure and confiscation of the proceeds of crime and on the financing of terrorism, which Slovenia joined on 28 March 2007, ratified on 26 April 2010, and which subsequently entered into force on 1 August 2010. The Office is envisaged in the Convention as the central authority for all requests and claims relating to money laundering, the detection, seizure and confiscation of the proceeds of crime of money laundering and terrorist financing.

The Office's activities in international cooperation, broken down into multilateral and bilateral cooperation, are set out below.

MULTILATERAL COOPERATION

This section presents the activities of the Office, which in 2023 (as in previous years) mainly related to cooperation in the international EGMONT group, the Council of Europe, and EU bodies.

International EGMONT Group

In 2023, a working group meeting was organised in Senegal between 30 January and 3 February 2023, and a plenary session of the EGMONT Group was organised in the United Arab Emirates from 3 July to 7 July 2023, both of which took place without representatives of the Office.

The Senegal Convention appointed vice-chairs of working groups, namely Carine Charlette KATINIC (representative of the Mauritius Office) and Andre BANYAI (representative of the Hungarian Office) as Vice-Chairs of the Working Group on Information Exchange, and Philip HUNKIN (representative of the Isle of Man Office) as Vice-Chair of the Working Group on Technical Assistance and Education.

Elzbieta FRANKOW JASKIEWICZ, chairing the EGMONT Group, highlighted the following priorities in the strategic plan for the period 2022–2027: public-private partnership; enhanced use of information and cooperation with law enforcement authorities and prosecutors; expanding the membership of the EGMONT Group with Africa and the Middle East offices; and the autonomy and independence of the offices.

A great deal of attention was devoted to Russian aggression on Ukraine.

In the United Arab Emirates, the discussion focused on the use of advanced technologies to increase office efficiency, and it was also emphasised that the EGMONT Group could benefit from collaboration with the private sector.

The working group, which provides technical assistance and training, presented the activities of ECOFEL – the EGMONT Group Training Centre, the results of the competition for the best concrete case in preventing money laundering and terrorist financing, the analytical seminars programme, and projects related to cryptocurrencies, corruption, and illegal "mining".

The Europe I regional group, of which Slovenia is a member, held virtual meetings in February, March, April and November 2022, and held live meetings during the plenary week in July. The topics discussed related to the progress of projects and the work of individual working groups, with an emphasis on the audit of IT support. Due to the topicality of EU issues, attention was also paid to the migration of the European data exchange network FIU.net and the content of the European Commission's new proposal for the adoption of four legislative proposals (AML packages) relating to the establishment of a special coordination and support mechanism for the cooperation of financial intelligence units. The main topic, especially at extraordinary meetings in the first half of the year, was the operation of FIUs in the international EGMONT group in light of the Russian Federation's attack on Ukraine, the exchange of information with the Russian FIU, and the treatment of this event in light of violations of the EGMONT principles.

Council of Europe

In 2022, the work of the Office focused on the activities of the Council of Europe Committee of Experts on the Evaluation of the Effectiveness of Measures to Prevent Money Laundering and Terrorist Financing (MONEYVAL).

The Committee of Experts of the Council of Europe on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

In 2022, the 63rd and 64th plenary sessions of the MONEYVAL Committee took place in a hybrid format due to the Covid-19 pandemic. Their content is presented in greater detail below:

The 63rd plenary session was held between 16 February and 20 May 2022. The session discussed and approved the reports of the fifth round of the assessment of Bulgaria and Liechtenstein. Moreover, several countries presented their progress reports (Moldova, Albania and Hungary), and so did Slovenia that succeeded in increasing its rating on FATF Recommendation R1, leaving it with three FATF Recommendations with a rating of "partially compliant", i.e. R5, R15 and R32. It should be emphasised that R5 ("criminalisation of terrorism") was one of the key FATF recommendations. Since Slovenia failed to address all the shortcomings related to this recommendation within the set deadline, it was placed in the first stage of the more stringent MONEYVAL procedure. The latter will submit a request to the Secretary General of the Council of Europe to send a letter to the competent Slovenian ministers, i.e. ministries, calling their attention to the shortcomings and recommending activities to remedy them.

The topics were also discussed at the session also included the following: an analysis of progress reporting, a comparative analysis of MONEYVAL assessments with assessments by FATF and other regional bodies, activities of FATF and other international organisations/bodies in preventing money laundering and terrorist financing, etc.

The 64th plenary session was held between 5 and 9 December 2022. The session discussed and approved the reports of the fifth round of the assessment of Estonia and Monaco. Progress reports for Georgia, Czech Republic, Slovakia and the Isle of Man were discussed before the plenary session as part of the "written procedure" (in accordance with the procedural rules of the MONEYVAL Committee. As there were no comments on these reports, they were not included in the session's agenda.

The plenary session also dealt with the following topics: the 2023–2027 MONEYVAL strategy, typologies (particularly in relation to virtual currencies and the related service providers), activities of the FATF and other international organisations/bodies in preventing money laundering and terrorist financing, etc.

The next, 65th plenary sessions of the MONEYVAL Committee will take place in May 2023, when Slovenia will also be required to present its 5th report.

The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism

The Council of Europe adopted a Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (hereinafter: Convention SE 198), which was ratified by Slovenia in 2010 and is aimed at combating money laundering and terrorist financing. It contains the fundamental principle that signatory states must take such measures as may be necessary to detect, trace, identify, freeze, seize and confiscate objects, criminal proceeds or property used or intended, in whole or in part and in any way, for the financing of terrorism, or the proceeds of such crime, and to ensure the widest possible cooperation for this purpose. One of its fundamental elements is also that it supports direct communication between the Contracting States and their professional bodies and prescribes a duty of information between the participating bodies of the Contracting States. In Slovenia, the main authority responsible for sending requests under Chapter IV (International Cooperation) and responding to such requests, for implementing requests or for sending them to the authorities competent for their implementation is the Office of the Republic of Slovenia for Money Laundering Prevention.

In November 2022, a representative of the Office for Money Laundering Prevention and a representative of the Slovenian Ministry of Justice attended the 14th regular conference of the Contracting States parties to the SE 198 Convention.

The conference had an extensive agenda, the key issue being the importance of confiscation of proceeds of crime, which was discussed both at the conference itself and at a joint session with the Committee of Experts on the Operation of European Conventions on Co-Operation in Criminal Matters.

A special item on the agenda concerned the participation of the Russian Federation in the conference, which was based on the decisions taken regarding the consequences of the Russian Federation's aggression against Ukraine and the modalities of the Russian Federation's participation in open conventions, as well as on the Guidelines of the Committee of Legal Advisers on Public International Law (CAHDI) given to the Committee of Ministers on the continued participation of the Russian Federation in open conventions. The guidelines are based on the fact that, due to its aggression against Ukraine, the Russian Federation ceased to be a member of the Council of Europe on 16 March 2022, following a relevant decision by the Committee of Ministers in the framework of the procedure initiated under Article 8 of the Statute of the Council of Europe for a serious breach of Article 3 of the Statute. After a lengthy discussion, it was agreed to limit the Russian Federation's participation to not having the right to vote on issues that do not relate to the statutory tasks of the conference, to allow participation online only, and to deny its representative the right to be elected to a particular body.

Also important was the adoption of a report on thematic monitoring of the implementation of Article 6 of the Convention by the Contracting States parties to the Convention. The report showed that less than 1% of the proceeds of crime was seized. Restitution of property should be a top priority. Stolen property leaves the country very quickly, therefore, international cooperation is crucial. The Warsaw Convention does not address the issue of management of seized assets, so that it makes sense to follow the FATF guidelines.

For Slovenia, the report found that measures enabling the management of seized and confiscated assets were in place. Slovenia was rated as "largely compliant" with recommendation R.4 in the 2017 MONEYVAL report. The procedures for handling seized property differ depending on whether a temporary measure of confiscation is imposed in criminal proceedings or in proceedings for the confiscation of property of criminal origin, but the measures only relate to the storage of assets, not their management. It was recommended that activities be continued to facilitate the management of various assets, ensuring that their value is preserved until the confiscation proceedings become final, and to manage complex assets.

The participants supported the key recommendations of the PC-OC study and adopted a decision to draft a protocol to the Warsaw Convention, subject to separate signature and ratification by interested parties, covering the area of ​​asset confiscation, division and management. This initiative will be sent to the Committee of Ministers.

European Union

Council of the European Union and European Commission

In accordance with the adopted Action Plan from May 2020, the European Commission published in July 2021 a package of four legislative proposals (AML packages) in the field of preventing money laundering and terrorist financing at EU level:

* **a Regulation on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing;**
* **a Directive on mechanisms to be put in place by Member States to prevent the use of the financial system for the purpose of money laundering or terrorist financing;**
* **a Regulation establishing the authority for anti-money laundering and countering the financing of terrorism;**
* **a Regulation on information accompanying transfers of funds and certain crypto-assets.**

The proposals are based on several EU Council decisions adopted in previous years, on the European Commission's supranational risk assessments, four special reports from July 2019 and its action plan from May 2020. The Action Plan is based on six pillars, and the new package directly addresses three of these pillars. The purpose of these proposals is primarily to harmonise the implementation of measures by obliged entities in the EU, establish a new EU supervisor and strengthen cooperation between the financial intelligence units of the EU Member States. The harmonisation of EU anti-money laundering and terrorist financing rules is intended to be achieved by transposing parts of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing into a directly applicable regulation, thereby establishing a level playing field in the common market and ensuring the equal application of provisions across the EU regarding the harmonisation of rules for the private sector.

The proposed new regulation includes all directly applicable requirements for obliged entities (customer due diligence, provisions on beneficial owner identification, reporting obligations, etc.). The proposed new Directive, which will be the sixth in a row, concerns the tasks and powers of supervisory authorities and FIUs, rules on the exchange of information, public oversight of self-regulatory bodies, powers to verify data in the beneficial ownership register and the interconnection of transaction account registers.

The rules for appointing a new EU-level anti-money laundering supervisor, which will be the central part of an integrated system and will also include national supervisors, are set out in a separate regulation. In addition to directly conducting supervision of the riskiest entities in the financial sector, the new supervisory body will coordinate and direct the work of national supervisory bodies. Its main tasks will be to establish common supervisory methodologies, directly supervise the riskiest financial institutions, and support cooperation and joint analyses between FIUs.

Part of the new legislative package is also an amendment to the current Regulation 2015/847/EU on information accompanying transfers of funds, which sets out rules regarding information on payers and payees accompanying transfers of funds. This legislative package does not include transfers of cryptocurrencies, which pose a comparable risk for money laundering and terrorist financing to cash and electronic money. This will also ensure the transposition of the revised Recommendation 15 of the FATF standards into the EU legal order.

The Office's employees were involved in the consideration of the AML package, particularly from the perspective of preparing meetings of the Financial Services Council working group, within which negotiations began and continued **under the Slovenian Presidency of the Council of the EU,** when the EU Council adopted a general position on the Regulation on information accompanying transfers of funds and certain cryptocurrencies.

In 2022, negotiations continued on the remaining three proposals, on which a general approach was also reached by the Council: on the Regulation establishing the Authority for the Prevention of Money Laundering and Terrorist Financing in June 2022 (partially, without specifying the registered office of the Authority), on the Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and the Directive directive on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering in December 2022. During the negotiations, representatives of the Office for Money Laundering Prevention participated in 13 meetings of the Financial Services Council working group and took part in the drafting of positions for the meetings.

Expert Group on Money Laundering and Terorist Financing – EGMLTF

In 2022, representatives of the Office took part in four meetings of the European Commission's Expert Group on Money Laundering and Terorist Financing – EGMLTF.

The topics of the meetings included, among others, the following:

the preparation of FATF working groups and plenary sessions, both in terms of considering individual country assessment reports and in terms of participating in FATF projects (revised Recommendation R.24 and preparation of relevant guidelines regarding beneficial ownership of legal entities, revision of Recommendation R.25 regarding beneficial ownership of legal arrangements, revision of Recommendations R.4 and R.38 regarding confiscation of assets, project to prevent unintended consequences of implementing FATF standards, project on the abuse of art for ML/TF, FATF best practices on combating abuse of non-profit organisations);

progress in the implementation of the study and preparation of the final report on the effectiveness of the implementation of the Fourth AML Directive;

feasibility study for the EU Asset Register;

monitoring the transposition of AMLD5 into national legislations;

the establishment of a comprehensive EU list of politically exposed persons in all Member States;

an EU pilot project on beneficial ownership registers in terms of their technical implementation and effectiveness;

guidelines for entering public-private partnerships for preventing money laundering and terrorist financing;

drafting and adopting transnational risk assessment;

the impact of the judgment of the Court of Justice of the European Union on the implementation of the provisions on the register of beneficial owners regarding public access to information on beneficial owners.

As regards transnational risk assessment, the highest risks were assessed for cash-related products and services, the financial sector (deficiencies in determining beneficial ownership, inconsistent application of rules, supervision, coordination), and the non-financial sector (real estate, high-value products, online gambling, professional football, free trade zones, citizenship or residence schemes). Risk management measures have already been adopted (AML legislative framework, regulation on cash controls at EU borders) or are in the process of being developed (new package of four AML legislative proposals), or need to be strengthened (obtaining statistical data, training for individual sectors of obliged entities, carrying out national risk assessments, ensuring sufficient resources, increasing on-site inspections). The next national risk assessment is scheduled for 2024.

The content discussed by this group mainly relates to the implementation of the European Commission's Action Plan for an EU's comprehensive anti-money laundering and anti-terrorist financing policy as a proposal to eliminate the identified weaknesses of the existing legislative framework.

Financial Intelligence Unit (FIU) Platform

In 2022, the FIUs Platform expert group held four meetings (one of which was live) of financial intelligence units' representatives. The meetings were organised by the European Commission and were also attended by representatives of the Office. The key topics discussed in the meetings related to:

the presentation of the Commission's legislative package on artificial intelligence;

project on the abuse of works of art, antiques and other cultural objects as ML/TF tools;

proposal for a directive on the confiscation and seizure of proceeds;

feasibility study on the establishment of a European property register;

implementation of the FIU Platform work plan for the period 2022–2023 and monitoring of the working groups (i) for FIU.net statistics, (ii) for XBD/R, (iii) for the content and format of data exchange among FIUs and (iv) for the content and format of reports, especially from the perspective of preparing the renewal of FIU.net functionality to better support analyses;

the rules of operation of the EU FIU Platform and the FIU.net Advisory Group;

monitoring the work of the FIU.net Advisory Group, the Business Implementation Group and the Change Management Board (CMB);

information on developments in the negotiations on the AML package and the activities of the Coordination and Support Mechanism (CSM) working group;

proposal for a Directive defining criminal offences and penalties for violating EU restrictive measures;

guidelines for entering into public-private partnerships for preventing money laundering and terrorist financing with an emphasis on good practices, which include a clear governance structure and objectives, providing national guidelines, establishing secure information platforms for exchanging information and documents, establishing key performance indicators to measure effectiveness, and involving non-governmental organisations, academic and research institutions;

the process of defining business requirements for FIU.net or for preparing its upgrade (next generation FIU.net).

In special closed sessions attended only by FIU representatives without observers, the key topic in 2022 was the role of FIUs in implementing EU restrictive measures in response to the Ukraine crisis. The discussion highlighted the importance of a key condition for the exercise of FIUs' powers, i.e. suspicion of money laundering, predicate crimes or terrorist financing. It was also found that out of all the Member States, only four FIUs have specific competences in relation to restrictive measures. The issue of information exchange with third country FIUs was also discussed, in particular with the Russian Federation after the attack on Ukraine and with the United Kingdom after Brexit. Moreover, the risks relating to non-fungible tokens (NFTs) were discussed.

Committee for the Prevention of Money Laundering and Terrorist Financing – Interconnection of BO registers

In 2022, representatives of the Office and the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) attended six meetings of the comitology group of the Committee for the Prevention of Money Laundering and Terrorist Financing – Interconnection of BO registers. The meetings were held remotely via a video conference.

On 1 March 2021, Commission Implementing Regulation (EU) 2021/369 establishing the technical specifications and procedures required for the system of interconnection of central registers referred to in Directive (EU) 2015/849 of the European Parliament and of the Council was adopted. The text of the Regulation sets out the methods of communication, communication protocols, security standards, data to be exchanged in the framework of BORIS (Beneficial ownership register interconnection system), the structure of a standard message format, data for the platform, the methods of operation of the system and the IT services provided by the platform, search criteria, payment methods and online registration, and the availability of services.

The IT sub-group of the Committee has been very active in assisting Member States to establish the necessary connections for the operation of BORIS. In 2022, twelve countries were connected to the DIGIT components. Seven Member States were already integrated into production, and five were ready to be integrated into the production environment. The Commission planned to release BORIS version 3.0 in the first quarter of 2023, with deployment in the second and third quarters of the year and production at the end of the year.

Progress in linking national registers to BORIS was halted by a judgment of the Court of Justice of the European Union (CJEU) on 22 November 2022 in Joined Cases C-37/20 and C-601/20. The Court ruled that the provision of the Anti-Money Laundering Directive (AMLD) requiring Member States to ensure that information on the beneficial ownership of companies and of other legal entities incorporated within their territory is accessible in all cases to any member of the general public was invalid. According to the CJEU, granting public access to beneficial ownership information constitutes a serious interference with the fundamental rights to respect for private life and the protection of personal data, as enshrined in Articles 7 and 8 of the EU Charter of Fundamental Rights (Respect for private and family life, Protection of personal data). Individuals who do not pursue legitimate legal objectives could still access and disseminate the information contained in the beneficial ownership registers. While the intended purpose of the provision was to respect the principle of transparency, this was an excessive intervention. Access was granted through online registration, which alone was considered insufficient to ensure a balance between public interest objectives and fundamental rights guaranteed by Articles 7 and 8 of the Charter, nor did it provide adequate safeguards to protect individuals' personal data from potential misuse.

EBA Committee on Anti-Money Laundering and Financing (AMLSC)

The European Banking Authority (EBA), in addition to its broader supervisory responsibilities in the European banking sector, also has competences in anti-money laundering (AML) and countering the financing of terrorism (CFT). The Office participates in the EBA's Anti-Money Laundering Standing Committee (AMLSC) as one of Slovenia's financial sector supervisors on AML/CFT matters. Other primary financial sector supervisors participating in the AMLSC include the Bank of Slovenia, the Securities Market Agency and the Insurance Supervision Agency.

The AMLSC held seven meetings in 2022.

The key topics discussed in the meetings related to:

the operation and use of the new European register in preventing money laundering and terrorist financing for the financial sector (European Reporting system for material CFT and AML weaknesses - EuReCA);

adoption of guidelines on the use of solutions when establishing a business relationship with a customer;

adoption of guidelines on policies and procedures for ensuring compliance with regulations and on the role and responsibilities of the person authorised for prevention of money laundering and terrorist financing;

supervisory challenges related to virtual asset service providers and personal data protection;

consideration of the EU legislative package in the field of preventing money laundering and terrorist financing, in particular the selection criteria for determining financial institutions that will be under the direct supervision of the new European Supervisory Authority –AMLA;

implementation of EU restrictive measures in response to the Ukraine crisis;

performing a risk analysis for payment institutions;

participation of national supervisory authorities in the EBA's joint supervisory colleges;

BILATERAL COOPERATION

In keeping with past practice, bilateral cooperation in 2022 was also characterised by numerous interactions between the Office and its foreign counterparts to exchange information on specific cases, as described below.

International cooperation based on the provisions of the Prevention of Money Laundering and Terrorist Financing Act

In 2022, the Office sent 257 requests under Article 114 of the ZPPDFT-2 to counterpart FIUs in 44 countries (354 requests to 54 countries in 2021). In addition, under Article 115 of the ZPPDFT-2, the Office submitted 43 spontaneous information reports to FIUs in 16 countries (271 spontaneous information reports to 57 countries in 2021).

Compared to 2021, one-third fewer requests sent by the Office and even fewer spontaneous information reports sent by the Office can therefore be observed compared to 2021.

Under Article 115 of the ZPPDFT-2, the Office received 107 requests from 33 countries in 2022, including two from Europol, while in 2021 it received 141 requests from 38 countries. In 2022, the Office received 113 spontaneous information reports from 24 countries (108 from 26 countries in 2021).

Compared to 2021, almost one-third fewer requests were received from foreign offices, while the number of spontaneous information received only slightly increased.

In 2022, the Office exchanged the most information with the competent authorities of Italy, Croatia, Germany, Lithuania, Turkey and several other countries.

Signed Memoranda of Understanding (MOUs) on information exchange

Cooperation with foreign FIUs can be further enhanced by signing legally non-binding agreements known as Memoranda of Understanding (MOUs) on information exchange. In some countries the MOU is mandatory for the exchange information between FIUs.

Since its establishment in 1995, the Office has already signed a total of 52 MOUs on information exchange by the end of 2022.

Other forms of bilateral cooperation (bilateral technical assistance to North Macedonia and Montenegro)

On the basis of an intergovernmental agreement between North Macedonia and Slovenia, the Office has been engaged in a bilateral technical assistance project since 2013. This project supports North Macedonia in establishing the effective operation of the North Macedonian Financial Intelligence Office for Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT). The agreement between the Slovenian Ministry of Foreign Affairs and the Office for the implementation of the project in 2022 was signed in September 2022.

The first working visit of the Office's representatives took place from 4 to 6 June 2022, and the second one from 6 to 8 June 2022. The main topics discussed were the exchange of experiences with the analysis of suspicious transactions and new typologies and trends in money laundering and terrorist financing, the implementation of risk-based supervision, the EU legislative proposal for the prevention of money laundering and terrorist financing, and preparations for the 5th round of evaluation of North Macedonia by the MONEYVAL Committee.

Slovenia has been an active technical aid provider ever since its accession to the EU. In 2021, this aid was provided to the countries of the Western Balkans to facilitate their accession to the EU. Montenegro has also asked Slovenia for bilateral technical assistance for preventing money laundering and terrorist financing (for the period 2021/2022), primarily for preventing suspicious transactions. The agreement for the implementation of the project between the Slovenian Ministry of Foreign Affairs and the Office was signed in September 2021. The colleagues from Montenegro primarily requested assistance in analysing suspicious transactions involving virtual currencies, exchanging experiences in conducting strategic analyses, supervising obliged entities pursuant to the ZPPDFT-2, etc. The first part of the activities was carried virtually in 2021, while the other three parts (two working visits and a virtual seminar) took place in 2022, more precisely in the period between 21 and 23 March 2022, 10 and 12 October 2022, and on 14 October 2022.

International cooperation under Council of Europe Convention No. 198

As mentioned earlier in this Section, the Office is the central authority responsible for submitting requests under Chapter IV (International Cooperation) of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (Convention No. 198).

In 2022, on the basis of this Convention, the Office received **5 requests from Slovenian courts,** of which two related to the enforcement of their decisions on the confiscation of proceeds of crime in the Member States of the EU. In these cases, an explanation was sent to the court regarding the application of the provision of the relevant EU legislation. In 2022, **no request was received from any foreign authority.**

PREVENTION

The Office's representatives delivered 14 lectures at various seminars and conferences in 2022. The lectures were delivered primarily for the purpose of educating taxpayers. In addition, the lectures were delivered in cooperation with other state authorities involved in the fight against money laundering and terrorist financing, and some were also intended for other audiences (for example, students).

Representatives of the Office also participated in two projects providing bilateral technical assistance (Montenegro and North Macedonia) for a total duration of 14 days.

LOGISTICS AND INFORMATION TECHNOLOGY

ORGANISATIONAL AND PERSONNEL MATTERS

Staff movement and structure

A name change was made in the organisational structure of the office in 2022. There are five internal organisational units – divisions in the Office. Only the names of three departments were changed: the Legal Department was renamed Legal Affairs and Prevention Department, the International Cooperation and Prevention Department was renamed the International Cooperation Department, and the Monitoring, Analysis and Supervision Department was renamed the Suspicious Transactions Department.

The reorganisaion of work resulted in a minor change in job classification, and the number of employees increased after the completion of staffing procedures in 2022.

As at 31 December 2022, the Office employed a total of **29 staff**, including the Director, representing an increase of one compared to 31 December 2021. In accordance with the Rules on internal organisation and job classification of the Office of the Republic of Slovenia for Money Laundering Prevention, 31 posts were created within the Office, resulting in an occupancy rate of 93.5% at the end of 2022.

FINANCIAL AND MATERIAL OPERATIONS

The Office's financial plan for 2022 initially provided for **a budget of EUR 1,496,823, which was later adjusted to EUR 1,475,436 following a budget revision.** At the Office's request, the allocation of funds to specific budget items was slightly modified at the end of the year due to minor reallocations made during the year. Of the planned budget, **a total of EUR 1,326,082 or 89.87% of the allocated funds** was spent on salaries and other staff-related expenses, goods and services, the EGMONT Group membership fee and minor investments.

INFORMATION TECHNOLOGY

The Office's IT Service operates within the General Affairs and IT Support Division and performed the following activities in 2022:

- IT systems and internal maintenance,

- user training and equipment installation;

- ensuring the smooth operation of IT technology to support remote work.

1. Since the ZPPDFT-2 came into force in April 2022, the articles of the ZPPDFT-2 are listed in the annual report, even though the legal basis for the office's operations was still the ZPPDFT-1 in the first four months of that year. Where it is more appropriate for understanding this report, the ZPPDFT-1 is quoted as the legal basis. [↑](#footnote-ref-1)
2. Obliged entities are defined in Article 4 of the ZPPDFT-2 and are classified into financial entities (banks, brokerage houses, etc.) and non-financial entities (including lawyers, notaries, tax advisors, virtual currency providers, real estate agents, etc.). [↑](#footnote-ref-2)
3. The tasks of the Office relating to the prevention of money laundering and terrorist financing are to propose changes to regulations, prepare guidelines for obliged entities, participate in the preparation of a list of indicators for identifying suspicious transactions, participate in the professional training of obliged entities, and monitor typologies and trends. [↑](#footnote-ref-3)
4. (Official Gazette of the Republic of Slovenia [*Uradni list RS*], Nos. 63/07 – official consolidated version, 65/08, 69/08 – ZTFI-A, 69/08 – ZZavar-E, 40/12 – ZUJF, 158/20 – ZIntPK-C, 203/20 – ZIUPOPDVE, 202/21 – Constitutional Court-s Decision and 3&22 – Zdeb). [↑](#footnote-ref-4)
5. (Official Gazette of the Republic of Slovenia [*Uradni list RS*] Nos. 58/03, 81/03, 109/03, 43/04, 58/04 – Corr., 138/04, 35/05, 60/05, 72/05, 112/05, 49/06, 140/06, 9/07, 33/08, 66/08, 88/08, 8/09, 63/09, 73/09, 11/10, 42/10, 82/10, 17/11, 14/12, 17/12, 23/12, 98/12, 16/13, 18/13, 36/13, 51/13, 59/13, 14/14, 28/14, 43/14, 76/14, 91/14, 36/15, 57/15, 4/16, 44/16, 58/16, 84/16, 8/17, 40/17, 41/17, 11/19, 25/19, 54/19, 67/19, 89/20, 104/20, 118/20, 168/20, 31/21, 54/21, 203/21, 29/22, 80/22, 103/22 and 125/22). [↑](#footnote-ref-5)
6. This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016. [↑](#footnote-ref-6)
7. This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016. [↑](#footnote-ref-7)
8. The obliged entities report transaction data on forms, where a single form may contain several transactions whose total amount exceeds EUR 15,000. [↑](#footnote-ref-8)
9. This obligation has been in effect since the entry into force of the ZPPDFT-1 on 19 November 2016. [↑](#footnote-ref-9)
10. In the remainder of this report, these transactions are referred to as 'transfers involving higher-risk countries'. [↑](#footnote-ref-10)
11. **The data in this column represent the number of written notifications or information from the Office to the competent authorities, which is less than the number of cases handled, as the Office may handle several cases in one writing sent to the competent authorities.** [↑](#footnote-ref-11)
12. The Office’s participation in the adoption of EU legislation is described in greater detail in Section 7.1.3.1. [↑](#footnote-ref-12)
13. https://www.gov.si/novice/2022-04-04-nov-zakon-o-preprecevanju-pranja-denarja-in-financiranja-terorizma/ [↑](#footnote-ref-13)