



REPUBLIC OF SLOVENIA
MINISTRY OF FINANCE
**OFFICE FOR MONEY LAUNDERING
PREVENTION**
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**DATA FROM THE REPORT ON ACTIVITIES OF THE
OFFICE FOR MONEY LAUNDERING PREVENTION OF
THE REPUBLIC OF SLOVENIA FOR THE YEAR 2013**

Ljubljana, November 2013

1 PREAMBLE

The Act on the Prevention of Money Laundering and Terrorist Financing (Official Gazette of the Republic of Slovenia No. 60/07, 19/10, 77/ 11, 108/12 and 19/14 - hereinafter: APMLFT) in its Article 72 stipulates that the Office for Money Laundering Prevention (hereinafter: OMLP) shall submit to the Government of the Republic of Slovenia a report on its activities at least once annually.

The report on the activities of the OMLP for the year 2013 has already been the eighteenth report to the Government and refers to the period from 1 January 2013 until 31 December 2013. The stated period has been shown separately regarding statistical and other numerical data; to allow for year-by-year comparison also certain data from previous years has been stated in the report and its attachments.

1.1. Organizational chart of the OMLP

By the implementation of the preventive acts on the prevention of money laundering and terrorist financing¹ and the establishment of the offices for money laundering prevention almost 20 years ago, the system of detection of money laundering has intended a special role also to the obliged entities (financial and non-financial institutions) and afore mentioned offices as well. The international expression for those offices is “Financial Intelligence Unit – FIU”, meaning that one of its duties is also sending financial and other intelligence to the competent authorities. This duty has been stipulated by the definition of the Financial Action Task Force (FATF), according to which the office for money laundering prevention is the **“central national unit for receiving, and analysing suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing and for disseminating results of its analysis to the competent authorities”**.

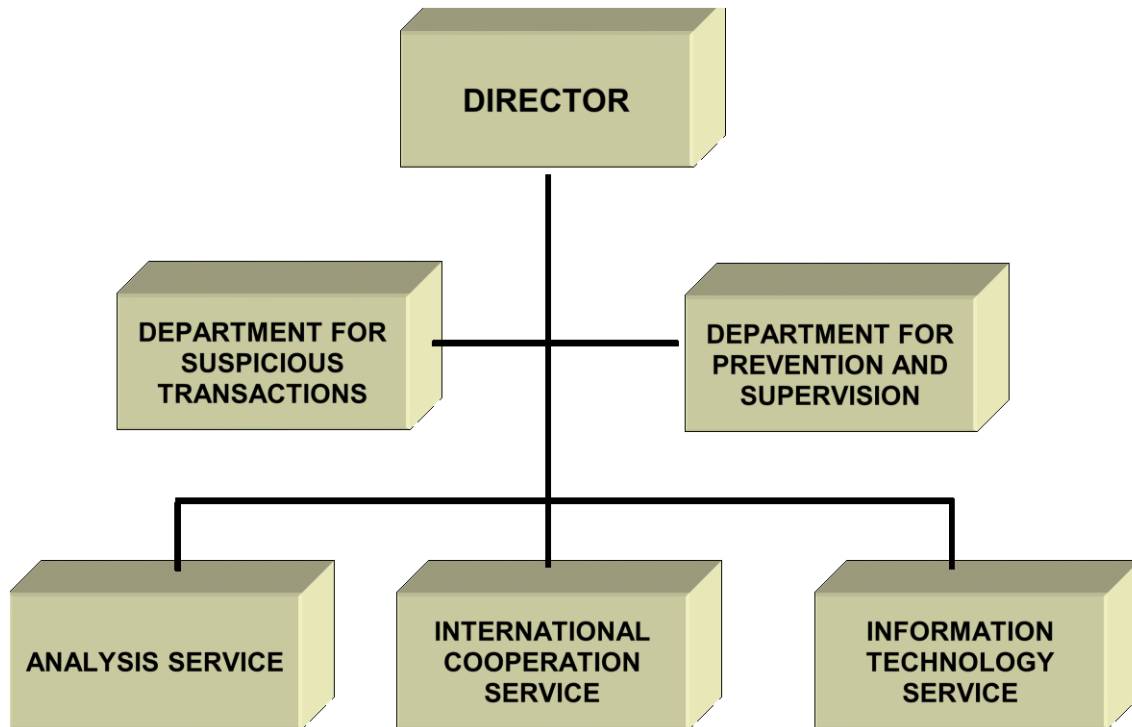
The FIUs can be administrative, police, judicial/court and hybrid types, the majority of them are is administrative. Almost half of the FIUs from EU Member States are administrative FIUs. Slovenia has also decided for the administrative type of the FIU, which does not have police competences, but has a special role at detection and prevention² of money laundering and terrorist financing. The advantage of such FIUs is also the possibility to develop trust and cooperation of the FIU with financial institutions, especially banks. Namely, the OMLP is the administrative office within the Ministry of Finance and acts as a clearing house between the financial institutions and law enforcement authorities. Within its competences, OMLP analyses suspicious transactions sent by the obliged entities and if it establishes the reasons for the suspicion of money laundering, terrorist financing or other criminal offences, it forwards gathered data as notification or information to the competent authorities (Police, State Prosecutor Office) for further investigation. With regard to the notifications of OMLP it

¹ *The criminal offence of money laundering has been in our national legislation legalized in the Criminal Code from the year 1995. On the same year, the first Act on the Prevention of Money Laundering came into force and the Office for Money Laundering Prevention was established.*

² *Duties of OMLP, referring to the prevention of money laundering and terrorist financing are proposing the competent authorities changes and amendments to regulations, participating at drawing up the guidelines for obliged entities, participating in drawing up the list of indicators for recognizing the suspicious transactions, participating in professional training of the staff of obliged entities, recognizing the typologies and trends of money laundering and terrorist financing.*

is necessary to point out, that these are intelligence data containing sensitive financial data, and not criminal reports in the sense of the Criminal Procedure Act.

The organizational chart of the OMLP is as follows:



2 ACTIVITIES OF THE OMLP IN THE FIELD OF CASH TRANSACTIONS

The OMLP receives from organizations, which are obliged entities according to the Article 4 of the APMLTF (hereinafter: organizations) and customs authorities:

- data on all cash transactions exceeding 30.000 EUR (hereinafter: cash transactions)
- since 18 October 2011, data on all transfers exceeding 30.000 EUR, which were on the basis of the customer's demand performed to the countries or accounts of natural persons and legal persons with their residence or headquarters in the states with a higher risk of money laundering and terrorist financing; the list of those countries is published at the website of the OMLP (furthermore: transfers exceeding 30.000 EUR)
- data on transfers of cash exceeding 10.000 EUR when crossing the Slovenian part of the EU border, according to the Regulation of the European Parliament and Council on Cash Movements entering or leaving EU (hereinafter: cash transfers)

2.1 Cash transactions exceeding 30.000 EUR

In 2013, the OMLP received the reports on cash transactions exceeding 30.000 EUR from 41 different organizations. **17.181 cash transactions** in the total value of **1.241.321.026 EUR**

performed in 2013 have been reported to the OMLP on the prescribed forms. In 2012, 15.868 cash transactions in the total value of 1.576.766.018 EUR have been reported to the OMLP. The comparison between the years 2012 and 2013 has shown, that the **number of reported cash transactions has increased for 8,3% in 2013**, but their value has been reduced for 21,3%.

The detailed review of the number of cash transactions can be found in the Table 1.

Table 1: Number and share of cash transactions exceeding 30.000 EUR in the period 2012-2013 by reporters

<i>Organizations</i>	<i>2012</i>		<i>2013</i>		
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Index</i>
<i>Banks</i>	13.875	87,4%	14.898	86,7%	107
<i>Post Office</i>	802	5,1%	729	4,2%	91
<i>Gaming houses</i>	682	4,3%	727	4,2%	107
<i>Savings banks</i>	288	1,8%	469	2,7%	163
<i>Gaming Saloons</i>	217	1,4%	348	2,0%	160
<i>Savings and Credit houses</i>	2	0,01%	8	0,05%	400
<i>Exchange offices</i>	1	0,01%	2	0,01%	200
<i>Trade with Real Assets</i>	1	0,01%	0	-	-
TOTAL CASH TRANSACTIONS	15.868	100,00%	17.181	100,0%	108

2.2. Transfers exceeding 30.000 EUR to the countries with the higher risk of money Laundering

Since 18 October 2011, the organizations shall according to the Article 38 of the APMFLT in three days at the latest, report to the OMLP the data on every transfer exceeding 30.000 EUR, which was on the basis of demand of the client performed to the account of natural and legal persons with permanent or temporary residence or headquarters in the countries with the higher risk for money laundering or terrorist financing or to the accounts in those countries (hereinafter: transfers). The list of the countries with the higher risk for money laundering or terrorist financing (hereinafter: list of the countries) changed three times in the year 2012. The last list published at the website of the OMLP containing 41 countries.

In the period from 1 January 2013 until 31 December 2013, the organizations reported to the OMLP altogether **2.665 transfers in the total value of 321.444.795 EUR**. 1.896 transfers (71,1%) were transfers for domestic legal persons, 683 (25,6%) for foreign legal persons, 65 (2,4%) for natural persons (for 43 different persons, citizens of Bulgaria, Croatia, Cyprus, Italy, Russia, Serbia, Turkey, Ukraine, USA and Slovenia; for 4 persons there is no data, but according to the names/surnames it could be assumed they are Slovenian citizens) and 21 (0,8%) for sole traders or persons, performing their activities independently. **The receivers of those transfers were in majority the foreign companies, as 2.601 transfers (97,6%) in the total value of 313.233.426 EUR were performed to their accounts.** Beside this, 47 transfers (1,8%) were performed to natural persons (26 different persons, citizens of Croatia, Cyprus, Ecuador, Italy, Kenya, Liechtenstein, Monaco, Panama, Serbia, Switzerland, Turkey, United Kingdom and Slovenia) and 17 (0,6%) to Slovenian legal persons.

2.3 Transfers of cash exceeding 10.000 EUR across the EU borders

As stipulated by the Article 73 of the APMLFT, Customs authorities are obliged to report to OMLP, at the latest within three days, the data on any declared import or export of cash amounting to or exceeding 10.000 EUR when entering or leaving EU. **In 2013, there were 141 reported and non-reported transfers of cash at the Slovenian part of the EU border, which was 55,7% less than in 2012.** This was the consequence of the entrance of Croatia to EU and abolishment of reporting of transfers of cash from Croatia to Slovenia. From 141 of transfers, 139 were reported and 2 non-reported (detected) transfers of cash.

Among 139 reported transfers, there were **43 transfers from EU and 96 of transfers to EU** (latter in the total value of 6.049.038 EUR – 2 transfers in the total value of 2.250.000 EUR were performed for the foreign legal person - Central bank of Montenegro, and 94 transfers in the total value of 3.799.038 EUR for natural persons).

Both attempts of non-reported transfers were **transfers to EU** in the total amount of 46.736 EUR and were performed for two legal persons. The total value of non-reported transfers (in 2013 just transfers to EU), represented 0,9% of total value of all transfers of cash for natural persons and 1,2% all transfers to EUR for natural persons.

The number of reported and non-reported transfers to EU for natural persons (96) exceeds the number of transfers from EU (42) for 1,3 times, the difference in the total value transfers to/from EU is even bigger – for 1,5 times.

3 ACTIVITIES OF THE OMLP IN THE FIELD OF SUSPICIOUS TRANSACTIONS

The OMLP receives from organizations, which are obliged entities according to Article 4 of the APMLTF (organizations from the Paragraph 1, Article 4 of the APMLFT, lawyers, law firms and notaries from Paragraph 2, Article 4 of the APMLFT) data on suspicious transactions regardless the amount and data on persons, whereby the reasons for the suspicion on money laundering and terrorist financing activity are raised. On the basis of Article 60 of the APMLTF, the OMLP can also start investigations in certain cases on the basis of the initiatives of the state and supervisory authorities stated in those articles and on the basis of the discovered facts of the Central Securities Clearing Corporation and stock exchange as stipulated by the Article 74 of the APMLFT and supervisory authorities from the Article 89 of the APMLFT.

In addition the OMLP receives, on the basis of Articles 64 and 65 of the APMLFT and a condition of the actual reciprocity, certain data from its foreign counterparts and checks its database of cash transactions and transfers of cash across EU borders, that can also be used as the basis to start gathering of data on suspicious transactions, assets and persons.

Paragraph 2 of Article 53 of the APMLFT stipulates that OMLP receives, collects, analyses and forwards data, information and documentation obtained on the basis of the APMLFT, and authorizes the OMLP in its Articles 61 and 62 to inform competent authorities if it considers that in connection with a transaction or person there are grounds to suspect money laundering, terrorist financing or other criminal offences, stated in the Article 62.

3.1 Cases with the reasons for the suspicion on money laundering and terrorist financing

According to the provisions of the APMLFT, the OMLP received **613 reports on suspicious transactions or suspicious activities. Among them 609 reports referred to the suspicions of committing the criminal offence of money laundering** according to Article 245 of the Criminal Code and in **7 reports to the a suspicion of committing the criminal offence of terrorist financing** has been raised according to Article 109 of the Criminal Code.

Those data has been divided in this report according to the:

- reporters
- number and dynamics of opened and concluded cases
- cases, forwarded to the Criminal Police Directorate of the Ministry of Interior due to the reasons for the suspicion for money laundering
- cases, forwarded to the Criminal Police Directorate of the Ministry of Interior due to the reasons for the suspicion for financing of terrorism
- cases, forwarded to the Criminal Police Directorate of the Ministry of Interior and other competent authorities due to the reasons for the suspicion of committing other criminal offences
- temporary postponement of transactions
- the value of temporarily seized dirty money and assets
- typology of suspicious transactions.

3.1.2 Reporters

Detailed data on reporters of suspicious transactions and persons, on the basis of which the OMLP opened and investigated particular cases in 2013, can be seen in the Table 2 (together with comparative data for the period from 2009 until 2012). The table contains only reporters, explicitly determined by the APMLTF, as the OMLP could start the investigation of the certain case and use its authorizations only on the basis of the provisions of Article 53.

Table 2: Number and share of cases by reporters in the period from 2009 - 2013

REPORTERS	2009	2010	2011	2012	2013
1. SUSPICIOUS TRANSACTIONS ACCORDING TO THE ARTICLE 38 OF APMLTF	160	176	260	498	541
	80,40%	75,54%	79,51%	89,09%	90,17%
Banks	151	164	238	461	504
Savings banks	4	5	7	16	12
Post Office	2	1	4	9	2
Brokerage companies and management companies of investment funds	-	1	1	1	9
Leasing	-	1	1	4	3
Auditors and accountants		1	-	-	2
Organizers of the games of chance	3	-	1	-	2
Dealers with precious stones	-	2	8	7	5
Real Estate Agencies	-	1	-	-	-
Other obliged entities	-	-	-	-	2
2. REPORTING ACCORDING TO THE	3	2	2	4	1

ARTICLE 49 OF APMLTF					
	1,51%	0,86%	0,61%	0,72%	0,17%
Notaries	-	1	-	2	1
Lawyers	3	1	2	2	
3. INITIATIVES ACCORDING TO THE ARTICLE 60 OF APML	23	24	28	36	30
	11,56%	10,30%	8,56%	6,44%	5,00%
Ministry of Interior, Criminal Police Directorate	15	18	17	24	16
State Prosecutor`s Office	-	2	2	7	9
Court	-	-	3	-	1
Ministry of Finance, Customs Administration Office	2	1	1	2	2
Commission for the Prevention of Corruption	1	3	3	3	1
Slovenian Intelligence and Security Agency	5	-	2	-	1
4. REPORTING ACCORDING TO THE ARTICLE 89 of APMLTF	0	6	4	6	3
	0,00%	2,58%	1,22%	1,07%	0,50%
Ministry of Finance, Tax Office	-	2	1	3	2
Market Inspectorate	-	1	2	1	-
Bank of Slovenia	-	3	1	1	1
Court of Audit	-	-	-	1	-
5. EXCLUDED BY THE OMLP FROM CASH TRANSACTIONS	3	4	17	3	0
	1,51%	1,72%	5,20%	0,54%	0,00%
6. FOREIGN FIUs	10	21	16	12	25
	5,03%	9,01%	4,89%	2,15%	4,17%
TOTAL	199	233	327	559	600

3.1.3 Number and dynamics of opened and concluded cases

In the Table 3 you can find the number of opened and concluded cases in the period from 2009 until 2013, which were investigated by the OMLP due to the reasons for the suspicion on committing the criminal offences of money laundering and terrorist financing.

Table 3: Opened and concluded cases for the period from 2009 until 2013

YEAR	Opened	Notification	Information	AA in OMLP	Concluded TOTAL	Number of all sent written information
						<i>Notification/Information</i>
2009	199	65	39	111	215	41/36
2010	233	55	43	109	207	43/34
2011	327	99	58	99	256	84/48
2012	559	175	73	130	378	132/64
2013	600	170	109	156	435	135/83

From the Table 3 can be seen, that **in 2013 the OMLP opened 600 new cases on the basis of the reports and in the same period concluded 435 cases.**

In 2013, 435 cases were concluded as follows:

- **170 cases** were as 135 notifications on suspicious transactions forwarded to the Criminal Police Directorate (in some cases also to the State Prosecutor`s Office), as the reasons for the suspicion of committing the criminal offence of **money laundering** were raised (39% of all cases, concluded in 2013)
- **109 cases** were concluded with 83 information, due to the raised reasons for committing the **other criminal offences**, stipulated by Article 62 of APMLFT (25% of all cases concluded in 2013). The cases were therefore forwarded to the competent authorities.
- **156 cases** were **concluded and kept in the OMLP** as no reasons for the suspicion of committing the criminal offence of money laundering or other criminal offence from Article 62 of APMLFT were detected (36% of all cases, concluded in 2013).

3.1.4 Cases, forwarded to the Criminal Police Directorate of the Ministry of Interior and/or State Prosecutor`s Office due to the suspicion of money laundering according to the Article 245 of the Penal Code

Among concluded cases, the OMLP forwarded to the Criminal Police Directorate of the Ministry of Interior and/or State Prosecutor`s Office, those cases which were suspected to be connected with the criminal offence of money laundering, together with documentation on the basis of Article 61 of the APMLFT.

In 2013, during its analysis the OMLP discovered by 170 cases the reasons for the suspicion of committing the criminal offence of money laundering, which it sent (in 135 written notifications) to the Criminal Police Directorate of the Ministry of Interior. The number of cases is higher than the number of written notifications, because some of the written notifications included several connected cases. Beside the afore mentioned notifications, the OMLP forwarded to the Criminal Police Directorate of the Ministry of Interior and/or to the State Prosecutor`s Office in 2013 also several completions of already sent notifications on suspicious transactions, concluded in the previous years.

The amount of money for which (in the afore mentioned notifications on suspicious transactions) there existed reasons for the suspicion of committing the criminal offence of money laundering, was in 2013 almost the same as in the year before, namely **159.353.197 EUR**. We should point out, that this amount is just the total amount of performed transactions, which raised reasons for the suspicion of money laundering, and not necessarily the amount of the actually laundered money.

Within its competences for detection of reasons for the suspicion of ML, the OMLP cannot definitively establish, which predicate criminal offence was committed, but it can estimate on the basis of gathered data, which predicate criminal offences have most probably been committed. In the year 2013 it was discovered, that predicate criminal offences, from which the dirty money originated, were in more than 50% of the cases “abuse of position or trust at economic activities” according to Article 240 of the Criminal Code and” tax evasion” according to Article 249 of the Criminal Code. In our

notifications of suspicious transactions the following criminal offences have been mentioned (as most probable predicate criminal offences): “abuse of prostitution” according to Article 175 of the Criminal Code, “unlawful manufacture and trade of narcotic drugs” according to Article 186 of the Criminal Code, “big theft” according to Article 205 of the Criminal Code, “fraud” according to the Article 211 of the Criminal Code, “extortion” according to Article 214 of the Criminal Code, “impairment of the creditors” according to Article 227 of the Criminal Code, “business fraud” according to Article 228 of the Criminal Code etc.. In some cases, we could not establish which predicate criminal offence has most probably been committed.

3.1.4 Cases, forwarded to the Criminal Police Directorate and/or State Prosecutor`s Office due to the suspicion of committing the criminal offence of financing of terrorism according to Article 109 of the Criminal Code

As already mentioned, the OMLP received in the year also 7 cases with raised suspicions of committing the criminal offence of financing of terrorism according to Article 109 of the Criminal Code. We were not able to confirm those reasons, but one case was forwarded to the competent authorities as information, because we discovered the reasons for the suspicion of committing other criminal offences, connected with financing of terrorism.

At the same time, the OMLP also (in the field of the prevention of financing of terrorism) performed regular monthly reviews of our databases (databases of cash transactions, suspicious transactions, transfers of cash from/to EU) with regard to the persons and organizations from EU list (Consolidated List of Persons, Groups, Entities subject to EU Financial Sanctions), against whom certain financial sanctions have been applied on the basis of the EU Directives and UN Resolutions. The reviews in 2013 showed, that no person from that list performed any financial transaction in Slovenia or was connected with financial transactions in our country.

3.1.5 Typology of suspicious transactions

On the basis of the performed analysis of notifications on suspicious transactions, where we (as already mentioned) investigated 170 reports and sent them to the competent authorities (Criminal Police Directorate of the Ministry of Interior/State Prosecutor Office), it has been established that the typology of those suspicious transactions has almost stayed the same as in the previous year. Namely, in 2013 we also detected an increase of reasons for the suspicion of committing the criminal offence of money laundering, which most probably originated from the economic predicate criminal offences (tax evasion according to the Article 249 of the Criminal Code and/or abuse of position or trust at performing economic activities according to the Article 240 of the Criminal Code). Still, some classical techniques of money laundering, typical for the first (“placement”) and second (“layering”) stage of money laundering have been used, but in some cases all three stages of money laundering have appeared as well.

We can talk on certain typology of money laundering when we detect the sample or series of similar procedures (methods) of hiding of the illegal source of the money or other assets, which include different mechanisms, techniques and instruments:

- mechanism of money laundering represents the environment or the system, where the money laundering activities have been entirely/partially performed: financial institutions

(banks, saving houses, brokerage houses, leasing houses), notaries, lawyers, natural persons, legal persons or companies (domestic companies, “straw” companies, off-shore companies), money transfer systems (Western Union, MoneyGram);

- **money laundering technique is the method of performing money laundering**, represented by the following categories: cash withdrawals, cash deposits, wire transfers (electronic transfers of money between the accounts), use of alternative systems for the transfers of funds, transfer of cash via state border, exchange of currencies, “smurfing” of the amounts;

- **instrument of money laundering is the holder of the value, used for the money laundering activities** and is mostly represented by the following categories: cash, cheques, securities, real assets, vehicles, boats, companies.

With regard to the understanding of the typologies presented below and connected basic elements, we should point out that in a particular case several instruments, mechanisms and money laundering techniques could appear. The sum of particular established money laundering techniques, which is represented by particular typologies and cases, does not represent the total number of the cases, as in the particular case, several money laundering techniques could be detected. In 2013, we established the following most frequent used **mechanisms of money laundering** with regard to the particular basic elements of money laundering techniques (mechanisms, techniques, instruments):

- **Financial institutions** (banks and savings houses): we discovered that in 118 (out of 134 cases) the financial (banking) system was used. In the remaining cases, we detected also particular alternative systems for transfers of funds (MoneyGram and Western Union), trade with precious metal (investment gold) and use of casinos. Among the services of the financial (banking institutions) or financial system, mostly the accounts of the companies and natural persons at banks were abused, as in at least 36 cases the foreign accounts were used. This means that the foreign natural and legal persons used accounts in Slovenia or that Slovenian natural and legal persons used foreign bank accounts;
- **Natural persons** were used in 107 cases. The method of use is different: “self-laundering”, when the natural person commits the predicate criminal offence and criminal offence of money laundering as well; use of natural persons as authorized persons and use of natural persons as “third persons”, via whom the money laundering was performed.
- **Legal persons** were used in 89 cases, at least in 8 cases, the “straw” companies were used and in at least 12 cases off-shore companies appeared as well.

As the most frequent money laundering **instrument**, detected at all investigated cases of money laundering in 2013, was again **money**. Beside money, we also detected the use of real assets, companies, gold or gold bars, cheques or bills or securities.

The most frequent money laundering techniques in 2013 (detected in more than one case) have been as follows:

- transfers of funds between the accounts (detected in approximately 67% cases)
- withdrawals of cash from the accounts (detected in approximately 56% of cases)
- transfer of funds between the countries (detected in approximately 41% of cases)
- cash deposits (detected in approximately 18% of cases)
- concealment via third persons (detected in approximately 9% of cases)
- use of money transfer systems (MoneyGram, Western Union) (detected in approximately 4% of cases)

- false purposes of transactions (established in approximately 3% of cases)
- use of fictive contracts (detected in approximately 3% of cases)
- exchange of currencies (detected in approximately 2% of cases)
- investments to securities (detected in approximately 2% of cases)
- investments to real property (detected in approximately 2% of cases)
- companion of third persons at performing of transactions (detected in approximately 2% of cases)
- transfer of funds via state borders (detected in approximately 2% of cases)
- use of authorized persons for performing transactions (established in approximately 1% of cases)
- use of fiduciary accounts (established in approximately 1% of cases)
- creating of false obligations (established in approximately 1% of cases)
- smurfing and avoiding of identification (established in approximately 1% of cases)
- change of banknotes (established in approximately 1% of cases.)

Beside the afore mentioned money laundering techniques we discovered also the following techniques of money laundering: „cash couriers, fictive inheritance, chain sale of the real assets, return of the credit, use of several branch offices.

It should be pointed out, that the analysis of typologies has been made on the basis of the findings of the OMLP in cases, sent to the Police/State Prosecutor Office due to the reasons for the suspicion of money laundering. But this does not necessarily mean, that the Police confirmed the suspicions of the OMLP and sent the criminal charge for money laundering to the State Prosecutor Office. It should be taken into consideration that the criminal investigation (performed by the Police) could disprove the OMLP`s reasons for the suspicion.

Several different techniques have been used in the particular case or combination of the afore mentioned money laundering techniques, most frequently applied by the connected natural and legal persons. The common characteristics of the investigated suspicious transactions (typologies), sent in 2013 with our 135 notifications on suspicious transactions to the Criminal Police Directorate and/or State Prosecutor Office, could be divided to the following fields:

- **Abuse/use of the accounts of the legal persons** (straw and off-shore companies) for money laundering (established in approximately 55% of cases – from which the use/abuse of the accounts of “straw” companies – est. in approx. 6% of all cases and use/abuse of the accounts of off-shore companies – est. in approx. 9% of all cases)
- **Abuse of the bank accounts of natural persons for money laundering** (established in approximately 64% of all cases)
- **Abuse/use of the accounts of the straw companies and natural persons for money laundering in connection with the companies from Italy** (established in approximately 10% of all cases)
- **Abuse/use of the e-banking with regard to the theft of the money from the bank accounts** (established in approximately 4% of all cases)
- **Use of the systems for the transfer of the money** (established in approximately 4% of all cases)
- **Smurfing of the amounts and avoiding of the identification** (established in approximately 2% of all cases)
- **Exchange of currencies and banknotes of the lower value** (established in approximately 2% of all cases).

In the year 2013, we have investigated an interesting attempt of money laundering, when the heirs in the probate procedure stated before the court, they found the higher sum of cash in the house of the departed, which supposed to belong to the latter, but the heirs did not know anything about that. With regard to the available data, it could be assumed, the money was not from the departed, but the heirs wanted that the court would count the money (of the doubtful source) into the heritage. In this way, the money would get the legal source and would be ready for the further use.

The interesting cases in the year 2013 also referred to the use of the virtual currency Bitcoin. It has been established that Bitcoin has not been regulated and supervised in Europe and worldwide. The business activities with Bitcoin have been performed via very complicated web system, which enables the high level of anonymity of particular persons. Those facts represent the high risk for money laundering and terrorist financing at activities with this virtual currency.

The OMLP also investigated several cases of (attempts) of money laundering due to the intrusion to the information system (e-banking) and theft of the funds from the bank accounts of the holders, who use e-banking. In such cases, the damage to the holder of the bank accounts could be prevented due to the timely behavior of the holder of the “attacked” account and competent authorities.

In 2013, we also had several cases referring to the abuse of the banking cards (stolen cards or cards from which all data have been stolen – “skimming”). At least two different methods have been established, as follows:

- first - when the abuse of the banking card has been performed by the ATMs with regard to the accounts of the companies directly/indirectly controlled by the perpetrators. The funds, transferred to the accounts of those companies, have later on been withdrawn in cash.
- second – when the fictive web shops have been established, and the perpetrators have been performing fictive purchases of goods with stolen banking cards or cards, from which they have stolen all the data by “skimming”. The funds are ~~than~~ then transferred to the accounts of those companies (web shops) and withdrawn in cash.

4 COOPERATION WITH OTHER STATE AUTHORITIES AT DETECTION, INVESTIGATION AND PROSECUTION OF MONEY LAUNDERING

In this period, at detection and prevention of the criminal offence of money laundering, the OMLP especially cooperated with the Criminal Police Directorate of the Ministry of Interior (Police), Special Group of Prosecutors for the Fight Against Organized Crime at Supreme State Prosecutor`s Office, Bank of Slovenia, Securities Market Agency, Tax Office, Customs and Slovenian Intelligence and Security Agency. OMLP also closely cooperated in concrete cases with criminalists from several police directorates and other state prosecutor`s offices. Cooperation with the afore mentioned state authorities has been taken at the level of principals and operative level between the authorized representatives of authorities.

In 2013, the OMLP issued 8 consensus for cooperation in specialized investigative groups and at the end of 2013 it took an active role in 16 specialized groups (9 of them have been established on the basis of the a Act on confiscation of property of illegal origin. The cooperation with the Police, which could also be shown by the fact, that in ~~the year~~ 2013 the Police filed 62 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering.

The State Prosecutor Office independently (without the previous criminal report of the Police for money laundering) initiated the procedure in 21 cases, therefore the new criminal reports were filed and the proceedings were initiated in 83 cases in 2013, where in preliminary criminal proceedings or criminal proceedings the suspicions of the criminal offence of money laundering have been investigated.

The number of information sent to the Tax Administration due to the suspicions of committing the criminal offence of tax evasion increased for almost 50% in 2013. The cooperation with Tax Administration has been successful, as it used the majority of the OMLPs information at its tax supervisions.

4.1 Criminal offences and performing of Article 75 of the APMMLTF

Article 75 of the APMMLTF determines, that due to centralization and analysis of all data related to money laundering, courts, State Prosecutor`s Offices and other state authorities are obliged to forward to the OMLP data on the offences as provided by the APMMLTF and criminal offences on money laundering. On the basis of this article, the state authorities are obliged to forward data to the OMLP in each case and annually inform the OMLP on their findings referring to the received notifications and information. On the other hand, the State Prosecutor`s Offices and the courts should send to the OMLP twice annually (in July and January) the data on persons and procedures against whom the criminal or administrative proceedings have been raised.

In 2013, the Police and State Prosecutor`s Office filed criminal reports or started criminal proceedings in 83 cases (within their competences), referring to the suspicions of committing the criminal offence of money laundering. In the period 1995-2013, the preliminary criminal proceedings or criminal proceedings were started in 348 cases due to the grounded suspicions of committing the criminal offence of money laundering.

4.1.1. Statistical data of Police on criminal offences of money laundering

On the basis of data on filed criminal reports, that has to be sent to OMLP by the Police, can be seen, that the number of criminal reports for the criminal offence of money laundering in 2013 significantly increased in comparison with the year 2012. The number of filed reports increased in the last five years, namely from 23 criminal reports in 2009 to 45 criminal reports (on average) in the period 2010-2012. In the year 2013, the Police filed 62 criminal reports due to the grounded suspicions of committing the criminal offence of money laundering.

In the period 2009-2013, the Police altogether filed 220 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering.

4.1.2 Statistical data related to the given criminal reports

From the data received for the year 2013 from the State Prosecutor's Offices and Courts can be seen, that with regard to those **348 cases against 556 persons** (556 natural and 91 legal persons), the preliminary criminal procedures and criminal procedures were at the following stages on 31 December 2013:

Table 4: Stage of procedures of cases connected with the criminal offence of money laundering on 31 December, 2013

	STAGE OF PROCEDURE	No. of Cases	No. of persons
1	SP*: decision has not been made yet	80	205
2	SP: criminal charge rejected	56	126
3	SP: prosecution has been delayed	1	1
4	SP: demand for investigation	27	80
5	IJ**: investigation has been introduced	53	140
6	SP/COURT: indictment	50	113
7	COURTS: final acquittals	15	28
8	COURT: final judgments - concealment	3	4
9	COURT: Convictions	26	32
10	SP/COURT: withdrawal from prosecution, prescription...	29	76
11	COURT: withdrawal of prosecution abroad	5	8
12	Fusion of procedures	3	8
	TOTAL:	348	821

* SP means State Prosecutor Office

** IJ means Investigative Judge

It has been established, that in the last years there was a significant increase of the cases, where the procedures with regard to the criminal offence of money laundering were running. At the end of the year 2009 there were 101 of such cases, as at the end of the year 2013 the number was 348. The number of the cases, where at least the grounded suspicion of committing the criminal offence of money laundering was established was more than tripled in the last four years.

From the Table 4 can be seen, that on 31 December 2013, **137 (of 348) cases** connected with the criminal offence of money laundering, **became final** as follows:

- In 56 cases, State Prosecutor's Office rejected the criminal report
- **In 15 cases, the final acquittal was passed**
- **26 cases ended with the final conviction**
- 3 cases ended with the final judgment due to the committing of the criminal offence of concealment
- In 29 cases, State Prosecutor's Offices withdrew of prosecution or the court stopped the criminal prosecution
- 4 cases were forwarded abroad for further procedures
- In 3 cases, the courts and state prosecutor offices decided to unite the preliminary

criminal procedures and criminal procedures.

In other **80 cases**, the State Prosecutor`s Office has not decided on the criminal prosecution, but **in 130 cases**, the State Prosecutor`s Office began with the criminal proceedings at court, namely:

- In 27 cases, it demanded investigation (increase for 6 cases in comparison with 2012)
- In 53 cases, the investigation has been introduced (increase for 16 cases in comparison with 2012)
- In 50 cases, the indictment has been filed (increase for 11 cases in comparison with 2012).

In Table 5, you will find the number of all cases on the last day of the particular year, where the criminal proceedings due to the criminal offence of money laundering have started.

Table 5: Comparison of the number of cases connected with committing the criminal offence of money laundering with regard to the stages of procedures on the last day of the particular year (2007 – 2012)

Stage of Procedure	2009	2010	2011	2012	2013
SP: decision has not been made	22	59	75	64	80
SP: criminal report rejected	14	15	17	50	56
SP: prosecution has been delayed	/	/	/	1	1
SP: demand for investigation	14	15	30	21	27
IJ: investigation has been introduced	16	23	25	37	53
SP/COURT: indictment	8	17	27	39	50
COURT: judgments, not final yet	1	1	2	/	0
COURT: final acquittals	10	10	10	13	15
COURT: final judgments - concealment	/	/	/	3	3
COURT: final convictions	3	3	5	9	26
SP/COURT: withdrawal of prosecution, limitation etc.	9	11	15	24	29
COURT: forwarding of criminal files abroad	4	4	4	4	5
Fusion of procedures					3
TOTAL	101	158	210	265	348

From the Table 5 can be seen, that the number of rejected cases increased significantly in comparison with the previous years, as the consequence of the amended legislation, which incriminated the tax evasion at the amount higher than 50.000 EUR. This also has an influence to the number of the delays from the prosecution, as the number of the cases forwarded abroad stayed unchanged. The number of acquittals has stayed almost the same (all of them due to the unproven predicate criminal offence), but the number of convictions increased to 26 cases, where the final conviction was pronounced due to the commitment of the criminal offence of money laundering.

In spite of the significant increase of the criminal reports, where the state prosecutor offices have not taken the decision on the continuation of the criminal procedure, we could establish that an increase of the number of cases where the state prosecutor offices decided for prosecution (and were in the stages of the demand for investigation, investigation or indictment) has been even higher. **The number of those cases in the stages of demand for investigation, investigation or indictment increased from 55 cases in 2010 to 130 cases in**

2013. On the basis of this data, it could be established, that Police and State Prosecutor`s Office in the year 2013 strongly encouraged their activities in the field of the prosecution of money laundering.

We share the opinion that the high number of cases in the stages of demand for investigation, investigation or indictments will sooner or later result in the higher number of convictions. The increased number of convictions will influence to the introduction of the court practice in the cases connected with the criminal offence of money laundering. Namely, court practice will concretize some basic elements of the criminal offence of money laundering, which will in future positively affect to all proceedings with regard to the prosecutions of the criminal offence of money laundering.

5 PREVENTION AND SUPERVISION

In 2013, the activities of the OMLP in the field of prevention and supervision were as follows:

- preparation of opinions and views with regard to the implementation of the APMLTF and bylaws, issued on its basis;
- participation in the bodies of Council of Europe and European Union, which deal with the prevention and detection of money laundering and terrorist financing,
- supervision on the implementation of the provisions of the APMLTF by organizations stated in Article 4 of the APMLTF;
- participation in the professional training of staff of the obliged entities, state authorities, organizations with public authorizations, cooperation in the training of the foreign counterparts and bodies
- informing the public and running of the procedures on the access to the information of public character;
- ongoing editing of the website of the OMLP in accordance with the Act on the Access to the Information of Public Character
- collaboration in the Council for the Crime Statistics at the Slovenian Statistics Office.

5.1 Preparation of opinions and points of view with regard to the implementation of APMLFT

5.1.1. Changes and amendments of APMLFT

The purpose of the preparation of the Act on the changes and amendments of APMLFT has been the limitation of the cash transactions from 15.000 EUR to 5.000 EUR, where the prohibition has been expanded also to the performing of services.

The main goal of the proposed obligation to perform payments exceeding 5.000 EUR via supervised credit and financial institutions, is better overview over the money flows of the particular business subject. This also enables more efficient performing of the competences of OMLP and other competent authorities with regard to the investigation of the criminal offences of money laundering and financing of terrorism together with the search of the

source of the illegally derived assets.

The purposes, at which this act has been based, do not differ from the principles of the relevant APMMLFT.

The cash operations will be reduced from 15.000 EUR to 5.000 EUR, but this amount would still be high enough to enable the untroubled cash operations at usual, most frequent business activities of the population (purchase of the basic necessities of life including technical goods; payment of services of the lawyers, notaries, tax, health etc.). If the amount for the sold goods or performed services will exceed 5.000 EUR, the payment via transaction/payment account will be demanded. In this way, this provision does not prohibit the cash operations as such, but it only directs them to the banks and other financial institutions.

5.1.2. Written opinions and views referring to the implementation of APMMLFT

In 2013, the OMLP gave **23 written opinions/points of view** with regard to the explanation of APMMLFT, namely 4 opinions to the requests of the foreign FIUs, 3 opinions to the requests of banks, 3 opinions to the request of the lawyers/law firms, 2 opinions to the request of insurance companies and 7 opinions to the requests of other obliged entities. We have also answered several questions, forwarded to the OMLP by different obliged entities.

The OMLP gave opinions/points of view with regard to the following questions:

- customer due diligence by opening of the accounts or establishment of the permanent business relationship
- customer due diligence by cash deposits of the security companies
- verification and updating of the documents and data on clients
- identification of the beneficial owner
- customer due diligence via third parties
- reporting of cash transactions exceeding 30.000 EUR
- reporting of suspicious transactions
- performing of the internal control
- performing of other duties according to the APMMLFT.

The majority of the OMLP`s written opinions have been published on the website of the OMLP to be available to all organizations and other obliged entities.

5.2 Activities within the international bodies

The activities of the OMLP were in 2013 in a large extent connected with the MONEYVAL Committee at the Council of Europe and Committee for the Prevention of Money Laundering and Terrorist Financing at European Commission.

5.2.1 Council of Europe

In 2013, there were three Plenary Meetings of MONEYVAL in Strasbourg, participated also by the representatives of OMLP, their contents can more precisely be seen below:

41th Plenary Meeting MONEYVAL (April 9-12, 2013)

The representatives of OMLP participated at this meeting as the members of the Slovenian delegation – the other members were from the Ministry of Interior –Bank of Slovenia, Ministry of Justice and State Prosecutor`s Office). Slovenia had to report on its progress since 4th Round Evaluation of MONEYVAL in October, 2009 and only with regard to those FATF Recommendations evaluated as “partially compliant” (PC) or “non-compliant” (NC) . Slovenian Progress Report therefore referred only to 10 FATF recommendations, evaluated as PC (as no NCs were received). At this meeting, the 4th Round Evaluation Report of Poland was discussed and adopted as well. The delegations of Croatia, Bosnia and Herzegovina, Moldova and Macedonia have to report on their progress (according to the MONEYVALs Rules of Procedure). Their progress was not satisfactory, therefore they had to report at the next MONEYVALs plenary meeting. The new chairman (from Malta) was elected, as the previous one became the FATF chairman. The following issues have also been presented and discussed at this meeting: schedule of the meetings and evaluations for the year 2013; - list of countries, which would examine reports for the forthcoming plenary; information of international organizations and bodies from the field of the prevention of ML/FT (FATF, IMF, World Bank, EGMONT, European Commission etc.).

42^h Plenary Meeting MONEYVAL September 16-20, 2013)

The Slovenian delegation composed from the representatives of the Ministry of Interior – Police, Bank of Slovenia and OMLP, attended this meeting, where the following reports have been discussed and adopted: 4th Round Reports for Croatia, Monaco, Bulgaria: progress reports for Hungary, Albania and San Marino. Albania and San Marino have not achieved the sufficient progress, therefore they had to report back at the next plenary.

The schedule of the plenary meetings and evaluations for the year 2014 was also presented, as the 4th Round Evaluation of MONEYVAL should finish at the end of this year and a new, 5th Round should start based on the new FATF Recommendations and methodology. The procedure of the new round has not been determined yet, as FATF received a number of remarks of different countries. The international organizations (FATF, IMF, World Bank, EGMONT, European Commission etc.) informed the participants on their activities from the field of the prevention of ML/FT and the MONEYVAL Secretariat presented a draft schedule of the plenary meetings for the year 2014 .

43th Plenary Meeting MONEYVAL (December 9 - 13, 2013)

The Slovenian delegation (with the representatives from the, Bank of Slovenia and OMLP) attended this meeting of the MONEYVAL, where the following reports have been discussed and adopted: 4th Round Evaluation Report of Israel; partial “follow-up” report for Czech Republic (country will have to present the complete report at the next plenary); “follow-up” report for Guernsey; progress report of Vatican (Holy See); report on special assessment of Cyprus (certain progress was achieved, but the country should report again at the next plenary). The delegations of Georgia, Bosnia and Herzegovina, Moldova and Ukraine should (according to the Rules of Procedure) report on their progress in the field of the prevention of ML/FT. The international organizations (FATF, IMF, World Bank, EGMONT, European Commission etc.) informed the participants on their activities from the field of the prevention of ML/FT and the MONEYVAL Secretariat presented the draft schedule of meetings for the year 2014..

5.2.2. European Union

The representatives of OMLP attended the meetings of different bodies within EU, as

follows:

5.2.2.1 Council of European Union - Experts Group for Financial Services

In February 2012, the revised FATF standards have come into force that should the countries take into consideration at performing of the AML/FT measures. On this basis, the European Commission issued the proposal of a new (fourth) AML Directive on the prevention of the use of the financial system for ML/FT. With regard to this proposal, several meetings of the member states were held at the Council of European Union (Experts Group for Financial Services) in 2013, namely 10 meetings (7 of them at the level of the experts and financial attaches, and 3 at the level of financial attaches). The meetings were attended by the representative of the OMLP, who represented the views of the Republic of Slovenia.

5.2.2.2. European Commission - Experts Group on Money Laundering and Terrorist Financing - EGMLTF

In 2013, the representative of OMLP attended two meetings of EGMLTF, which was established within the European Commission in 2013. Its main duty is the informal advising to the Commission: in the field of measures against ML/FT; at preparation of legislation and policies; at offering assistance at preparation of the proposals of the acts, before they are presented to the Committee of Prevention of Money Laundering and Terrorist Financing. The following issues have been discussed at the meetings of EGMLTF: Fourth AML Directive; Supranational Risk Assessment; Guidelines on new methods of payment services and politically exposed persons; evaluation of the countries with regard to the FATF recommendation No. 32, referring to the cash couriers.

5.2.2.3. European Commission – EU-FIU Platform

The representative of OMLP attended one meeting of EU-FIU Platform in 2013, where the following issues were discussed: the development of the secured computer network FIU.NET and its integration with EUROPOL; methods of forwarding the suspicious transactions to the competent authorities; FATF recommendations and principles of the EGMONT Group for the exchange of information between the FIUs (its members).

5.3. Participation in the professional training

Point 6 of Paragraph 1 of Article 43 of the APMMLFT and the “Rules on Performing Internal Control, Authorized Person, Safekeeping and Protection of Data and Keeping of Records of Organizations, Lawyers, Law firms and Notaries” (Official Gazette of the Republic of Slovenia No. 10/08) determine that the obliged entities from Article 4 of the APMMLFT have to provide for regular professional training related to the detection and prevention of money laundering and terrorist financing of all employees performing duties according to the APMMLFT. Article 70 of the APMMLFT also prescribed, that the OMLP takes an active role in such an education as well.

On this basis and within the international cooperation, the representatives of the OMLP performed 25 hours and 45 minutes of lectures in 2013 within different seminars in Slovenia. At this time, the Office has been the administrative authority, as the relevant APMMLFT does not enable it to perform on-site inspection visits at the obliged entities. By amending this act, the Office will gain such competences and will be able to perform such

inspections, which will definitively contribute to more efficient supervision over the obliged entities in the field of their implementation of the AML/FT measures.

6 INTERNATIONAL COOPERATION

The legal basis for the international activities of the OMLP is determined by Articles 65, 66 and 67 of the APMLTF, authorizing the OMLP to exchange the information with foreign counterparts competent for the prevention of money laundering and terrorist financing. The chapter of the APMLTF referring to the international cooperation also determines conditions under which the OMLP can temporarily postpone a transaction on the basis of the initiative of the foreign FIU and enables the OMLP itself to give (within its obligations of the prevention of money laundering and terrorist financing) an initiative to a foreign authority for the temporary postponement of transaction on the basis of the grounded suspicion on money laundering and terrorist financing.

The OMLP has obtained certain competences on the basis of the Council of Europe “Convention No. 198 on laundering, search, seizure and confiscation of the proceeds from crime and on the financing of terrorism” (hereinafter: Convention No. 198), which was adopted by the Board of Ministers of the Council of Europe on 16 May 2005. Slovenia signed it on 28 March 2007, ratified on 26 April 2010, so it came into force on 1 August 2010. The OMLP was foreseen as the central authority, competent for receiving and sending the requests referring to the money laundering, search, seizure and confiscation of the proceeds from crime and financing of terrorism.

Below you will find the activities of the OMLP from the field of the bilateral cooperation.

6.1. Bilateral cooperation

In the year 2013, several contacts between the OMLP and its foreign counterparts with the purpose to exchange the information were performed.

6.1.1 International Cooperation on the basis of the Articles 65 and 66 of the APMLTF

In 2013, the OMLP sent on the basis of Article 65 of APMLFT 148 requests in 104 cases to 37 countries and on the basis of Article 66 of APMLFT received 146 requests in 124 cases from 43 countries.

In comparison with the year 2012, when OMLP sent 170 requests to its counterparts from 41 countries in altogether 95 cases and received 145 requests from 48 countries in altogether 100 cases, it can be established that **the number of the sent requests decreased by 13%, and the number of received requests stayed almost the same.**

The majority of the information were exchanged with the FIUs from Italy, Austria, Croatia, , Bosnia and Herzegovina, Russia, United Kingdom and Germany.

6.2. Financial and Material Operations

The budget funds intended for the OMLP operations in the year 2013 amounted to **565.735 EUR**, which were divided as follows:

- 487.651 EUR (88,15% for salaries, other personal incomes and contributions of the employer for the social security)
 - 61.823 EUR (or 11,17 %) for costs of goods and services
 - 3.730 EUR (or 0,67%) for the membership fee of the EGMONT group.
- Because of the lack of financial sources, the OMLP did not have any investments.