



REPUBLIC OF SLOVENIA
MINISTRY OF FINANCE
**OFFICE FOR MONEY LAUNDERING
PREVENTION**

Cankarjeva 5, P.O.BOX 1696,
1000 Ljubljana

**SUMMARY FROM THE REPORT ON ACTIVITIES OF THE
OFFICE FOR MONEY LAUNDERING PREVENTION OF
THE REPUBLIC OF SLOVENIA FOR THE YEAR 2017**

1. PREAMBLE

The Act on the Prevention of Money Laundering and Terrorist Financing (Official Gazette of the Republic of Slovenia No. 68/16, hereinafter: APMLFT-1) in its Article 119 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 2017 has already been the twenty-second report to the Government and refers to the period from 1 January 2017 until 31 December 2017. 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

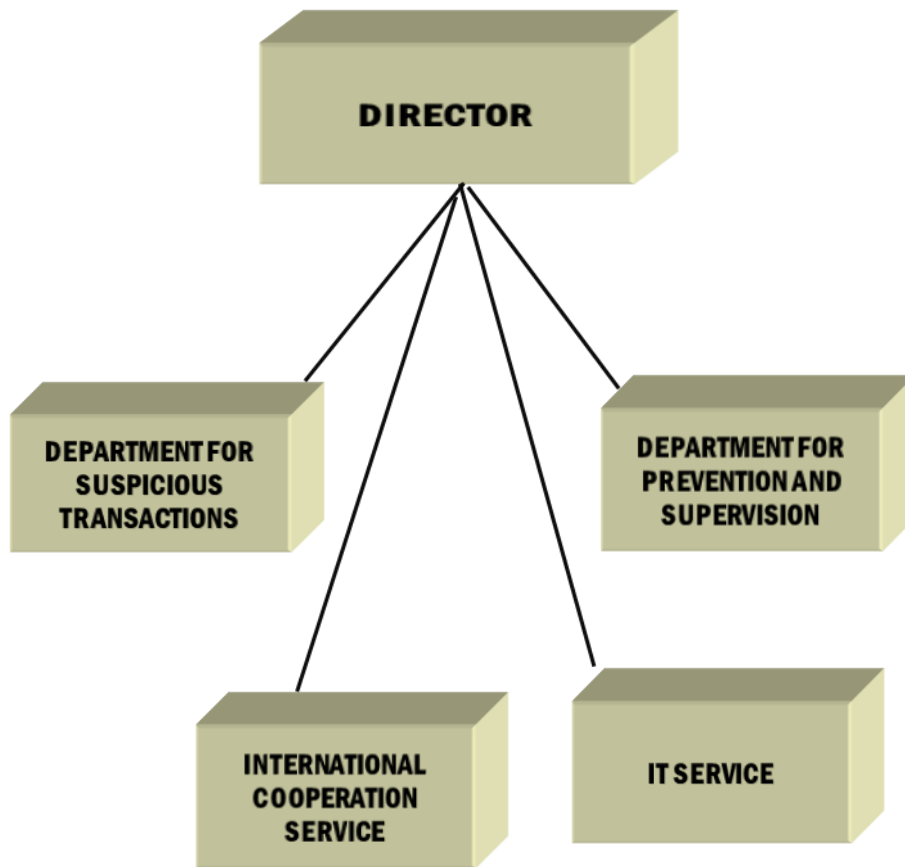
By the implementation of the legislative acts on the prevention of money laundering and terrorist financing and the establishment of the office for money laundering prevention in 1995, the system of detection of money laundering has intended a special role also to the obliged entities (financial and non-financial institutions) and afore mentioned office 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 in detection and prevention 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 an 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 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:



Beside the management, the OMLP consists from 4 organizational units, namely:

- Department for suspicious transactions
- Department for Prevention and Supervision
- International Cooperation Service
- IT Service.

2. ACTIVITIES OF OMLP IN THE FIELD OF CASH TRANSACTIONS, TRANSACTIONS TO HIGH RISK THIRD COUNTRIES AND CROSS BORDER TRANSFERS

Since 19 November 2016, when the APMLFT-1 came into force, the OMLP received from organizations, which are obliged entities according to Article 4 of the APMLTF-1 (hereinafter: organizations) data on all transactions exceeding the certain threshold, namely:

- data on all cash transactions exceeding 15.000 EUR (hereinafter: cash transactions)
- data on all transfers exceeding 15.000 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 (hereinafter: transfers referring to risk countries)
- data on transfers of cash equal or 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 crossing the EU borders).

2.1 Cash transactions exceeding 15.000 EUR

Since 19 November 2016, according to Article 68 of APMLFT-1, the organizations have to send to OMLP the reports on cash transactions exceeding 15.000 EUR. Since 1 September 2017, when the Rules on the method of reporting data to the OMLP (Official Gazette of the Republic of Slovenia No. 32/17) came into force, the organizations have to send data on cash transaction via protected electronic connection.

In 2017, the OMLP received data (via protected electronic connection) from organizations on 53.108 cash transactions exceeding 15.000 EUR in total amount of 1.578.933.560 EUR.

The share of reported cash transactions by sectors has been similar as in previous years, where we (according to the new APMLFT-1) jointly display the number of reported cash transactions for casinos together with gaming saloons and savings houses with savings and loan service. Before November 2016 the previous law set the threshold for cash transactions to be reported on 30.000 EUR. With the enforcement of the new APMLFT-1 the threshold was lowered to 15.000 EUR. For yearly comparison, we have (for the years 2016 and 2017) taken into consideration only data on all reported transactions exceeding 30.000 EUR. The data has shown, that in 2017 the organizations sent **15.235** transactions performed in cash exceeding 30.000 EUR. This means, that the number of cash transactions has slightly increased in comparison with the “decreasing” period from 2008, when we received more than 24.000 such transactions, until 2015 with 12.993 transactions.

For annual comparison, we have only taken into consideration the number of reported cash transactions (by sectors) exceeding 30.000 EUR, performed in EUR (annually, these transactions represent more than 95% of all transactions performed in cash).

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 2015-2017 by reporting organizations

<i>Organizations</i>	<i>2015</i>		<i>2016</i>		<i>2017</i>	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>
<i>Banks</i>	10.269	80,65%	9.968	73,18%	11.989	80,44%
<i>Casinos</i>	1.034	8,12%	2.173	15,95%	1.285	8,62%
<i>Savings Houses</i>	977	7,67%	1.114	8,18%	1.102	7,39%
<i>Post Office</i>	453	3,56%	367	2,69%	516	3,46%
TOTAL CASH TRANSACTIONS	12.733	100,0%	13.822	100,00%	14.892	100%
TOTAL AMOUNT	803.028.911		780.436.149		919.844.278	
AMOUNT/TRANSACTION	63.066		63.321		61.767	

As could be seen from Table 1, the majority of cash transactions were reported to OMLP from banking sector, followed by the casinos, post office, while the other organizations from the APMLFT-1 (exchange offices, lawyers etc.) reported less than 10 cash transactions per year.

2.2 Transfers exceeding 15.000 EUR to countries with higher ML/FT risk

Since 19 November 2016, the organizations shall according to Article 68 of the APMFT-1 in three days at the latest, report to the OMLP data on every transfer exceeding 15.000 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 higher risk for money laundering or terrorist financing or to accounts in those countries (hereinafter: transfers). The list of the countries with higher risk for money laundering or terrorist financing (hereinafter: list of higher risk countries) changed three times in 2017 and is publicly available on the website of the OMLP.

In the period from 1 January 2017 until 31 December 2017, the organizations reported to the OMLP altogether **9.733 transactions in the total value of 787.483.027 EUR, 340.790.681 USD, 4.828.590 BAM, 149.904 CHF, 53.000 GBP, and 199.820 PHP, which were transferred by companies from Slovenian bank accounts to companies with headquarters in higher risk countries or to bank accounts opened in higher risk countries. This information has also been published on the website of the OMLP.**

2.3 Transfers of cash in the value of 10.000 EUR or exceeding 10.000 EUR via EU borders

As stipulated by Article 120 of APMFT-1, the 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 2017, there were 110 reported transfers of cash at the Slovenian part of the EU border, which was practically the same as in 2016, when the number was 101.** In 2017, there were no established non-reported transfers of cash via EU borders.

Among 110 reported transfers, there were **61 transfers to EU in total amount of 1.970.929 EUR and 67.850 USD and 49 transfers from EU in total amount of 964.058 EUR and 485.876 USD. 65 % of all transfers to EU referred to the purchase of vehicle, as almost 60 % of all transfers from EU referred to the transfers of cash to the boats.**

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 APMFT-1, the 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.

With regard to the Regulation on restrictive measures against Democratic Public Republic of Korea (Official Gazette of the Republic of Slovenia No. 18/2017), the OMLP is also

competent for receiving suspicious transactions reports referring to proliferation. In 2017, the OMLP received no such reports.

On the basis of Article 99 of the APMLTF-1, the OMLP can also start its analysis in certain cases on the basis of the initiatives of the state and supervisory authorities and on the basis of the reported facts of supervisory authorities, stipulated by Article 139 of APMLTF-1. On the basis of Article 105 of APMLTF-1, the OMLP also receives certain data from its foreign counterparts and checks the following databases: on cash transactions; transfers of cash via EU borders; transfers related to higher risk countries. Data from foreign FIUs is also a basis to start gathering data on suspicious transactions, assets and persons.

Paragraph 2 of Article 87 of the APMLTF-1 stipulates that OMLP receives, collects, analyses and forwards data, information and documentation obtained on the basis of the APMLTF-1, and authorizes the OMLP in its Articles 101 and 102 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 with the prescribed imprisonment.

3.1 Cases with reasons of suspicion for money laundering or terrorist financing

According to the provisions of the APMLTF-1, the OMLP received **558 reports on suspicious transactions or suspicious activities in 2017. Among them 18 reports referred to the suspicion of committing the criminal offence of terrorist financing and 540 reports referred to reasons for money laundering, including 8 reports, where the State Prosecutor Office (with the previous approval of OMLP) ordered financial investigation according to the Confiscations of Proceeds of Crime Act (Official Gazette of the Republic of Slovenia No. 91/11 and 25/14).** On the basis of all those reports, the OMLP opened 558 cases and performed activities on the basis of the relevant APMLTF-1 provisions.

Those data have been divided in this report (for the period 2010 – 2017) according to:

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

3.1.1 Reporting organizations

Detailed data on reporting organizations of suspicious transactions and persons, on the basis of which the OMLP opened and investigated particular cases in 2017, can be seen from Table 2 (together with the comparative data since 2010 onwards). The table contains only reporters, explicitly determined by the APMLTF-1, as the OMLP could start the investigation of the certain case and use its authorizations only on the basis of such perceptions.

Table 2: Number and share of cases by reporters in the period from 2010 - 2017

REPORTERS	2010	2011	2012	2013	2014	2015	2016	2017
1. REPORTS OF OBLIGED ENTITIES	176	260	502	542	423	464	392	484
	75,54%	79,51%	89,09%	90,17%	87,29%	88,48%	87,30%	86,74%
Banks	164	238	461	504	372	422	361	426
Savings banks	5	7	16	12	25	19	22	28
Post Office	1	4	9	2	4	6	2	10
Brokerage companies and management companies of investment funds	1	1	1	9	4	2	1	3
Leasing	1	1	4	3	4	1	-	2
Auditors and accountants	1	-	-	2	1	-	-	2
Casinos	-	-	-	-	2	2	2	10
Organizers of games of chance	-	1	-	2	2	1	-	1
Dealers with precious stones	2	8	7	5	2	5	2	-
Real Estate Agencies	1	-	-	-	1	-	1	1
Insurance companies	-	-	-	-	1	3	-	1
Other obliged entities	-	-	-	2	1	-	-	-
Notaries	1	-	2	1	4	-	1	2
Lawyers	1	2	2	-	-	3	-	-
2. INITIATIVES OF STATE AUTHORITIES	24	28	36	30	39	35	32	38
	10,30%	8,56%	6,44%	5,00%	8,13%	6,72%	7,12%	6,81%
Ministry of Interior, Criminal Police Directorate	18	17	24	16	25	28	18	18
State Prosecutor's Office	2	2	7	9	8	5	7	13
Court	-	3	-	1	2	-	1	-
Ministry of Finance, 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	2	6	7
3. REPORTING OF FACTS BY SUPERVISORY AUTHORITIES	6	4	6	3	0	2	3	3
	2,58%	1,22%	1,07%	0,50%	0,00%	0,38%	0,67%	0,54%
Ministry of Finance, Financial Administration	-	-	3	2	-	-	2	-
Securities Market Agency	2	1	-	-	-	-	1	-
Market Inspectorate	1	2	1	-	-	1	-	-
Bank of Slovenia	3	1	1	1	-	1	-	3
Court of Audit	-	-	1	-	-	-	-	-
5. EXCLUDED BY THE OMLP FROM DATABASES	4	17	3	-	2	-	2	3
	1,72%	5,20%	0,54%	0,00%	0,42%	0,00%	0,45%	0,54%
6. FOREIGN FIUs	21	16	12	25	16	20	20	28
	9,01%	4,89%	2,15%	4,17%	3,33%	3,84%	4,45%	5,02%
TOTAL	233	327	559	600	480	521	449	558

3.1.2 Number and dynamics of opened and concluded cases

In Table 3 you can find the number of opened and concluded cases in the period from 2010 until 2017, which were analysed by the OMLP due to reasons for suspicion of committing the criminal offences of money laundering and terrorist financing.

Table 3: Opened and concluded cases for the period from 2010 until 2017

YEAR	Opened	Notification	Information	AA in OMLP	Concluded TOTAL	Number of all sent written information
						Notification/Information
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
2014	480	190	124	207	521	157/111
2015	521	259	107	206	572	190/95
2016	449	245	150	136	531	185/128
2017	558	243	117	75	435	181/92

From Table 3 it can be seen, that **in 2017 the OMLP opened 558 new cases on the basis of the reports and in the same period concluded 435 cases.**

In 2017, the cases were concluded as follows:

- **in 243 cases**, 181 written **notifications** on suspicious transactions were forwarded to the Criminal Police Directorate (in some cases also to the State Prosecutor's Office), as reasons for suspicion of committing the criminal offences of **money laundering** or **terrorist financing** were raised (55,76% of all cases, concluded in 2017)
- **117 cases** were concluded with 92 written **information**, due to the raised reasons for committing **other criminal offences**, stipulated by Article 102 of APMLFT-1 (26,69% of all cases concluded in 2017). The cases were therefore forwarded to the competent authorities (Police, Financial Administration of the Republic of Slovenia).
- **75 cases** were **concluded and kept in the OMLP** as no reasons for suspicion of committing the criminal offence of money laundering or other criminal offence from Article 102 of APMLFT-1 were detected (17,28% of all cases, concluded in 2017).

3.1.3 Cases, forwarded to the Criminal Police Directorate of the Ministry of Interior and/or State Prosecutor's Office due to suspicion of money laundering according to Article 245 of the Criminal 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 101 of APMLFT-1.

In 2017, during its analysis the OMLP discovered in 234 cases reasons for suspicion of committing the criminal offence of money laundering, which was sent (in 172 written notifications) to the Criminal Police Directorate of the Ministry of Interior and/or State Prosecutor Office. 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 2017 also 33 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 suspicion of committing the criminal offence of money laundering, decreased for 33 % in 2017 (in comparison with the year 2016), namely it was 263.685.477 EUR and 4.139.489 USD. 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 suspicion of money laundering, 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 2017, only in 21 written notifications the OMLP did not state the predicate criminal offence, whereby in the 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 2017 were: in 16 cases, the suspicion of criminal offence of fraud according to Article 211 of the Criminal Code; in 7 cases the abuse of position or trust at performing economic activities according to Article 240 of the Criminal Code; in 4 cases tax evasion according to Article 249 of the Criminal Code and in 3 cases use of forged non-cash means of payment according to Article 247 of the Criminal Code. In some cases, the following predicate criminal offences have been detected as well: theft according to Article 205 of the Criminal Code; attack on IT system according to Article 221 of the Criminal Code; business fraud according to Article 228 of the Criminal Code and forgery of money according to Article 243 of the Criminal Code. The OMLP mentioned in its written notifications in 109 cases, that the funds most probably originated from predicate criminal offences committed abroad – in 51 cases most probably from criminal offences committed in Italy.

3.1.4 Cases, forwarded to the Criminal Police Directorate and/or State Prosecutor`s Office due to 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 2017 also 18 reports, where the transactions raised suspicion of committing the criminal offence of financing of terrorism according to Article 109 of the Criminal Code. Almost all reports were received from obliged entities, one report obtained from the Slovenian Intelligence and Security Agency and one from a foreign FIU.

In 2017, the OMLP informed the competent authorities in 9 cases of suspicions of committing the criminal offence of terrorism financing according to Article 109 of the Criminal Code. In this notifications, we have investigated 32 persons (15 were foreigners).

At the same time, the OMLP also (in the field of the prevention of financing of terrorism) performed regular reviews of the lists of persons and organizations from the EU list, against which certain financial sanctions have been imposed on the basis of EU directives and UN resolutions. With the introduction of the new STR reporting system, those reviews have been performed on daily basis. At reviews in 2017, it has been established that none of the persons have performed or have been connected with financial transactions in Slovenia.

3.1.5 Temporary postponement of transactions

On the basis of Article 96 of APMLFT-1, the OMLP may issue a written order for temporary postponement of transactions for a maximum of three working days, if it considers there are reasonable grounds to suspect ML/FT. **In 2017, the OMLP issued such orders in 17 cases, when it postponed transactions in the total amount of 813.134 EUR and 5.052 AUD at the debt of 19 bank accounts held by 2 domestic and 9 foreign natural persons and 7 domestic legal persons.** In part 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 decrees for provisional securing of the assets at the accounts.

3.1.6 Value of provisionally secured assets in the money laundering cases

In 2017, the courts provisionally secured assets in the total amount up to 129.298 EUR and 30.822 USD in money laundering cases on the basis of the proposals of State Prosecutor`s Offices. Part of these amount refers to movable or fixed assets, which value could differ from those mentioned in decrees for provisional securing of assets. The provisional securing referred to 6 domestic natural persons, investigated by the State Prosecutor Offices due to grounded money laundering suspicion in 6 cases. In comparison with the year 2016 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 have (again) decreased.

The value of provisionally secured assets on 31. 12. 2017 was of 34.129.223 EUR.

3.1.7 Typology of suspicious transactions

On the basis of the performed analysis of 172 notifications on suspicious transactions with raised reasons of committing the criminal offence of money laundering, which were sent 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 not significantly changed in comparison with the previous year. Namely, the classic money laundering techniques have still been used, typical for first money laundering phase “placement” and second one “layering”, but in some cases, all three money laundering phases were used (including the third one “integration”).

We can talk about a 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), traders with precious metal, casinos and gaming saloons etc.;

- **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 transfers of funds, transfer of cash via state border, exchange of currencies, “smurfing” of amounts, concealment via third persons;
- **instrument of money laundering is the holder of the value, used for 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 above and connected basic elements, we should point out that in a particular case several basic elements of typology could appear. Therefore, the sum of particular established money laundering techniques, which is represented by certain typologies and cases, does not represent the total number of the cases, as in the particular case, several basic money laundering techniques could be detected. In 2017, 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 161 (out of 183 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), use of casinos and trade with precious metal (investment gold). Among the services of the financial (banking) institutions or financial system, mostly the accounts of companies and natural persons at banks were abused, as in at least 77 cases foreign accounts were used. This means that 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 146 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 104 cases, at least in 21 cases, “straw” companies were used and in at least 13 cases off-shore companies appeared as well.

The most frequent money laundering **techniques** in 2017 (detected in more than one case) have been as follows:

- transfers of funds between accounts (detected in approximately 68 % cases)
- withdrawals of cash from accounts (detected in approximately 54 % of cases)
- transfer of funds between accounts in different countries (detected in approximately 60 % of cases)
- cash deposits (detected in approximately 20 % of cases)
- concealment via third persons (detected in approximately 4 % of cases)
- transfers of funds via state borders (detected in approximately 9 % of cases)
- smurfing and avoidance of identification (detected in approximately 6 % of cases)
- use of funds for economic activities (detected in approximately 2 % of cases)
- cash withdrawals at ATMs abroad (detected in approximately 7 % of cases)

- use of money transfer systems (MoneyGram, Western Union) (detected in approximately 6 % of cases)
- use of fictive contracts (detected in approximately 4 % of cases)
- investments to real assets (detected in approximately 3 % of cases)
- false display of purpose of transactions (detected in approximately 4 % cases)
- use of pre-payment cards (established in approximately 3 % of cases)
- exchange of currencies (established in approximately 1 % of cases).

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

In this period, in 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, Financial Administration of the Republic of Slovenia 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 on operative level between the authorized representatives of authorities.

In 2017, the OMLP issued 11 consents for cooperation in specialized investigative groups, which have been all (except one) established as financial investigative group on the basis of Confiscation of Proceeds of Crime Act. At the end of 2017, OMLP took an active role in 45 specialized groups (32 of them have been established on the basis of the afore mentioned act). The cooperation with the Police was good, which could also be confirmed by the fact, that in **2017 the Police filed 41 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering.**

The State Prosecutor Office did not independently (without the previous criminal report of the Police for money laundering) **initiate any money laundering procedure. In 5 cases, where the criminal procedure has already been introduced, the courts decided to exclude proceedings against certain persons. In 2017, therefore the proceedings in 46 cases began, where during the preliminary criminal procedure or criminal procedure, the suspicion of committing the criminal offence of money laundering according to Article 245 of the Criminal Code, have been investigated.**

4.1 Criminal offences and implementation of Article 121 of APMLFT-1

Article 121 of APMLFT-1 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 criminal offences of money laundering and violations of APMLFT-1. 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 the data on persons and procedures against whom the criminal or administrative proceedings have been introduced

In 2017, the Police and State Prosecutor`s Office filed criminal reports or started criminal proceedings in 41 cases (within their competences) against 84 natural and 3 legal persons, referring to the suspicions of committing the criminal offence of money laundering and the courts from five already introduced criminal proceedings excluded prosecution against certain persons. In the period 1995-2017, the preliminary criminal proceedings or criminal proceedings were started in 558 cases due to grounded suspicions of committing the criminal offence of money laundering.

4.2 Statistical data of Police on criminal offences of money laundering

On the basis of data on filed criminal reports sent to OMLP by the Police, can be seen, that the number of criminal reports for the criminal offence of money laundering in 2017 (41 criminal reports) stayed almost the same as in 2016 (42 criminal reports).

In the period 2010-2017, the Police altogether filed 366 criminal reports (since 1995 441 criminal reports) due to the grounded suspicion of committing the criminal offence of money laundering, which was more than 80 % of all introduced procedures (555) with regard to money laundering in this period.

In 2017, the Police filed altogether 41 criminal reports due to the grounded suspicions of committing the criminal offence of money laundering – as in previous years, almost half of them based on the OMLPs notifications.

4.3 Statistical data on pre-criminal and criminal proceedings for the criminal offence of money laundering

From the data received for the year 2017 from the State Prosecutor`s Offices and Courts could be seen, that with regard to those **558 cases against 985 domestic and 209 foreign natural and legal persons**, the preliminary criminal procedures and criminal procedures were at the following stages on 31 December 2017:

Table 4: Stage of procedures of cases connected with the criminal offence of money laundering on 31 December 2017

	STAGE OF PROCEDURE	No. of cases	Domestic natural persons	Foreign natural persons	Domestic legal persons	Foreign legal persons
1	SP*: decision has not been made yet	135	187	84	29	5
2	SP: criminal charge rejected	82	130	31	31	4
3	SP: prosecution has been delayed	1	1			
4	SP: demand for investigation	31	87	14	9	6
5	IJ**: investigation has been introduced	58	132	9	20	1
6	COURT: indictment	73	124	9	7	3
7	COURT: Convictions	78	72	10	6	
8	COURT: Acquittals (final)	26	33	9	7	1
9	SP: Withdrawal from prosecution	30	68	9	3	
10	COURT: Termination of the criminal procedures	21	28	6	1	
11	COURT: Withdrawal of prosecution abroad	6		8	1	
12	Amendment of the criminal offence	5	11			
13	Union of procedures	12				
	TOTAL:	558	873	189	112	20

* SP means State Prosecutor Office

** IJ means Investigative Judge

From Table 4 it can be seen, that on 31 December 2017, **260** out of **558** cases connected with the criminal offence of money laundering, **became final** as follows:

- **In 82 cases, State Prosecutor`s Office rejected the criminal report**
- **In 26 cases, the final acquittals were pronounced**
- **78 cases ended with the final conviction**
- In 51 cases, State Prosecutor`s Offices withdrew of prosecution or the court stopped the criminal prosecution
- 6 cases were forwarded abroad for further procedures
- 5 cases ended with amendments to the qualification into other criminal offences
- In 12 cases, the courts and state prosecutor offices decided to unite the preliminary criminal procedures and criminal procedures.

In other 135 cases, the State Prosecutor`s Office has not taken the decision on criminal prosecution and in 1 case it postponed the prosecution, but **in 162 cases**, the State Prosecutor`s Office began with the pre-criminal and criminal proceedings at court, which were on 31 December 2017 at the following stages:

- **In 31 cases, demand for investigation**
- **In 58 cases, the investigation has been introduced**
- **In 73 cases, the indictment has been filed.**

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. It could be seen that in the last 8 years the procedures on average in 57 new cases connected with the criminal offence of money laundering have been introduced.

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 (2010 – 2017)

Stage of Procedure	2010	2011	2012	2013	2014	2015	2016	2017
SP: decision has not been made	59	75	64	80	104	94	112	135
SP: criminal report rejected	15	17	50	55	55	65	74	82
SP: prosecution has been delayed	-	-	1	1	1	1	1	1
SP: demand for investigation	15	30	21	27	20	27	31	31
IJ: investigation has been introduced	23	25	37	54	60	53	57	58
COURT: indictment	17	27	39	50	56	74	74	73
COURT: conviction	3	5	9	26	45	58	70	78
COURT: final acquittal	10	10	13	15	16	19	22	26
SP: withdrawal of prosecution	11	15	24	29	20	25	28	30
COURT: termination of the criminal procedure	-	-	-	-	13	17	20	21
COURT: forwarding of criminal files abroad	4	4	4	5	6	6	6	6

Amendment of criminal offence	-	-	3	3	5	5	5	5
Union of procedures	-	-		3	6	12	12	12
TOTAL	158	210	265	348	407	456	512	558

From Table 5 could be seen, that the number of cases, where the State Prosecutor Office decides on the prosecution has slightly increased. 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 the number of the rejections of prosecutions. In 2012 – mostly due to the afore mentioned reason – 33 of criminal complaints were rejected, which was still higher than in the entire period 2013-2017, when 32 criminal complaints were rejected. In 2017, the State prosecutor offices rejected 8 criminal complaints.

5. PREVENTION AND SUPERVISION

In 2017, the activities of the OMLP in the field of prevention and supervision were as follows:

- preparation of by-laws issued on the basis of APMLFT-1, which replaced the APMLFT
- preparation of guidelines for particular obliged entities, where the OMLP is the only supervisor and cooperation with other supervisory authorities at preparation of guidelines for obliged entities under their primary supervision
- preparation of opinions and views with regard to the implementation of the APMLTF-1 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,
- participation in the 5th Round Evaluation of Slovenia by MONEYVAL, preparation and implementation of the action plan
- supervision on the implementation of the provisions of the APMLTF-1 by obliged entities 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
- participation at preparation and coordination of regulation of other competent authorities
- preparation of replies and documentation for questions provided by the media, questions by Members of Parliament and questions/demands received from the investigative commissions of the Parliament
- content preparation of upgrade of OMLPs IT, leading of procedures and documentation referring to the IT upgrade, referring to the absorbing of EU funds
- ongoing editing of the website of the OMLP in accordance with the Public Information Access Act.

5.1 Beginning of the implementation of new APMMLFT-1

In November 2016, the new APMMLFT-1 became valid, introducing the following main novelties:

- expansion of the number of obliged entities (with all organizers of games of chance, Bank Assets Management Company, Slovenian Sovereign Holding);
- determination of exemptions referring to the financial activities;
- the introduction of the approach, based on risk analysis at national and supra-national level, level of obliged entities and in the field of supervisors` activities;
- determination and checking of the identity of the client without his personal attendance with the use of video-electronic identification;
- amendment of the definition of beneficial owner;
- establishment of the Register of beneficial owners;
- obligation of business subject to report data on their beneficial owners to the Register of beneficial owners;
- expansion of the term of politically exposed persons (including also domestic PEPs);
- decrease of threshold from 30.000 EUR to 15.000 EUR, when the obliged entities should report to OMLP data on cash transactions;
- obligation of lawyers, law companies and notaries to report cash transactions to OMLP;
- introduction of the definition of suspicious transactions;
- prolongation of the temporary postponement of transaction from 72 hours to three working days;
- inspection powers of OMLP;
- introduction of the reporting system on violations;
- introduction of the obligation to disclose the information on supervisory measures imposed and violators` identity;
- adoption of the criminal provisions for violations of non-implementation of the law according to the Directive 2015/849/EU.

On the basis of the new APMMLFT-1, the following **by-laws were adopted in 2017:**

- Rules on service ID cards for inspectors in the field of prevention of money laundering
- Rules on the method of reporting data to the Office of the Republic of Slovenia for the Prevention of Money Laundering
- Rules laying down the conditions for determining and verifying the customer`s identity by using electronic identification means
- Rules on the performance of internal control, authorised persons, the storage and protection of data, professional training, and management of records by obliged persons
- Rules on the establishment, maintenance and management of the Beneficial Ownership Register.

Beside these, **the preparation and harmonization of the following by-laws also took place in 2017:**

- Rules on factors of little and increased risk of money laundering and terrorist financing
- Rules laying down the conditions under which data on cash transactions made by certain customers need not be reported

- Rules on technical requirements to be met by means of video-based electronic identification
- Regulation on the exemption of classical gambling operators from performing of measures for detection and prevention of ML/FT.

5.2 Written opinions and views referring to the implementation of APMLFT-1

In 2017, the OMLP gave 314 written opinions/points of view (almost six times more than in 2016) with regard to the implementation of APMLFT-1. The reason for such a significant increase was a number of novelties introduced by APMLFT-1 and expansion of obliged entities which have to implement measures for prevention of ML/FT.

The OMLP gave opinions/points of view mainly with regard to the following contents areas:

- establishment of the Register of beneficial owners and determination of the beneficial owner of the customer
- introduction of the Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds
- new category of obliged entities, performing the activity connected with virtual currencies
- establishment of the domestic PEPs
- CDD at occasional transactions exceeding 1.000 EUR
- CDD via third person
- retention of data and documentation.

The instructions for implementation of APMLFT-1 with regard to the PEPs and beneficial owners have been published at the website of OMLP.

5.3. Activities within the international bodies

The activities of the OMLP were in 2017 to a large extent connected with the MONEYVAL Committee at the Council of Europe and the Expert Group on Money Laundering and Terrorist Financing at the European Commission.

5.3.1 Council of Europe

In 2017, there were three Plenary Meetings of MONEYVAL in Strasbourg, participated also by the representatives of OMLP, their contents can more precisely be seen below:

53th Plenary Meeting MONEYVAL (May 29 – June 1, 2017)

At this meeting, the 5th Round Evaluation Report of Slovenia was discussed and adopted. Beside this, the following progress reports were discussed: Bulgaria, Lithuania, Slovakia, Poland, Czech Republic, Montenegro, Croatia, Moldova, Romania and Macedonia.

5th Round Evaluation of Slovenia began at the end of 2015, when the country received questionnaires referring to the technical consistency and effectiveness of AMLCFT system with regard to 40 FATF recommendations. Both questionnaires were delivered to the competent authorities/institutions, which provided necessary information. The replies were then sent to the evaluators. The on-site visit of evaluators took place between November 6-19, 2016, when they met with more than 150 representatives of almost 60 different authorities/institutions, supervisors, including private sector and NPOs. On the basis of the received replies, the evaluators prepared the draft report, which was discussed at the pre-

meeting in Strasbourg in April 2017, when several issues were solved. The Slovenia's 5th Round Evaluation Report was (as already mentioned) adopted at this plenary. The overall rating of the AMLCFT system of Slovenia has been satisfactory, but the evaluators detected some deficiencies and proposed activities to reduce/eliminate them. On the basis of their findings, the action plans to improve the technical consistency and effectiveness have been prepared by competent authorities/institutions. Both action plans have been adopted by the Slovenian Government in December 2017. On the basis of the results of evaluation, Slovenia will have to report back on its progress at MONEYVAL Plenary in December 2018.

54th Plenary Meeting MONEYVAL (September 26-29, 2017)

At this plenary, the 5th Round Evaluation report of Andorra was discussed and adopted. Beside this, the progress reports of Serbia, Montenegro, Azerbaijan, Croatia, Lithuania and Poland were discussed and adopted as well. The representatives of FIUs from Israel and Russia have presented successful ML/FT cases. The representative of Basel Institute of Governance presented ML index as independent index based on public sources, FATF and MONEYVAL evaluations etc.. In 2017, there were 146 evaluated countries, Slovenia was at 6th place after Finland, Lithuania, Estonia, Bulgaria and New Zealand.

55th Plenary Meeting MONEYVAL (December 4-9, 2017)

At this plenary, the 5th Round Evaluation report of Ukraine was discussed and adopted. A number of countries (Bulgaria, Holy See – Vatican, Croatia, Poland and Slovakia) presented their progress report, and Hungary presented its enhanced follow-up report due to relatively low ratings within 5th Round MONEYVAL Evaluation.

There were also the elections for chair, two vice-chairs and bureau members at this plenary meeting.

At all plenary meetings, different international organizations have to report on their activities from the field of prevention of ML/FT, namely European Commission, FATF, EGMONT, EAG, GIFCS, UNODC, World Bank etc..

5.3.2 European Union

Expert Group on Money Laundering and Terrorist Financing - EGMLTF

In 2017, the representative of OMLP participated at three EGMLTF meetings within European Commission, where especially the following topics have been discussed:

- “Implementation of the Directive 2015/849/EU on prevention of the use of financial system for money laundering and financing of terrorism to national legislations”;
- “Higher-risk countries” with strategic deficiencies in the field of the prevention of ML/FT, where the discussion was focused on the preparation of list of such countries (the FATF list should be supplemented with the list of EC, made on the basis of its own risk analysis). The EC will prepare the methodology for the evaluation of third countries, which will have several stages and will not be exclusively based on the FATF list, so the European list will be wider than the FATF one.
- “Improvement of cooperation between FIUs “, where special emphasis was given to the project “mapping exercise” within the EU FIU Platform. The report was based on the basis of the provisions of 3rd AML Directive, so that some deficiencies of FIUs have already been eliminated by the adoption of the 4th AML Directive. All European FIUs should be able to exchange information, relevant for the analysis of other FIUs.

The FIUs have different organizational forms and additional functions, therefore several obstacles have been detected, which influence the operational capability of FIUs to internationally exchange information for example: in some countries, STRs have been received by FIUs and also other bodies, which could influence the independency of FIUs; some FIUs do not have access to all financial data, Police registers etc.; beside the analysis of suspicious activities, some FIUs perform also other functions (supervision, coordination etc.), where the delimitation of functions have not been quite clear etc.. It has been decided, that the EC will study the aforementioned deficiencies referring to the different status and competences of FIUs and enforce the coordination and analysis of cross-border cases.

- “Reporting of statistical data to the EC” as stipulated by the Article 44 of 4th AML Directive, as the EU member states have to deliver such data on the operational level of their national systems of prevention of ML/FT. For this purpose, the pilot questionnaire was sent to member states, referring to statistical data on the number of obliged entities, reported STRs, number of ML criminal offences, indictments, judgments etc..
- “Proposal of the Regulation on the control of cash entering or leaving the EU and cancellation of the Regulation (ES) No. 1889/2005 of 21 December 2016”, which included some novelties, among them also the introduction of cash via post or cargo outside external EU borders; systematic exchange of information with FIUs and competent bodies of EU member states etc..
- “Proposal of the Directive on the fight against money laundering with criminal law of 21 December 2016” implementing the regulation of the Convention of Council of Europe on laundering, detection, seizure and confiscation of the illegally derived assets and on FT.
- “Supra National Risk Assessment – SNRA”, as on the basis of Article 6 of Directive 2015/849/EU, the EC performed the analysis of risk for ML/FT, which influenced the internal EU market and have been connected with cross-border activities. On 26 June 2017, the EC prepared a report, in which it determined, analysed and evaluated risk at EU level.

EU-FIU Platform

In 2017, there were three EU-FIU platform meetings organized in Brussels, attended by the representative of OMLP. The main topics, discussed at those meetings were: combining of two IT systems for the exchange of information FIU.NET and SIENA; operational performances of cross-border reporting of STRs (XBR), operational performances of the exchange of suspicious transactions (XBD) and encouragement of the use of the Ma3tch technology (anonymous matching of data).

5.4 Participation at professional training

Point 6 of Paragraph 1 of Article 79 of the APMLFT-1 and the “Rules on Performing Internal Control, Authorized Person, Safekeeping and Protection of Data and Keeping of Records of Organizations, (Official Gazette of the Republic of Slovenia No. 54/17) determines that the obliged entities from Article 4 of the APMLFT-1 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-1. Article 114 Point 4 of the APMLFT-1 also stipulates, 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 39 hours and 45 minutes of lectures within different seminars in Slovenia and abroad.

5.5 Supervision on the implementation of AMLFT-1 provisions by obliged entities

With the new APMLFT-1, which came into force on 19 November 2016, the OMLP gained competences to perform on-site supervisions at obliged entities. This function has been performed by the Sector for Prevention and Supervision within OMLP. According to the adopted strategic orientation and priorities, the OMLP planned independent inspection supervisions mostly at the obliged entities with no primary supervisor – among them also legal/natural persons performing the accounting services. In 2017, three such supervisions have been performed. Beside this, the OMLP performed a number of joint supervisions, namely with the Bank of Slovenia (22 supervisions at exchange offices) and Financial Administration of the Republic of Slovenia (3 supervisions at casinos or gaming saloons).

6. INTERNATIONAL COOPERATION

The legal basis for the international activities of the OMLP is determined by Articles 105, 106 and 108 of APMLFT-1, authorizing the OMLP to exchange information with foreign counterparts competent for the prevention of money laundering and terrorist financing. The chapter of the APMLTF-1 referring to international cooperation also determines conditions under which the OMLP can temporarily postpone a transaction on the basis of the initiative of a foreign FIU and enables the OMLP itself to give (within its competence 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 of 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 money laundering, search, seizure and confiscation of the proceeds from crime and financing of terrorism.

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

Bilateral cooperation

For bilateral cooperation of OMLP, numerous contacts with its foreign counterparts were characteristic in the year 2017 as well.

In 2017, the OMLP sent on the basis of Article 105 of APMLFT-1 276 requests in 159 cases to 102 countries and on the basis of Article 108 of APMLFT-1 sent another 70 spontaneous information to 19 countries.

On the basis of Article 106 of APMLFT-1, the OMLP received 170 requests in 134 cases

from 46 countries and on the basis of Article 108 of APMLFT-1 23 spontaneous information from 13 countries.

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

Memorandum of Understanding

The existing cooperation between FIUs can also be upgraded with signing of legally non-binding documents, so called “Memorandum of Understanding”. In 2017, the OMLP signed such document with FIUs from People’s Republic of China, United Kingdom, Norway and Portugal.

6. FINANCIAL AND MATERIAL OPERATIONS

The budget funds intended for the OMLP operations in the year 2017 amounted to **952.923 EUR**, 897.197 EUR were used for salaries, other personal incomes and contributions of the employer for social security; costs of goods and services and for the membership fee of the EGMONT group. The OMLP used 94,15% of planned funds for performing its activities in 2017.