



REPUBLIC OF SLOVENIA  
MINISTRY OF FINANCE  
**OFFICE FOR MONEY LAUNDERING  
PREVENTION**  
Cankarjeva 5, P.O.BOX 1696,  
1000 Ljubljana

**DATA FROM THE REPORT ON ACTIVITIES OF THE  
OFFICE FOR MONEY LAUNDERING PREVENTION OF  
THE REPUBLIC OF SLOVENIA FOR THE YEAR 2014**

Ljubljana, December 2015

## 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: APMMLFT) 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 2014 has already been the nineteenth report to the Government and refers to the period from 1 January 2014 until 31 December 2014. 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.**

### Organizational chart of the OMLP

By the implementation of the preventive acts on the prevention of money laundering and terrorist financing<sup>1</sup> and the establishment of the offices<sup>1</sup> 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 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 prevention<sup>2</sup> 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,

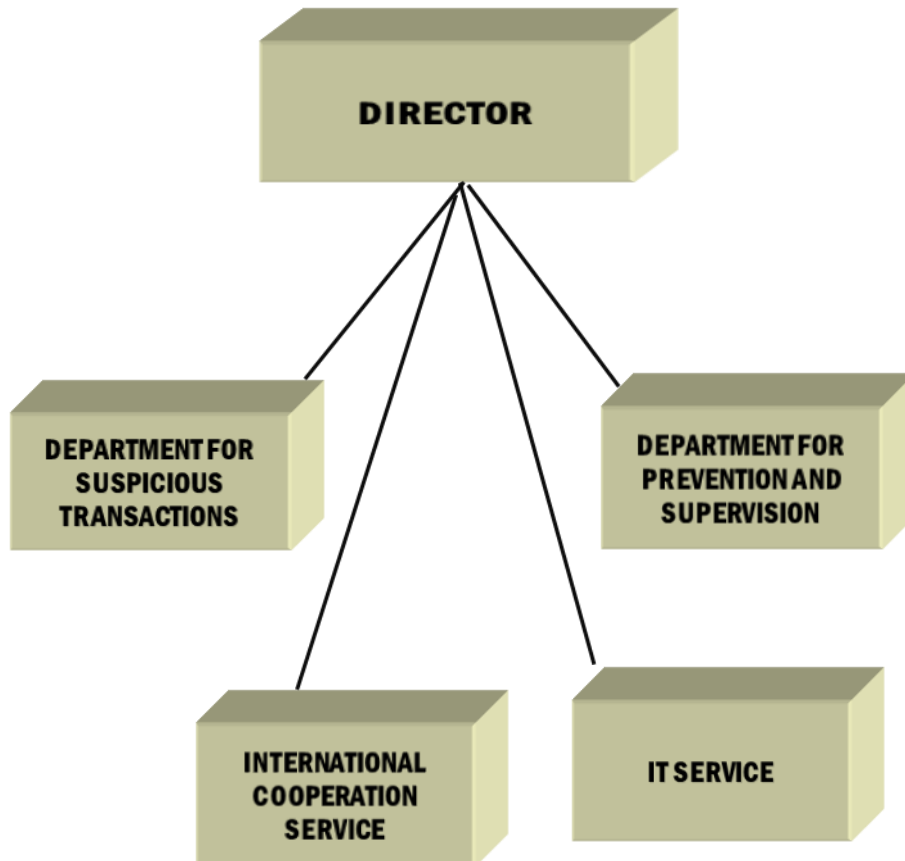
---

<sup>1</sup> *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.*

<sup>2</sup> *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.*

State Prosecutor Office) for further investigation. With regard to the notifications of OMLP it 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 OMLP IN THE FIELD OF SUSPICIOUS 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 (hereinafter: 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)

### Cash transactions exceeding 30.000 EUR

In 2014, the OMLP received the reports on cash transactions exceeding 30.000 EUR from 41 different organizations. **13.548 cash transactions** in the total value of **974.279.746 EUR** performed in 2014 have been reported to the OMLP on the prescribed forms. In 2013, 17.181 cash transactions in the total value of 1.241.321.026 EUR have been reported to the OMLP. The comparison between the years 2013 and 2014 has shown, that the **number of reported cash transactions has decreased for 22% in 2014**, as well as their value.

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 2013-2014 by reporters**

<i>Organizations</i>	<i>2013</i>		<i>2014</i>		
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Index</i>
<i>Banks</i>	14.898	86,7%	11.115	82,0%	75
<i>Post Office</i>	729	4,2%	565	4,2%	78
<i>Gaming houses</i>	727	4,2%	849	6,3%	117
<i>Savings banks</i>	469	2,7%	666	4,9%	142
<i>Gaming Saloons</i>	348	2,0%	348	2,6%	100
<i>Savings and Credit houses</i>	8	0,05%	5	0,0%	63
<i>Exchange offices</i>	2	0,01%	0	0,00%	0
<b>TOTAL CASH TRANSACTIONS</b>	<b>17.181</b>	<b>100,0%</b>	<b>13.548</b>	<b>100,0%</b>	<b>79</b>

### Transfers exceeding 30.000 EUR to the countries with the higher ML risk

Since 18 October 2011, the organizations shall according to the Article 38 of the APMLFT 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 2014. The last list published at the website of the OMLP contained 33 countries.

In the period from 1 January 2014 until 31 December 2014, the organizations reported to the OMLP altogether **4.406 transfers in the total value of 571.887.071 EUR**. 3.117 transfers (70,74% of all transfers) in the total value of 426.635.801 EUR were transfers for domestic legal persons (74,60% of the total value of all transfers), 1.147 transfers (26,03% of all transfers) in the total value of 126.932.670 EUR were performed on behalf of foreign legal persons and 142 transfers (3,22% of all transfers) on behalf of natural persons. Recipients of those transfers were mostly foreign companies, as to their accounts 4.062 or 91,37% of all transfers in the total value of 547.501.954 EUR were performed (which was 95,73% of the total value of all transfers). 126 transfers (2,85% of all transfers) were performed to the benefit of natural persons and 207 of transfers (0,45% of all transfers) to domestic legal persons with the accounts in the countries from the list.

### **Transfers of cash exceeding 30.000 EUR via EU borders**

As stipulated by the Article 73 of the APMLFT, Customs authorities are obliged to report to OMLP (within three days at latest), the data on any declared import or export of cash amounting to or exceeding 10.000 EUR when entering or leaving EU. **In 2014, there were 114 reported and non-reported transfers of cash at the Slovenian part of the EU border, which was 20% less than in 2013.** From 114 of transfers, 113 were reported and 1 non-reported (detected) transfers of cash. The Financial Administration of the Republic of Slovenia did not introduce the administrative proceeding with regard to this non-reported transfer of cash.

Among 113 reported transfers, there were **69 transfers to EU and 44 of transfers from EU, 24 transfers were performed for foreign or domestic legal persons, 89 transfers for natural persons. The total value of transfers to EU was 2.218.108 EUR, as the total value of transfers from EU (via Slovene border) was 1.193.875 EUR.**

By entering of Croatia to EU, the number of transfers decreased rapidly, as the reporting obligation of cash has been valid only at airport border crossings and harbours.

### **3. ACTIVITIES OF 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.

#### **Cases with the raised reasons of suspicion for money laundering or terrorist financing**

According to the provisions of the APMLFT, the OMLP **received 489 reports on suspicious transactions or suspicious activities. Among them 484 reports referred to the suspicions**

of committing **the criminal offence of money laundering** according to Article 245 of the Criminal Code as in **5 reports a suspicion of committing the criminal offence of terrorist financing** has been raised according to Article 109 of the Criminal Code. On the basis of all those reports, the Office opened 480 cases and performed activities on the basis of the relevant APMLFT.

Those data has been divided in this report (for the period 2010 – 2014) 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.

## Reporters

Detailed data on reporters of suspicious transactions and persons, on the basis of which the OMLP opened and investigated particular cases in 2014, can be seen from the Table 1 (together with comparative data for the period from 2010 until 2014). 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 1: Number and share of cases by reporters in the period from 2010 - 2014*

REPORTERS	2010	2011	2012	2013	2014
<b>1. SUSPICIOUS TRANSACTIONS ACCORDING TO THE ARTICLE 38 OF APMLTF</b>	<b>176</b>	<b>260</b>	<b>498</b>	<b>541</b>	<b>419</b>
	<b>75,54%</b>	<b>79,51%</b>	<b>89,09%</b>	<b>90,17%</b>	<b>87,29%</b>
<b>Banks</b>	<b>164</b>	<b>238</b>	<b>461</b>	<b>504</b>	<b>372</b>
Savings banks	5	7	16	12	25
Post Office	1	4	9	2	4
Brokerage companies and management companies of investment funds	1	1	1	9	4
Leasing	1	1	4	3	4
Auditors and accountants	1	-	-	2	1
Casinos	-	-	-	-	2
Organizers of the games of chance	-	1	-	2	2
Dealers with precious stones	2	8	7	5	2
Real Estate Agencies	1	-	-	-	1
Insurance companies	-	-	-	-	1
Other obliged entities	-	-	-	2	1
<b>2. REPORTING ACCORDING TO THE ARTICLE 49 OF APMLTF</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>4</b>

	0,86%	0,61%	0,72%	0,17%	0,83%
Notaries	1	-	2	1	4
Lawyers	1	2	2	-	-
<b>3. INITIATIVES ACCORDING TO THE ARTICLE 60 OF APML</b>	<b>24</b>	<b>28</b>	<b>36</b>	<b>30</b>	<b>39</b>
	10,30%	8,56%	6,44%	5,00%	8,13%
Ministry of Interior, Criminal Police Directorate	18	17	24	16	25
State Prosecutor`s Office	2	2	7	9	8
Court	-	3	-	1	2
Ministry of Finance, Customs Administration (Financial Administration)	1	1	2	2	-
Commission for the Prevention of Corruption	3	3	3	1	2
Slovenian Intelligence and Security Agency	-	2	-	1	2
<b>4. REPORTING ACCORDING TO THE ARTICLE 89 of APMLTF</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>0</b>
	2,58%	1,22%	1,07%	0,50%	0,00%
Ministry of Finance, Tax Office (Financial Administration)	2	1	3	2	-
Market Inspectorate	1	2	1	-	-
Bank of Slovenia	3	1	1	1	-
Court of Audit	-	-	1	-	-
<b>5. EXCLUDED BY THE OMLP FROM CASH TRANSACTIONS</b>	<b>4</b>	<b>17</b>	<b>3</b>	<b>0</b>	<b>2</b>
	1,72%	5,20%	0,54%	0,00%	0,42%
<b>6. FOREIGN FIUs</b>	<b>21</b>	<b>16</b>	<b>12</b>	<b>25</b>	<b>16</b>
	9,01%	4,89%	2,15%	4,17%	3,33%
<b>TOTAL</b>	<b>233</b>	<b>327</b>	<b>559</b>	<b>600</b>	<b>480</b>

### Number and dynamics of opened and concluded cases

In the Table 2 you can find the number of opened and concluded cases in the period from 2010 until 2014, 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 2: Opened and concluded cases for the period from 2010 until 2014*

<i>YEAR</i>	<i>Opened</i>	<i>Notification</i>	<i>Information</i>	<i>AA in OMLP</i>	<i>Concluded TOTAL</i>	<i>Number of all sent written information</i>
						<i>Notification/Information</i>
<b>2010</b>	233	55	43	109	207	43/34
<b>2011</b>	327	99	58	99	256	84/48
<b>2012</b>	559	175	73	130	378	132/64
<b>2013</b>	600	170	109	156	435	135/83
<b>2014</b>	480	190	124	207	521	157/111

From the Table 2 can be seen, that **in 2014 the OMLP opened 480 new cases on the basis of the reports and in the same period concluded 521 cases.**

**In 2014, 521 cases were concluded as follows:**

- **190 cases** were as 157 written 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 2014)
- **124 cases** were concluded with 111 written information, due to the raised reasons for committing the **other criminal offences**, stipulated by Article 62 of APMLFT (23,99% of all cases concluded in 2014). The cases were therefore forwarded to the competent authorities (Police, Financial Administration of the Republic of Slovenia, Slovenian Intelligence and Security Agency).
- **207 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 (39,73% of all cases, concluded in 2014).

**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 2014, during its analysis the OMLP discovered by 190 cases the reasons for the suspicion of committing the criminal offence of money laundering, which it sent (in 157 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 2014 also 30 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, increased in 2014 (in comparison with the year 2013), namely **177.739.077 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 money actually laundered.

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 2014, in 66 written notifications, the OMP did not state the predicate criminal offence, but at remaining written notifications the OMLP estimated (on the basis of the circumstances) which predicate criminal offence has most probably been committed. Detected predicate criminal offences, from which most probably the dirty money originated in 2014 were: abuse of position or trust at performing economic activities according to the Article 240 of the Criminal Code and/or



tax evasion according to the Article 249 of the Criminal Code (in 21 cases); criminal offences committed abroad (23 cases in total, from Italy in 19 cases). In other written notifications, the OMLP also mentioned the following predicate criminal offences as possible predicate criminal offences for money laundering: “fraud“ according to the Article 211 of the Criminal Code (11 times); “unlawful manufacture and trade of narcotic drugs” according to Article 186 of the Criminal Code (8 times); “use of a Counterfeit Bank, Credit, or Other Card” according to the Article 247 of the Criminal Code (4 times); “business fraud” according to the Article 228 of the Criminal Code (3 times) and in some cases also “human trafficking” according to the Article 113 of the Criminal Code; “grand larceny” according to the Article 205 of the Criminal Code; « Embezzlement and Unauthorised Use of Another’s Property” according to the Article 209 of the Criminal Code; “impairment of creditors” according to the Article 227 of the Criminal Code etc..

### **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 2014 also 5 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 in 3 cases. In 2014, the OMLP informed the competent authorities in altogether 6 cases on possible suspicions of committing the criminal offence of financing of terrorism according to the Article 109 of the Criminal Code.

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 2014 showed, that no person from that list performed any financial transaction in Slovenia or was connected with financial transactions in our country.

### **Temporary postponement of transactions**

On the basis of the Article 57 of APMLFT, the OMLP may issue a written order for temporary postponement of transactions for a maximum of 72 hours, if it considers there are reasonable grounds to suspect ML/FT. In 2014, the OMLP issued such orders in 11 cases, when it postponed transactions in the total amount of 639.2013 EUR at the debt of 19 bank accounts held by 10 domestic and foreign natural persons and 9 domestic legal persons. In majority of those cases, the State Prosecutor Office proposed (before the expiry of the temporary postponement of transaction) the temporary prohibition of disposing with all the funds at the accounts. On the basis of this proposal, the courts issued the decrees for provisional securing of the assets at the accounts.

### **Value of the provisionally secured assets in the ML cases**

In 2014, the courts provisionally secured assets in the total amount of 6.746.002,93 EUR in ML cases on the basis of the proposals of State Prosecutor`s Offices, which was 1,73% more

than in 2013. The majority of the secured assets referred to real assets, which actual value is much lower. The provisional securing referred to 16 natural persons and 4 legal persons, investigated by the State Prosecutor Offices in 12 cases, due to the grounded reasons of committing the criminal offence of ML, which was 15% lower than in 2013. It has been established that the number of issued orders for temporary securing with regard to the number of cases, persons (against which the orders were issued) and total amount has not been particularly changed.

### **Typology of suspicious transactions**

On the basis of the performed analysis of 157 notifications on suspicious transactions, where we (as already mentioned) investigated 190 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 2014 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 concealment 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); trade with precious metal;
- **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, concealment via third persons;
- **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 2014, 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 147 (out of 160 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) and trade with precious metal (investment gold). 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 31 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 131 cases. The method of use was 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 100 cases, at least in 9 cases, the “straw” companies were used and in at least 10 cases off-shore companies appeared as well.

As the most frequent money laundering **instrument**, detected at all investigated cases of money laundering in 2014, was again **money**. Beside money, we also detected the use of real assets, companies, gold or gold bars, cheques or bills, securities and virtual currencies.

The most frequent money laundering techniques in 2014 (detected in more than one case) have been as follows:

- transfers of funds between the accounts (detected in approximately 60% cases)
- withdrawals of cash from the accounts (detected in approximately 51% of cases)
- transfer of funds between the countries (detected in approximately 43% of cases)
- cash deposits (detected in approximately 19% of cases)
- concealment via third persons (detected in approximately 8% of cases)
- transfers of funds via state borders (detected in approximately 7% of cases)
- use of money transfer systems (MoneyGram, Western Union) (detected in approximately 7% of cases)
- use of fictive contracts (detected in approximately 6% of cases)
- use of authorized persons for the execution of transactions (detected in approximately 5% of cases)
- establishment of false obligations (detected in approximately 4% of cases)
- use of funds for economic activities (detected in approximately 4% of cases)
- smurfing and avoidance of identification (detected in approximately 2% of cases)
- use of countries with the higher level of bank secrecy (detected in approximately 2% of cases)
- investments to real assets (established in approximately 1% of cases)
- companion of third persons at performing of transactions (detected in approximately 1% of cases)
- investments to securities, boats or vehicles (detected in approximately 1% of cases).

Beside the afore mentioned money laundering techniques we discovered also the following techniques of money laundering: withdrawals of cash at ATMs; fictive inheritance; use of deposit boxes; return of the credit; purchase of company.

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 2014 with our 160 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 54% 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. 6% of all cases)
- **Abuse of the bank accounts of natural persons for money laundering** (established in approximately 50% of all cases)
- **Abuse/use of the accounts of the straw companies and natural persons for money laundering in connection with the companies from neighboring countries** (established in approximately 14% 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 6% of all cases)
- **use/abuse of e-banking with regard to the theft of funds from bank accounts** (established in approximately 3% 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 1% of all cases).

The exact characteristics of the afore mentioned ML typologies have already been described in previous reports of OMLP and explained at its website.

#### **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 2014, the OMLP issued 9 consents for cooperation in specialized investigative groups and at the end of 2014 it took an active role in 25 specialized groups (17 of them have been established on the basis of the Act on confiscation of property of illegal origin). The cooperation with the Police was good, which could also be shown by the fact, that in **2014 the Police filed 47 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 12 cases, therefore the new criminal reports were filed and the proceedings were initiated in 59 cases in 2014, 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 (Financial Administration) due to the suspicions of committing the criminal offence of tax evasion was almost similar as in 2013. The cooperation with Tax Administration (Financial Administration) has been successful, as it used the majority of the OMLPs information at its tax supervisions.

### **Criminal offences and performing of Article 75 of APMLTF**

Article 75 of the APMLTF 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 APMLTF 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 2014, the Police and State Prosecutor`s Office filed criminal reports or started criminal proceedings in 59 cases (within their competences) against 114 natural and 23 legal persons, referring to the suspicions of committing the criminal offence of money laundering. In the period 1995-2014, the preliminary criminal proceedings or criminal proceedings were started in 407 cases due to the grounded suspicions of committing the criminal offence of money laundering.**

### **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 2014 slightly decreased in comparison with the year 2013. This could be the consequence of the extremely high number of criminal reports in 2013, as the number of filed criminal reports in 2014 has been an average of the last 5 years.

**In the period 2009-2014, the Police altogether filed 244 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering, which was more than 50% of all introduced procedures (407) with regard to money laundering since 1995 onwards (as incriminated in the Slovenian legislation).**

**In 2014, the Police filed altogether 47 criminal reports due to the grounded suspicions of committing the criminal offence of money laundering – 23 of them based on the OMLPs notifications.**

### **Statistical data related to the filed criminal reports**

From the data received for the year 2014 from the State Prosecutor`s Offices and Courts can be seen, that with regard to those **407 cases against 859 natural and 134 legal persons**, the preliminary criminal procedures and criminal procedures were at the following stages on 31 December 2014:

**Table 3: Stage of procedures of cases connected with the criminal offence of money laundering on 31 December, 2014**

	<b>STAGE OF PROCEDURE</b>	<b>No. of cases</b>	<b>Domestic natural persons</b>	<b>Foreign natural persons</b>	<b>Domestic legal persons</b>	<b>Foreign legal persons</b>
<b>1</b>	SP*: decision has not been made yet	104	216	37	54	4
<b>2</b>	SP: criminal charge rejected	55	87	13	18	-
<b>3</b>	SP: prosecution has been delayed	1	1	-	-	-
<b>4</b>	SP: demand for investigation	20	60	6	19	2
<b>5</b>	IJ**: investigation has been introduced	60	121	8	13	2
<b>6</b>	COURT: indictment	55	93	10	7	4
<b>7</b>	COURTS: Convictions	45	65	5	4	1
<b>8</b>	COURT: Convictions - concealment	3	4	-	-	-
<b>9</b>	COURT: Acquittals (final)	16	18	8	3	-
<b>10</b>	SP: Withdrawal from prosecution	20	55	6	-	-
<b>11</b>	COURT: Stop of the criminal procedures	13	15	5	-	-
<b>12</b>	COURT: Withdrawal of prosecution abroad	6	-	8	1	-
<b>13</b>	"Pre-qualification" of criminal offence (concealment)	2	7	-	-	-
<b>14</b>	Union of procedures	7	11	-	2	-
	<b>TOTAL:</b>	<b>407</b>	<b>753</b>	<b>106</b>	<b>121</b>	<b>13</b>

\* SP means State Prosecutor Office

\*\* IJ means Investigative Judge

From the Table 3 can be seen, that on 31 December 2014, **167 (of 407) cases** connected with the criminal offence of money laundering, **became final** as follows:

- In 55 cases, State Prosecutor`s Office rejected the criminal report
- **In 16 cases, the final acquittals were pronounced**
- **45 cases ended with the final conviction**
- 3 cases ended with the final judgment due to the committing of the criminal offence of concealment
- In 33 cases, State Prosecutor`s Offices withdrew of prosecution or the court stopped the criminal prosecution
- 6 cases were forwarded abroad for further procedures
- In 9 cases, the courts and state prosecutor offices decided to unite the preliminary criminal procedures and criminal procedures.

In other 104 cases, the State Prosecutor`s Office has not decided on the criminal prosecution and in 1 case it postponed the prosecution, but **in 135 cases**, the State Prosecutor`s Office began with the pre-criminal and criminal proceedings at court, which were on 31 December 2014 at the following stages:

- In 20 cases, demand for investigation
- In 60 cases, the investigation has been
- In 55 cases, the indictment has been filed.

In Table 4, 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. It could be seen that in the last 4 years the procedures in approximately 60 new cases connected with the criminal offence of money laundering have been introduced.

**Table 4: 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 (2010 – 2014)**

Stage of Procedure	2010	2011	2012	2013	2014
SP: decision has not been made	59	75	64	80	104
SP: criminal report rejected	15	17	50	56	55
SP: prosecution has been delayed	/	/	1	1	1
SP: demand for investigation	15	30	21	27	20
IJ: investigation has been introduced	23	25	37	53	60
COURT: indictment	17	27	39	50	55
COURT: conviction	3	5	9	26	45
COURT: final acquittal	10	10	13	15	3
COURT: final judgment - concealment	/	/	3	3	16
SP: withdrawal of prosecution, limitation etc.	11	15	24	29	33
COURT: forwarding of criminal files abroad	4	4	4	5	6
Pre-qualification” of criminal offence (concealment)	-	-	-	-	2
Union of procedures	-	-	-	3	7
<b>TOTAL</b>	<b>158</b>	<b>210</b>	<b>265</b>	<b>348</b>	<b>407</b>

From the Table 4 could be seen, that the number of cases, where the State Prosecutor Office decides on the prosecution has been constantly increasing. This increase is slower than an annual increase of new cases. The number of rejected cases increased rapidly only in 2012, which was the consequence of the legislation referring to the incrimination of tax evasion in higher amount (which exceeded 50.000 EUR of concealed taxes), which also influenced to the number of the rejections of prosecutions. The numbers of cases forwarded abroad, cases where the State Prosecutor Office withdrew of prosecution and courts stopped the prosecution stayed almost the same as in the previous year. The number of acquittals stayed the same as well, due to the unproved predicate criminal offence. The number of final convictions increased to 45 cases, where the final judgments for committed criminal offence of money laundering were pronounced. In 135 cases, the State Prosecutor Offices decided for prosecution and they have been in stages of demand for investigation, investigation or indictment.

**In previous years, we have exposed an increase of the number of those three stages of**

**proceedings and expected early conclusion of those cases, which would influence to the number of the final concluded cases as well. Actually, in 2014 19 cases referring to the committing of the criminal offence of money laundering, ended with the final judgment. The rapid increase of final judgments could also be confirmed by the data, that the courts pronounced 36 judgments in the last two years, as in the period 1995-2012 this number was only 9.**

## **5. PREVENTION AND SUPERVISION**

In 2014, the activities of the OMLP in the field of prevention and supervision were as follows:

- preparation of the changes and amendments of APMLFT
- 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.

### **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 APMLFT.

The limitation of cash operations was therefore at the beginning of 2014 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 exceeds 5.000 EUR, the



payment via transaction/payment account is 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.

### **Written opinions and views referring to the implementation of APMLFT**

In 2014, the OMLP gave 44 written opinions/points of view with regard to the explanation of APMLFT, namely 2 opinions to the requests of the supervisory authorities from Article 85 of APMLFT; 1 opinion to the request of foreign FIU; 3 opinions to the request of the state authorities; 12 opinions to the requests of the banks; 1 opinion to the request of the insurance company and 25 opinions to the requests of other 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
- identification of the beneficial owner
- appointment of the authorized person
- virtual currencies
- reporting of cash transactions exceeding 30.000 EUR
- implementation of the Resolution 1781/2006/ES
- limitation of cash transactions
- reporting of suspicious transactions
- keeping the data and documentation
- performing of other duties according to the APMLFT.

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

### **Activities within the international bodies**

The activities of the OMLP were in 2014 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.

#### ***Council of Europe***

In 2014, there were three Plenary Meetings of MONEYVAL in Strasbourg, participated also by the representatives of OMLP, their contents can more precisely be seen below:

#### ***44<sup>th</sup> Plenary Meeting MONEYVAL (31 March – 4 April 2014)***

The representative of OMLP participated at this meeting as the members of the Slovene delegation – the other members were from the Ministry of Interior – Police and State Prosecutor's Office. At this plenary, the reports on 4<sup>th</sup> Round MONEYVAL Evaluation of Liechtenstein, Macedonia and Romania were discussed and adopted. Ukraine, Georgia, Moldova, Israel and Bosnia and Herzegovina had to report on their progress according to the Rules of Procedure of MONEYVAL. There was also a presentation of the training with regard to the typologies of organized crime, held in May 2014 and attended by the state prosecutors of the countries, members of MONEYVAL.

#### 45<sup>th</sup> Plenary Meeting MONEYVAL (September 14-19, 2014)

The Slovenian delegation was composed from the representatives of the OMLP and Bank of Slovenia. At this plenary, the report on 4<sup>th</sup> Round Evaluation of MONEYVAL for Georgia was discussed and adopted, as well as the progress reports for Slovakia, San Marino, Russian, Latvia and Albania. The discussion was also held on the procedures for 5<sup>th</sup> evaluation round and preparation of the countries for this procedure. The delegations also discussed on the UN Resolution on Iran, financial inclusion and voluntary tax programmes (introduced by Hungary and Malta).

#### 46<sup>th</sup> Plenary Meeting MONEYVAL (December 8 - 12, 2014)

The Slovenian delegation (with the representatives from the Police and OMLP) attended this meeting of the MONEYVAL, where the reports on 4<sup>th</sup> Round Evaluation for Azerbaijan was discussed and adopted, as well as the progress reports of Israel, Albania, Moldova, Slovakia and Malta. The delegations also discussed on the following issues: financial sanctions, introduced on the basis of UNSCR 2170 (2014) and EU Regulation 914/2014 with regard to the persons, who joined ISIS; rules of procedure for 5<sup>th</sup> Evaluation Round; voluntary tax schemes, introduced by certain countries (Hungary, Malta, San Marino).

Due to the nonsufficient progress of Bosnia and Herzegovina, this country will have to report on its activities from the field of prevention of money laundering and terrorist financing at each MONEYVAL plenary. In July 2014, MONEYVAL Secretariat published a statement at its website declaring Bosnia and Herzegovina as a country with the higher risk for money laundering and terrorist financing. The countries (MONEYVAL members) were called to take suitable measures. In November 2014, there was a 4<sup>th</sup> Evaluation Round held in Bosnia and Herzegovina, where certain progress was detected, but further steps with regard to this country would be taken at first plenary of MONEYVAL in April 2015. If the progress was not satisfactory, the decision on further steps with regard to this country would be taken to the higher level, namely at the ICRG (International Cooperation Review Group of FATF).

At all plenary meetings, the international organizations (FATF, IMF, World Bank, EGDMONT, 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 2015.

In the period August 24-29, 2014 there was a *strategic analysis training* in Strasbourg, attended by the representative of OMLP. The training was organized by the EGDMONT group together with MONEYVAL. The participants were acquainted by the methods of analysis of suspicious cases from the field of money laundering and terrorist financing.

### ***European Union***

#### Experts Group for Financial Services

On the basis of revised FATF recommendations, the Commission of EU issued in February 2013 the proposal of a new, 4<sup>th</sup> AML Directive on the prevention of use of financial system for money laundering and financing of terrorism and new regulation on data, accompanying the transfer of funds. With regard to that proposal of directive, the negotiations of the member countries at the level of financial attaches continued in the year 2014. OMLP gave

its proposals and support to the financial attaché of our country for eight meetings of the working group and meetings of COREPER and ECOFIN.

### Experts Group on Money Laundering and Terrorist Financing - EGMLTF

In 2014, the representative of OMLP attended two meetings of EGMLTF, established within the European Commission.

*On 7 February 2014 (3<sup>rd</sup> EGMLTF meeting),* the participants discussed on the proposal of Commission with regard to the role of EGMLTF at national risk assessment and composition of the supra-national risk assessment at the EU level. The Commission proposed that EGMLTF would take an active role at comparison of national risk assessments and exchange of experiences of the countries with regard to this issue. It was agreed, that the representatives of EGMLTF would (within the subgroups) identify the fields of risk for money laundering and terrorist financing on the basis of the available sources and cooperation with other institutions (ESA, EUROPOL, EU FIUs Platform). The Commission will coordinate the entire process, prepare and issue the final report. The project EBA referring to the virtual currencies was also presented. Within EBA, the working group was established with the purpose to evaluate the risk of virtual currencies for customers, money laundering, financing of terrorism, financial crime. The report should be prepared until the end of May 2014.

*On 13 June 2014 (4<sup>th</sup> EGMLTF meeting),* the participants discussed on the future role of EGMLTF. EGMLTF could become the forum for discussion on issues referring to the implementation of directive and regulation, exchange of views and experiences of the member states. It was agreed that the group would adopt the opinions referring to the latest FATF documents and be acquainted with the evaluation reports of 13 member states, which are the MONEYVAL member states as well. The group would have an active role at the exchange of experiences and comparisons referring to the national risk assessments and report of the Commission on supra-national risk assessment.

### EU-FIU Platform

In 2014, there were three EU-FIU platform meetings organized in Brussels – two of them were attended by the representative of OMLP.

At 21<sup>st</sup> and 22<sup>nd</sup> meetings of EU-FIU Platforms, held on 6 February 2014 and 12 June 2014, the participants discussed on uniting of the networks of FIU.NET and EUROPOL; restrictive measures against Ukraine; 4<sup>th</sup> Directive on the prevention of use of financial system for money laundering and financing of terrorism; cross – border reporting of suspicious transactions and Supra-national risk assessment.

### **Participation at professional training**

Point 6 of Paragraph 1 of Article 43 of the APMLFT 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 APMLFT 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

APMLFT. Article 70 of the APMLFT 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 26 hours and 30 minutes of lectures in 2014 within different seminars in Slovenia and abroad.*

## **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.

### **Bilateral cooperation**

**In 2014, the OMLP sent on the basis of Article 65 of APMLFT 216 requests in 150 cases to 39 countries and on the basis of Article 66 of APMLFT received 164 requests in 14 cases from 33 countries.**

In comparison with the year 2013, when OMLP sent 148 requests in 104 cases to 37 countries and received 146 requests in 124 cases from 43 countries, it could be established **that the number of sent requests increased for 46% and the number of received requests for 12,3%.**

### **Convention No. 198**

On the basis of this convention, the OMLP received in 2014 22 requests from Slovenian courts, referring to the execution of their decrees of seizure of the assets, money penalties and costs of criminal procedures as well. 9 requests were refused, 3 requests were returned (to the requesting authorities) as incomplete, 10 requests were sent to the competent foreign authorities.

On the basis of this convention the OMLP received only 1 request in 2014– from San Marino – for the legal assistance within the criminal procedure, which was sent to the competent Slovenian authorities.

### **Financial and Material Operations**

The budget funds intended for the OMLP operations in the year 2014 amounted to **652.014 EUR**, which were divided as follows:

- 568.072 EUR (86,97% for salaries, other personal incomes and contributions of the employer for the social security)
- 60.833 EUR (or 9,33 %) for costs of goods and services
- 3.616 EUR (or 0,55%) for the membership fee of the EGMONT group.

Because of the lack of financial sources, the OMLP did not have any investments.