



REPUBLIC OF SLOVENIA  
MINISTRY OF FINANCE  
**OFFICE FOR MONEY LAUNDERING PREVENTION**  
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**DATA FROM THE REPORT ON ACTIVITIES OF THE OFFICE FOR MONEY  
LAUNDERING PREVENTION OF THE REPUBLIC OF SLOVENIA FOR THE  
YEAR 2018**

## 1 PREAMBLE

The Act on Prevention of Money Laundering and Terrorism Financing (Official Gazette of the Republic of Slovenia No.: 68/16, 81/19 and 91/20, hereinafter AMPLFT-1) in 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 2018 has already been the twenty-third report to the Government and refers to the period from 1 January 2018 until 31 December 2018. 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.***

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### 1.1. ORGANISATIONAL CHART OF THE OMLP

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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 for money laundering prevention around the world 25 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 office as well. The international expression for those offices is “Financial Intelligence Unit – FIU”, meaning that one of its duties is receiving, analysing, 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<sup>2</sup> 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.

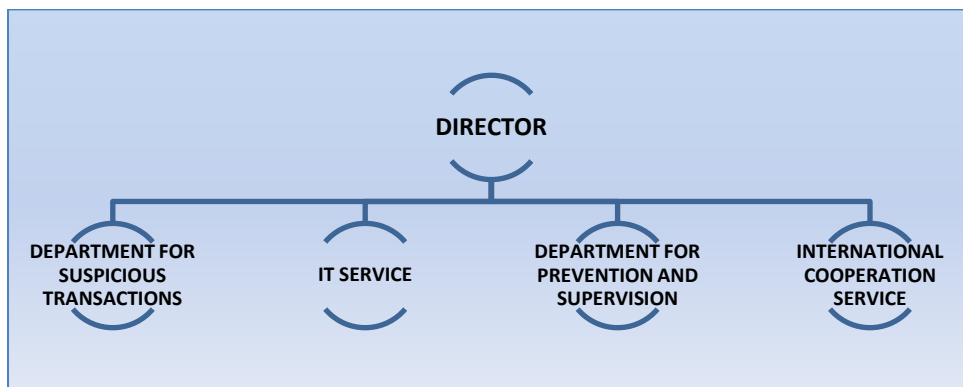
On grounds of amendments of 2004 of Public Employee Act (Official Gazette No. 56/02) and on the grounds of Decree on Internal Organization and Systematization of Jobs and Grades in Public Administration Bodies and Judicial Authorities (Official Gazette No. 58/2003) the organisational chart did not change substantially and stayed practically the same until 2013. The organisational structure of the OMLP changed in 2014, analytics service was abolished, its duties were transferred to the Department of suspicious transactions.

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<sup>1</sup> Criminal offence of money laundering was introduced in our national law with Penal Code in 1995. The same year also the first APMPLTF entered into force and the Office for prevention of Money Laundering was established.

<sup>2</sup> The tasks of the Office related to prevention of money laundering and terrorist financing are proposing changes of legal acts, preparation of guidelines for obliged entities, cooperation in the process of preparation of indicators of suspicious transactions, participation in professional trainings of obliged entities, monitoring the development of typologies and trends.

## The organisational chart of the OMLP



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

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

## 2 ACTIVITIES OF THE OMLP IN THE FIELD OF TRANSACTIONS EXCEEDING CERTAIN TRESHOLD

Since 19 November 2016, when the APMLFT-1 came into force, the OMLP received from organizations, which are obliged entities according to the 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).

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### 2.1. CASH TRANSACTIONS EXCEEDING 15.000 EUR

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Since 19 November 2016, according to the 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 2018 the OMLP received data (via protected electronic connections) from obliged entities on 44.537 cash transactions<sup>3</sup> exceeding 15.000 EUR in total amount of 1.528.639.650 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. **The total amount of**

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<sup>3</sup> Due to particular execution of transactions, the gaming saloons report to the Office the sum of transactions exceeding 15.000 EUR. In 2018 the gaming saloons reported 8.537 cash transactions, in 2800 of these transactions the sum exceeded 15.000 EUR.

reported transactions in comparison with the year 2017 decreased by 8,6% and the numbers of reported transactions decreased by 16,14%.

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).

**Table 1: Number and share of cash transactions exceeding 30.000 EUR in the period 2016 – 2018 by reporters**

Organisations	2016		2017		2018	
	Number	Share	Number	Share	Number	Share
Banks	9.968	73,18 %	11.989	80,44 %	10.911	85,96 %
Casinos	2.173	15,95 %	1.285	8,62 %	656	5,16 %
Saving Houses	1.114	8,18 %	1.102	7,39 %	1.125	8,86 %
Post Office	367	2,69 %	516	3,46 %		
<b>Total cash transactions</b>	<b>13.622</b>	<b>100,00 %</b>	<b>14.892</b>	<b>100,00 %</b>	<b>12.695</b>	<b>100 %</b>
<b>Total amount</b>	<b>780.436.149</b>		<b>919.844.278</b>		<b>764.939.885</b>	
<b>Amount/Transaction</b>	<b>63.321</b>		<b>61.767</b>		<b>60.255</b>	

The comparison shows that the majority of cash transactions, as also in the previous years, were reported to OMLP from banking sector, followed by the saving houses and casinos, while the other organizations from the APMLFT-1 (exchange offices, lawyers etc.) sent less than 10 cash transactions per year. In 2018 the cash transactions of the Post Office has been reported by the bank, at which the Post Office performs payment transactions. The main finding of the yearly comparison is that the reported cash transactions in casinos decreased substantially, the main reason being the decrease of visits of casinos.

## 2.2. TRANSFERS EXCEEDING 15.000 EUR TO COUNTRIES WITH THE HIGHER ML/FT RISK

Since 19 November 2016, the organizations shall according to the Article 68 of the APMLFT-1 in three days at the latest, report to the OMLP the 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 the higher risk for money laundering or terrorist financing or to the accounts the countries from the previous indent.

In continuation, we call those transactions the transfers related with the risk countries. The list of countries with the higher risk for money laundering or terrorist financing changed four times in 2018 and is publicly available at the website of the OMLP. At the end of the year 66 countries were included on the list.

In the period from 1 January 2018 until 31 December 2018, the organizations reported to the OMLP altogether **17.618 transactions in the total value of 1.210.230.698 EUR; 207.847.654 USD, 3.181.206 BAM, 499.256.100 RSD, 621.408 AUD, 534.208 CHF, 4.660.840 GBP in 134.749 HRK, (in total 1.212.809.508 EUR according to exchange rate valid on 3 December 2018)** which were transferred by the companies from the Slovenian bank accounts to the companies with the headquarters in the higher risk country or to the bank accounts opened in the higher risk country. Part of the data regarding on transfers to accounts of legal persons has also been published at the website of the OMLP.

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## 2.3 TRANSFERS OF CASH IN VALUE OF 10.000 EUR OR EXCEEDING 10.000 EUR VIA EU BORDERS

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As stipulated by the Article 120 of APMLFT-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 2018, there were 140 reported transfers of cash at the Slovenian part of the EU border**, which was slightly more as in practically the same as in 2017, when the number was 110. In 2017, there was no established non-reported transfers of cash via EU borders.

Among **140 reported transfers**, there were 83 transfers to EU in total amount of 2.912.606 EUR, 91.300 USD, 8.250 GBP and 57 transfers from EU in total amount of 856.725 EUR and 786.410 USD. Almost 60% of all transfers from EU referred to the transfers of cash to the boats, 18% of all transfers to EU referred to the purchase of vehicle, 10% of transfers to EU referred to investment and 10% of transfers to EU referred to real estate purchase.

### 3 ACTIVITIES OF OMLP IN THE FIELD OF SUSPICIOUS TRANSACTIONS

In 2018 the OMLP received from organizations, which are obliged entities according to Article 4 of the APMLTF-1, the data on suspicious transactions regardless the amount and data on persons, funds and assets 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 the suspicious transactions referring to the proliferation. In 2018, 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 the Article 139 of APMLFT-1. On the basis of the Article 105 of APMLFT-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 higher risk countries, which is also a basis to start gathering data on suspicious transactions, assets and persons.

Paragraph 2 of Article 87 of the APMLFT-1 stipulates that OMLP receives, collects, analyses and forwards data, information and documentation obtained on the basis of the APMLFT-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

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#### 3.1. CASH WITH THE RAISED REASON OF SUSPICION FOR MONEY LAUNDERING OR TERRORIST FINANCING

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**According to the provisions of the APMLFT-1, the OMLP received 753 reports on suspicious transactions or suspicious activities in 2018. Among them 24 reports referred to the suspicion of committing the criminal offence of terrorist financing , 5 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 787 cases and performed activities on the basis of the relevant APMLFT-1. Those data has been divided in this report (for the period 2014 – 2018) according to the:

1. **reporters**
2. **number and dynamics of opened and concluded cases**
3. **cases, forwarded to the Criminal Police Directorate of the Ministry of Interior due to the reasons for the suspicion for money laundering**

4. cases, forwarded to the Criminal Police Directorate of the Ministry of Interior due to the reasons for the suspicion for financing of terrorism
5. 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
6. temporary postponement of transactions
7. the value of temporarily seized dirty money and assets
8. typology of suspicious transactions.

### 3.1.1 Reporters

Detailed data on reporters of suspicious transactions and persons, on the basis of which the OMLP opened and investigated particular cases in 2018, can be seen below the Table 2 (together with the comparative data since 2014 onwards). The table contains only reporters, explicitly determined by the APMLFT-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 2014 – 2018**

REPORTERS	2014	2015	2016	2017	2018	
					ML	TF
<b>1. REPORTS OF OBLIGED ENTITIES</b>	<b>423</b>	<b>464</b>	<b>392</b>	<b>484</b>	<b>660</b>	<b>25</b>
	<b>87,29%</b>	<b>88,48%</b>	<b>87,30%</b>	<b>86,74%</b>	<b>87,07%</b>	<b>86,21%</b>
Banks	372	422	361	426	548	18
Saving banks	25	19	22	28	75	
Post Office	4	6	2	10	15	
Brokerage companies and management companies of investment funds	4	2	1	3	2	
Leasing	4	1		2	2	
Auditors and accountants	1			2		1
Casinos	2	2	2	10	5	
Organisers of games of chance	2	1		1		
Dealers with precious stones	2	5	2		3	
Real estate agencies	1		1	1		
Insurance companies	1	3		1		
Virtual currencies					1	
Payment service providers					4	6
Other obliged entities	1				3	
Notaries	4		1	2	2	
Lawyers		3				
<b>3. INITIATIVES OF STATE AUTHORITIES</b>	<b>39</b>	<b>35</b>	<b>32</b>	<b>38</b>	<b>49</b>	<b>2</b>
	<b>8,13%</b>	<b>6,72%</b>	<b>7,12%</b>	<b>6,81%</b>	<b>6,46%</b>	<b>6,90%</b>
Ministry of Interior, Criminal Police Directorate	25	28	18	18	30	
State prosecutor's office	8	5	7	13	13	
Court	2		1			
Commission for the prevention of corruption	2					
Slovenian security and intelligence agency	2	2	6	7	6	1
Ministry of Defence, Intelligence and Security Service						1
<b>4. REPORTING OF THE FACTS OF SUPERVISORY AUTHORITIES</b>	<b>0</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>0</b>
	<b>0,00%</b>	<b>0,38%</b>	<b>0,67%</b>	<b>0,54%</b>	<b>0,66%</b>	<b>0,00%</b>
Ministry of Finance, Tax Office (Financial Administration)			2			
Securities Market Agency			1		1	
Market Inspectorate		1			1	
Bank of Slovenia		1		3	3	

<b>5. OMLP ON OWN INITIATIVE</b>	<b>2</b>		<b>2</b>	<b>3</b>	<b>4</b>	
	<b>0,42%</b>	<b>0,00%</b>	<b>0,45%</b>	<b>0,54%</b>	<b>0,53%</b>	<b>0,00%</b>
<b>6. FOREIGN FIUs</b>	<b>16</b>	<b>20</b>	<b>20</b>	<b>28</b>	<b>40</b>	<b>2</b>
	<b>3,33%</b>	<b>3,84%</b>	<b>4,45%</b>	<b>5,02%</b>	<b>5,28%</b>	<b>6,90%</b>
<b>TOTAL</b>	<b>480</b>	<b>521</b>	<b>449</b>	<b>558</b>	<b>758</b>	<b>29</b>

As already mentioned in 2018, based on reported suspicious transactions of reporters, the OMLP opened 787 cases, namely:

- 685 cases based on reports of suspicious transactions by obliged entities;
- 51 cases based on initiative of state authorities;
- 5 cases based on facts reported by supervisory authorities;
- 4 cases based on data from record of OMLP;
- 42 cases based on data from requests of foreign FIUs in the field of prevention of money laundering and terrorist financing.

The table shows that the majority of suspicious transactions were reported to the OMLP by obliged entities (financial and non-financial institutions), in particular by banks, that each year report the majority of cases, for which they assess grounds to suspect money laundering exist. The mentioned trend was observed also in 2018 as of 558 reported cases 426 were opened based on reports of banks, this represents 76,34 % of all opened cases.

### 3.1.2 Number and dynamics of opened and concluded cases

In the table below you can find the number of opened and concluded cases in the period from 2010 until 2018, namely the growth and concluded cases, which were analysed by the OMLP due to reason for suspicion of committing the criminal offences of money laundering and terrorist financing.

**Table 3: Overview of opened and concluded cases in OMLP in the period from 2010 – 2018**

YEAR	RECEIVED	NOTIFICATION	INFORMATION	CONCLUDED IN OMLP	CONCLUDED IN TOTAL	NUMBER OF ALL SENT WRITTEN INFORMATION <sup>4</sup>
						NOTIFICATION/INFORMATION
2010	233	55	43	109	207	
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	151	136	531	185/128
2017	558	243	117	75	435	181/92
2018	787	328	149	82	559	253/129

From the table can be seen that in 2018 the OMLP opened **787** new cases and concluded 559 cases in the same period.

**In 2018 599 were concluded as follows:**

- **328 cases were as 254 written notifications on suspicious transactions forwarded to the Criminal Police Directorate (in some cases also to the State Prosecutor's Office and other competent authorities), as the reasons for the suspicion of committing the criminal offences of money laundering or terrorist financing were raised (58,99% of all cases,**

<sup>4</sup> Numbers in this column are written notification or information that the Office sent to competent authorities, that is smaller than the number of all cases, as one information or notification the Office

*concluded in 2018)*

- ***149 cases*** were concluded with ***128 written information***, due to the raised reasons for committing the other criminal offences, stipulated by Article 102 of APMLFT-1 (27,47% of all cases concluded in 2018). The cases were therefore forwarded to the competent authorities (Police, Financial Administration of the Republic of Slovenia).
- ***82 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 the Article 102 of APMLFT-1 were detected (13,54% of all cases, concluded in 2018).

3.1.3 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, and on the basis of analysis and collection of additional data, 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 2018, during its analysis the OMLP discovered 328 cases with the reasons for the suspicion of committing the criminal offence of money laundering (notification related to cases with suspicion of committing the criminal offence of financing of terrorism are shown in title 3.1.4.), which it sent in 246 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 2018 also 39 completions of already sent notifications on suspicious transactions, concluded in the previous years were sent to Criminal Police Directorate of the Ministry of Interior and/or to the State Prosecutor's Office.***

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 decreased slightly (valid for amount in EUR) in 2018 in comparison with the previous year while it was reduced by half (valid for amounts in USD) in 2018 in comparison with the previous year. In relation to the mentioned we observed that the average amount per case decreased and amounted to around 750.000 EUR, which is substantially lower than in the period 2012-2017, when the average amount per case was around 1.000.000 EUR.

***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 104 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 2018 were: in 24 cases, the suspicions of criminal offence of fraud according to the Article 211 of the Criminal Code; in 5 cases the suspicion of criminal offence of unlawful manufacture and trade of narcotic drugs, illicit substances in sport and precursors to manufacture narcotic drugs according to Article 186 of Criminal Code; in 4 cases the tax evasion according to the Article 249 of the Criminal Code; in 3 cases the abuse of position or trust at performing economic activities according to the Article 240 of the Criminal Code. In some cases the following predicate criminal offences have been detected as well: abuse of non-cash means of payment according to the Article 246 of the Criminal Code: trafficking in human beings according to Article 113 Of the Criminal Code; embezzlement and unauthorized use of another's property according to the Article 209 of Criminal Code; attack on information system according to the Article 221 of Criminal Code. The OMLP mentioned in its written notifications in 56 cases, that the funds most probably originated from predicate criminal offences committed abroad – in 56 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 the suspicion of committing the criminal offence of financing of terrorism according to Article 109 of the Criminal Code

In 2018 the OMLP received 22 reports where the transactions raised suspicions of committing the criminal offence of financing of terrorism. Almost all reports were received from obliged entities, one report was obtained from the Slovenian Intelligence and Security Agency, one from Ministry of Defence and one from the foreign FIU.

**In 2018 OMLP analysed 10 cases that raised suspicion of committing the criminal offence of money laundering according to the Article 109 of the Criminal Code, they were sent to competent authorities in the form of 7 notifications, we have investigated 32 persons (15 were foreign citizens).**

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 the EU directives and UN resolutions (Consolidated list of persons, Groups, Entities subject to EU Financial Sanctions). With the introduction of the new STR reporting system, those reviews have been performed on daily basis. At reviews in 2018, it has been established that none of the persons have performed or have been connected with the financial transactions in Slovenia.

3.1.5 Temporary postponement of transactions

On the basis of Article 96 of APMFT-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 2018, the OMLP issued such orders in 12 cases, when it postponed transactions in the total amount of 3.103.340 EUR and 283.676 USD. at the debt of 19 bank accounts held by 2 domestic and 3 foreign natural persons and 8 domestic and 1 foreign 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 the decrees for provisional securing of the assets at the accounts.

3.1.6 Value of provisionally secured assets in the ML cases

In 2018, the courts provisionally secured assets in the total amount of 705.178 EUR in ML cases on the basis of the proposals of State Prosecutor's Offices of 2 domestic and one foreign natural person and 3 domestic and 1 foreign legal person. it has been established that the number of issued orders for temporary securing with regard to the number of cases, as also persons (against which the orders were issued) and total amount have not decreased compared to the previous year.

At the end of 2018 the ***value of provisionally secured assets amounted to 35.996.138 EUR*** (foreign currencies were calculated on the basis of foreign exchange reference rates of the ECB on 31.12.2020 or on the rate valid on the day of exchange of currency). The majority of the provisionally secured assets were deposited money, part of secured assets was cash, together amounted to **26.749.113 EUR**. The court prohibited the disposal of securities, real estate, vehicles and shares in companies in total value of **7.837.906 EUR**. Provisionally secured assets in the amount of **1.107.000 USD** refer amounts with which the claims were purchased.

### 3.1.7 Typology of suspicious transactions

On the basis of the performed analysis of 253 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 ML techniques have still been used, typical for first ML phase "placement" and second one "layering", but in some cases, all three ML phases were used (including the third one "integration").

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 **basic elements of typologies**:

- **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 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, bills of exchange, 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 2018, we established the following most frequent used **mechanisms of money laundering** with regard to the particular basic elements of money laundering typologies (mechanisms, techniques, instruments):

- **Financial institutions** (banks and savings houses): we discovered that in 245 (out of 253 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) and the use of safety deposit boxes. 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 162 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 195 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 158 cases, at least in 32 cases, the "straw" companies were used and in at least 9 cases off-shore companies appeared as well.

In 2018 we detected the following most common **techniques** of money laundering ( detected in more than one case):

- **transfers of funds between the accounts** (detected in approximately 84% cases)
- **transfer of funds between the countries** (detected in approximately 77% of cases)
- **withdrawals of cash from the accounts** (detected in approximately 57% of cases)

- **cash deposits** (detected in approximately 19% of cases)
- **cash withdrawals at ATMs abroad** (detected in approximately 13% of cases)
- **transfer of funds between the countries** (detected in approximately 9% of cases)
- **false representation of the purpose of transactions** (detected in approximately 8% of cases)
- **use of fictive contracts** (detected in approximately 7% of cases)
- **use of funds for economic activities** (detected in approximately 6% of cases)
- **use of authorised persons** (detected in approximately 3 % of cases),
- **use of money transfer systems** (MoneyGram, Western Union) (detected in approximately 3% of cases)
- **concealment via third persons** (detected in approximately 3% of cases)
- **investments to real assets** (detected in approximately 3% of cases)
- **investment into virtual currencies** (detected in approximately 3% of cases)),
- **use of pre-payment payment cards** (established in approximately 2% of cases)

#### 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, 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 operative level between the authorized representatives of authorities.

In 2018, the OMLP issued 9 consents for cooperation in specialized investigative groups, 6 of them have been established as financial investigative group on the basis of Confiscation of Proceeds of Crime Act. At the end of 2018, OMLP took an active role in 60 specialized groups (44 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 cooperation at the level of concrete cases, mutual trainings and common trainings of obliged entities in the field of AMLPTF.

Data from the Police and the State Prosecutor Office show that in 2018 **the Police filed 21 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering**, while the State Prosecutor Office independently (without the previous criminal report of the Police for money laundering) initiated one ML procedure. In 2 cases, where the criminal procedure has already been introduced, the courts decided to exclude proceedings against certain persons. **In 2018, therefore the proceedings in 24 cases began, where during the preliminary criminal procedure or criminal procedure, the suspicions of committing the criminal offence of money laundering according to the Article 245 of the Criminal Code, have been investigated.**

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##### 4.1 CRIMINAL OFFENCES AND PERFORMING OF ARTICLE 121 OF AMPLFT-1

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The 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 on 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 the data on persons and procedures against whom the criminal or administrative proceedings have been introduced

**In 2012, the Police and State Prosecutor`s Office filed criminal reports or started criminal proceedings in 22 cases (within their competences) against 25 natural and 1 legal person, referring to the suspicions of committing the criminal offence of money laundering and the**

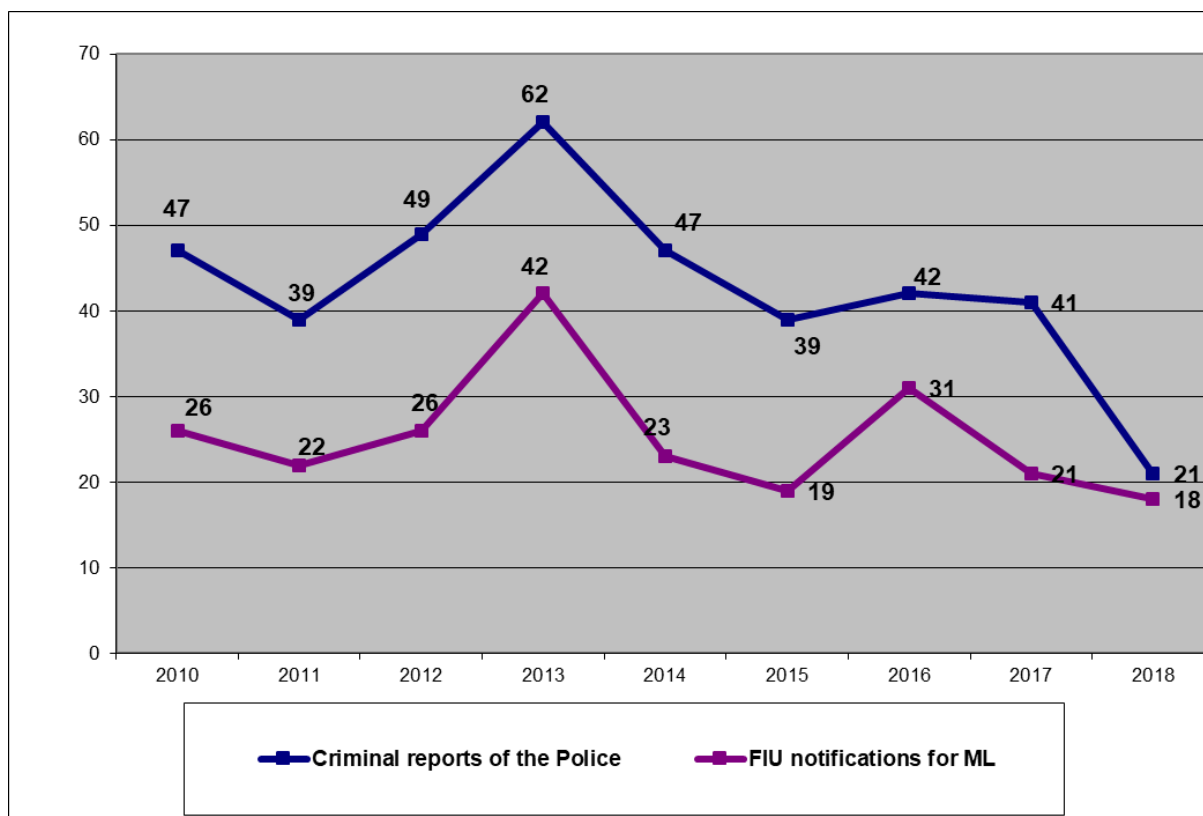
courts from two already introduced criminal proceedings excluded prosecution against certain persons. **In the period 1995-2018 the preliminary criminal proceedings or criminal proceedings were started in 583 cases due to the grounded suspicions of committing the criminal offence of money laundering.**

4.1.1. Statistical data of Police on criminal offence 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 2018 (24 criminal reports) decreased substantially in comparison to the previous years.

In the period 2010-2018, the Police altogether filed **387 criminal reports** (253 on the ground of notification and information from OMLP) due to the grounded suspicion of committing the criminal offence of money laundering, which was 82,80% of all introduced procedures (471) with regard to money laundering in this period. The other cases were filed by the State Prosecutor Office independently or they started with the exclusion of certain persons from criminal proceedings and opening of a new proceeding. The number of criminal reports due to the grounded suspicion of committing the criminal offence of money laundering filed by the Police for each year for the period 2010-2018 can be seen in the chart below.:

**Chart 1 :** *The number of criminal reports due to the grounded suspicion of committing the criminal offence of money laundering filed by the Police for the period 2010-2018*



In 2018 the Police filed 21 criminal reports due to the grounded suspicion of committing the criminal offence of money laundering. The chart shows that in previous years almost half of all filed criminal reports due to the grounded suspicion of committing the criminal offence of money laundering were based on the notification of the OMLP, with some exemptions (2016) this rate continued or even increased in 2018

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

From the data received for the year 2018 from the State Prosecutor's Offices and Courts could be seen that on 31 December 2018, 583 cases against 1025 domestic and 223 foreign natural and legal persons were in different stage of procedure (from criminal charges to including the final decision of courts). The table below shows the number of cases in different stage of procedure and type of suspected, accused and sentences persons.

**Table 4: Stages of procedures of cases connected with the criminal offence of money laundering on 31 December 2018**

STAGE OF PROCEDURE	No. of cases	Domestic natural persons	Foreign natural persons	Domestic legal persons	Foreign legal persons
SP*: decision has not been made yet	141	182	84	28	4
SP: criminal charge rejected	87	132	42	31	5
SP: prosecution has been delayed	1	1			
SP: demand for investigation	34	90	16	9	7
IJ**: investigation has been introduced	57	131	9	19	1
COURT: indictment	78	128	10	9	3
COURTS: Convictions	83	105	9	4	
COURT: Acquittals (final)	27	35	9	7	1
SP: Withdrawal from prosecution	31	70	9	3	
COURT: Stop of the criminal procedures	21	28	6	1	
COURT: Withdrawal of prosecution abroad	6		8	1	
Pre-qualification" of criminal offence	5	11			
Union of procedures	12				
<b>SKUPAJ</b>	<b>583</b>	<b>927</b>	<b>206</b>	<b>115</b>	<b>20</b>

\* SP means State Prosecutor Office

\*\* IJ means Investigative Judge

From the table can be seen, that on 31 December 2018, **272** (of 583) cases connected with the criminal offence of money laundering, **became final** as follows:

- **In 87 cases, State Prosecutor's Office rejected the criminal report**
- **In 27 cases, the final acquittals were pronounced**
- **83 cases ended with the final conviction**
- In 52 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 prequalification to other criminal offence
- In 12 cases, the courts and state prosecutor offices decided to unite the preliminary criminal procedures and criminal procedures.

In other **141 cases, the State Prosecutor's Office has not taken the decision** on criminal prosecution and in **1 case it postponed the prosecution**, but in **169 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 34 cases, demand for investigation**
- **in 57 cases, the investigation has been introduced**
- **in 78 cases, the indictment has been filed.**

In the next table, 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 53 new cases connected with the criminal offence of money laundering have been introduced.<sup>5</sup>

**Table 5: Comparison of number of cases connected with the criminal offence of money laundering, by the phase of procedure, on the last day of single year, for the period from 2010 to 2018**

STAGES OF PROCEDURE	2010	2011	2012	2013	2014	2015	2016	2017	2018
SP*: decision has not been made yet	59	75	64	80	104	94	112	135	141
SP: criminal charge rejected	15	17	50	55	55	65	74	82	87
SP: prosecution has been delayed			1	1	1	1	1	1	1
SP: demand for investigation	15	30	21	27	20	27	31	31	34
IJ**: investigation has been introduced	23	25	37	54	60	53	57	58	57
COURT: indictment	17	27	39	50	60	73	77	74	78
COURTS: Convictions	3	5	9	26	42	60	68	78	83
COURT: Acquittals (final)	10	10	13	15	16	19	22	26	27
SP: Withdrawal from prosecution	11	15	24	29	20	25	28	30	31
COURT: Stop of the criminal procedures					13	17	20	21	21
COURT: Withdrawal of prosecution abroad	4	4	4	5	6	6	6	6	6
Pre-qualification <sup>n</sup> of criminal offence			3	3	5	5	5	5	5
Union of procedures				3	6	12	12	12	12
<b>SKUPAJ</b>	<b>158</b>	<b>210</b>	<b>265</b>	<b>348</b>	<b>408</b>	<b>457</b>	<b>513</b>	<b>559</b>	<b>583</b>

\* SP means State Prosecutor Office

\*\* IJ means Investigative Judge

From the table could be seen, that the number of cases, where the State Prosecutor Office is still deciding on the prosecution has slightly increased but is still lower compared to the total yearly growth. 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. 2018, the state prosecutor offices rejected 5 criminal complaints.

## 5 PREVENTION AND SUPERVISION

In 2018 the activities of the OMLP in the field of prevention and supervision were as follows:

- preparation of by-laws issued on the basis of APMLTF-1;
- 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 reporting after 5<sup>th</sup> Round Evaluation of Slovenia by MONEYVAL, preparation and implementation of the action plan;
- supervision on the implementation of the provisions stated in Article 4 of the APMLTF-1 by obliged entities;
- participation in the professional training of staff of the obliged entities, state authorities,

<sup>5</sup> Zaradi naknadno pridobljenih sodb ter štetja zgolj pravnomočnih sodb, smo v letu 2014 dodali eno izločeno zadevo in natančneje opredelili pravnomočne sodbe po letih, kar pa ni imelo vpliva na naše končne ugotovitve.

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, members of the Parliament questions 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 drawing EU funds;
- ongoing editing of the website of the OMLP in accordance with the Act on the Access to the Information of Public Character.

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## 5.1. LEGISLATION AND ASSISTANCE AT ITS IMPLEMENTATION

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### 5.1.1. Preparation of by-laws on the basis of APMLFT-1

After the adoption of APMLFT-1 the activities of the OMLP were mainly focused on the preparation of by-laws, namely in 2018 the following rules and regulation were adopted:

- Rules on factors of little and increased risk of money laundering and terrorist financing (Official Gazette No. 6/18);
- Rules laying down the conditions under which data on cash transactions made by certain customers need not be reported (Official Gazette No. 31/18),
- Rules on technical requirements to be met by means of video-based electronic identification (Official Gazette No. 32/18),
- Regulation on the exemption of classical gambling operators from performing of measures for detection and prevention of ML/FT (Official Gazette No. 66/18).

Besides the already mentioned, in 2018 the Guidelines for certain segment of obliged entities were issued on the basis of the new APMLFT-1, with cooperation of primary supervisors from Article 151 of APMLFT-1. To ensure uniform application of provisions of APMLFT-1 and its by-laws the following guidelines were issued:

- Guidelines of the Securities Market Agency for creditors and credit intermediaries (8.11.2018);
- Guidelines of the Securities Market Agency for money laundering and terrorist financing prevention (10.10.2018);
- Guidelines for the implementation of APMLFT-1 for notaries (11.9.2018);
- Guidelines for the implementation of APMLFT-1 for accountants and tax advisers (21.8.2018).

### 5.1.2. Written opinions and views referring to the implementation of APMLFT-1

In 2018, the OMLP gave 392 written opinions/points of view, almost 26% more than in 2017 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 views mainly with regard to the following contents area of implementation of APMLFT-1:

- 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 according to article 17 of APMLFT-1;
- CDD via third person;
- Simplified CDD;
- request for suspension of implementation of provisions of APMLFT-1;

- appointment of authorised person and assistants of authorised person;
- limitations on cash operations;
- retention of data and documentation.

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

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## 5.2. ACTIVITIES WITHIN INTERNATIONAL BODIES

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### 5.2.1. Council of Europe

The activities of the OMLP were in 2018 in a large extent connected with the MONEYVAL Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

#### *5.2.1.1. Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)*

*In 2018 there were two **Plenary Meetings of MONEYVAL** in Strasbourg. Representatives of the OMLP also participated to Plenary Meetings. Their content can be more precisely seen below:*

**56. Plenary Meeting (July 1. – July 6. 2018):** at this meeting the evaluation report of Latvia and Albania were discussed, particular focus was given to national risk assessment, international cooperation, supervisors, imposed sanctions and terrorism financing. Several countries presented their progress (Bulgaria, Croatia, Poland, Slovakia, Montenegro, Macedonia, Lichtenstein, Romania, Armenia and Isle of Man) in the field of prevention of money laundering and terrorist financing in accordance with the evaluators' recommendations. The fifth antimoney laundering Directive was explained in details, the representative of the FATF Secretariat gave an overview changes of FATF methodology for FATF recommendations No. 18 and 21 (R18 in R21), which deal with information exchange. The representative of Gibraltar delivered a lecture on »Blockchain (Distributed Ledger)« technology. Focus was given also to the risk of terrorist financing in financial centres, that usually lack information and to issues related to prevention of money laundering and terrorist financing that could improve the understanding and lower the risk for the mentioned criminal offences. For what concerns the terrorist financing, the financial centres detect smaller amounts of funds related to terrorist financing. Financial centres, do not want to be transit points for terrorist financing.

**54. Plenary meeting (December 3. – December 7 2018):** ) at this meeting the evaluation report of Czech Republic and Lithuania were presented and adopted. As regards the Czech report the following fields were pointed out: awareness raising for financial institutions and designated non-financial businesses and professions (lawyers, notaries, accountants, etc.) on money laundering and terrorist financing, beneficial owners, implementation of targeted financial sanctions of UN Security Council and proliferation. The Lithuanian report highlighted mainly: international cooperation of competent institutions; transparency of legal persons; seizure and relatively low number of suspicious transactions relating to terrorist financing etc. Several countries (Andorra, Hungary, Serbia, Monegro, Croatia, Romania, Lichtenstein, Macedonia and also Slovenia) presented their progress reports of their systems of prevention of money laundering and terrorist financing, taking into account the evaluator findings. Slovenia presented its progress report in the framework of »enhanced progress reporting procedure« and improved its rating at FATF recommendation No. 16 (R16 – »Wire Transfers«) – Slovenia will have to present its progress again at December Plenary Meeting of MONEYVAL in 2019. At the current Plenary Meeting the discussion evolved also around amendments of FATF recommendations in the files of virtual assts (R15- »New Technologies«); International Centre for Asset Recovery (ICAR) presented the course of operational analytics, professors from the Amsterdam University presented the common project of MONEYVAL/GRECO, on corruption and money laundering related to gender. Particular attention was given to smuggling of humans, several institutions contributed to this research (FIU Lichtenstein, FATF, EGMONT, Wolfsberg Group, GRETA etc.). Smuggling of humans is among one of the fastest growing criminal offences, its »income« in the 2013 amounted to 32 billion USD, in



2018 amounted already to 150 billion USD.

## 5.2.2. European Union

### 5.2.2.1 *Expert Group on Money Laundering and Terrorist Financing - EGMLTF*

In 2018 the representatives of the OMLP participated to five meetings of the Expert Group on Money Laundering and Terrorist Financing - EGMLTF at the European Commission. Along the regular meetings the group organised a special workshop on implementation of provisions of EU law on register of beneficial owners and a meeting dedicated to preparation of new supranational risk assessment was organised.

In 2018 at the EGMLTF meetings the following topics were discussed:

- exchange of views and standings between European Commission and heads of delegations at FATF and Moneyval on legal status of FATF, recommendation No. 13 on supranational risk assessment, on progress of countries in the ICRG procedure (Iran, Pakistan, Bahamas, Botswana, Ghana, and Isle of Man) on recommendation No. 6 at the evaluation of Hungary, on assessment of the report of Bahrain, Saudi Arabia, United Kingdom and Albania, on follow-up report of Belgium and Sweden and on the approach to virtual currencies and crypto assets service providers;
- changes of delegated act on high risk third countries;
- implementation of the 4AMLD in national legal system and infringement procedures for non-transposition of the provisions of the directive;
- finalisation of the text containing changes of 4AMLD, that resulted in 5AMLD;
- possibility of legislative initiative on limitation on cash operations;
- examination of proposal of draft text of the Directive (EU) 2018/1673 on comparing money laundering by criminal law;
- proposal for a Regulation on the mutual recognition of freezing and seizure of assets confiscation orders;
- proposal for a Regulation on the control of cash entering and leaving EU (so called cash-control Regulation);
- proposal of text of Directive (EU) 2019/713 on combating fraud and counterfeiting of non-cash means of payment;
- new methodology of the European Commission on identifying high risk third countries;
- legislative initiative on laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal;
- assessment of national risk assessments and their amendments and the preparation of new supranational risk assessment of the European Commission;
- enhancing cooperation between AML/CFT and prudential supervisors;
- participation of EGMLTF representatives in the expert group on electronic identification and remote CDD procedures;
- preparation of statistical data according to article 44 of the directive;
- preparation of a proposal to amend the regulations on European supervising authorities, that the involved in the prevention of money laundering and terrorist financing are dealing with at the EBA; and
- cooperation between FIUs of EU member states.

- a) *transposition of Directive 2015/849/EU on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing in national legislation and entry into force of Directive 2018/843/EU amending Directive 2015/849/EU*

Member states reported on the process of transposition of the Directive 2015/849/EU, that must be transposed by June 26 2017. Slovenia implemented the Directive ahead this deadline, amongst the first, namely in November 2016 with the adoption of Act on the Prevention of Money Laundering and Terrorist Financing (APMLTF-)

The mentioned 4AMLD was amended in 2018 with so called 5AMLD (Directive 2018/843/EU), that introduces new obliged entities in the field of virtual currencies and the obligation of their registration, amended the provisions on national risk assessments, and introduced some exceptions on e-money. In

relation to the provisions on beneficial owners the changes and amendments regard also the obligation of disclosure of the status of a trustee for trusts and similar legal arrangements of foreign law.

*b) High risk third countries*

The European Commission, in accordance with the resolution of the European Parliament, prepared its own methodology to identify high risk third countries that is issued in a form of delegated act. The purpose of Commission's own methodology is to amend the FATF high risk third countries list on the basis of own risk assessment of threats to integrity of the financial system of the EU. Among other the methodology includes the level of crime, data from EUROPOL, and the list of non-cooperative countries in the field of taxes, etc.:

*c) Regulation (EU)2018/1672 on controls on cash entering or leaving the Union and repealing Regulation (EC) 1889/2005*

The proposal of Regulation, that was adopted on October 23 2018 includes the following novelties:

- transfer of cash in postal packages and containerised cargo outside the Union borders according to the provisions of the regulation;
- expansion of the definition of cash to commodities used as highly-liquid stores of value or reliance on prepaid cards;
- new provisions empower the authorities to temporarily detain the cash if there was no report or there are indicators of criminal offence regardless the sum;
- systemic exchange of data between FIUs and competent authorities of member states.

*d) Directive (EU) 2018/1673 on combating money laundering by criminal law*

The proposal of the directive was presented, it was adopted on October 23 2018. The directive transposes provisions of Council of Europe Convention No 198 on laundering, search, seizure and confiscation of the proceeds from crime and on the financing of terrorism (so called Warsaw Convention) and takes into account FATF recommendations. The aim of the directive is implementation of international requirements of the convention in some fields the directive exceeds the requirements of the convention. The directive introduces the minimum levels for the highest penalties and incriminates own money laundering, for example in cases where the subject that launders assets deriving from criminal activity is also the perpetrator of predicate offence, even though money laundering is defined as conversion, movement or concealment. Besides the general categories of criminal offences from the list of predicate offences, that were determined by FATF and Warsaw Convention, cyber-crime and criminal offences for which the predicate offences are laid down EU legislation (and referring to relevant EU legislation)

*5.2.2.2 EU meeting – FIU platform organised by European Commission*

In 2018, there were four EU-FIU platform meetings organized in Brussels. The main topics, discussed in 2018 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), legislative initiatives of the European Commission and protection of personal data.

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**5.3. PARTICIPATION AT PROFESSIONAL TRAINING**

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Point 6 of Paragraph 1 of Article 79 of the APLMFT-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 APLMFT-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 APLMFT-1. Article 114, Point 4 of the APLMFT-1 also stipulates, that the OMLP takes an active role

in such an education as well. On this basis the representatives of the OMLP performed 20 hours within different seminars in Slovenia in 2018

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#### 5.4. SUPERVISION ON IMPLEMENTATION OF APMLFT-1 PROVISIONS AT OBLIGED ENTITIES

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##### 5.4.1. Inspection procedures

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 legal/natural persons performing the accounting services, tax advisors. This group of professions is among the obliged entities since the establishment of the money laundering and terrorist financing prevention systems, but supervisory competence was not appointed and there were no supervisory activity in this field. In 2018 the OMLP adopted the Guidelines for implementation of APMLFT-1 for the mentioned obliged entities and continued to perform independent supervisions at randomly chosen obliged entities that perform accounting services, tax advisors. In 2018, 73 inspections have been performed. Given the performed trainings and the level of awareness in the non-financial sector it was expected that the lack of supervision in the past influenced the knowledge of obligations, that has been deficient. The conclusions were that in the future more activities such as trainings and technical assistance as also supervisions are needed.

Beside this in 2018, the OMLP also performed inspections according to the Article 44 of APMLFT-1, according to which the obliged entities should until 19 January 2018 enter data on their beneficial owners to the Register of Beneficial Owners. The OMLP issued 17 warnings according to the Misdemeanour Act.

Greater in number were joint inspections with other supervisory authorities. The OMLP performed 10 joint supervisions with the Market Inspectorate in the field of granting credits and loans, financial lease and brokerage in concluding credit and loan business. The findings helped the OMLP and the Market Inspectorate to shape and adopt special guidelines for this type of obliged entities.

The OMLP performed five inspections of casinos and gaming halls jointly with Financial Administration. Also in this case the cooperation was fruitful and will continue in the future.

Two joint supervisions were performed together with the Securities Market Agency, targeting at brokerage company and at bank, namely with regard to the services and activities of the obliged person's investment banking activities and regarding matters to which the provisions of the Act governing the financial instruments market apply

Given the scope of obliged entities defined in the APMLTF-1 and the number and diversity of supervision authorities, that supervise different type of obliged entities (Bank of Slovenia, Securities Market Agency, Insurance Supervision Agency, Financial Administration of the Republic of Slovenia, Financial Administration of the Republic of Slovenia, Agency for Public Oversight of Auditing and the Slovenian Institute of Auditors, Bar Association of Slovenia and Chamber of Notaries of Slovenia) the OMLP, in the framework of its staff capabilities, also in the future foresees the performance of independent inspections of obliged entities, mainly of obliged entities, that has no primary supervisor, as also joint supervisions with other supervisors with the purpose to unify the supervision activity and enhance the implementation of provisions of APMLTF-1 in practice.

##### 5.4.2. OMLP as offence authority

###### 5.4.2.1. *General*

Violations are described in details in APMLFT-1, as also type of entities/persons that can be subject to sanctions (violations as violations of registered certification authorities for qualified digital certificates, violation of third parties, violations of persons pursuing the activity of selling goods, violations of

business entities that shall determine and enter the data on beneficial owners, etc. are defined).

In APMLTF-1 are structured according to the gravity of the violation:

- gravest violations (the imposed fine for legal entity range from 12.000 to 120.000 EUR, for responsible person from 800 to 4.000 EUR, for sole trader or a self-employed person from 4.000 to 40.000 EUR),
- grave violations (the imposed fine for legal entity range from 6.000 to 60.000 EUR, for responsible person from 400 to 2.000 EUR, for sole trader or a self-employed person from 2.000 to 20.000 EUR),
- and minor violations (the imposed fine for legal entity range from 3.000 to 30.000 EUR, for responsible person from 200 to 1.000 EUR, for sole trader or a self-employed person from 1.000 to 10.000 EUR).

#### 5.4.2.2. Recorded violations

In 2018, the OMLP recorded 11 violations at obliged entities from the Article 4 of APMLFT-1, namely with regard to their delay at reporting of data on cash transactions exceeding 15.000 EUR and transfers to higher risk countries (Article 68 of APMLFT-1). In all cases, there were minor overrun of the statutory deadline or the delays have been caused by the technical issues, explained by the obliged entities on their initiative. Therefore the OMLP considered, those were minor offences and the procedures would not be appropriate. In 2017 the recorded violations amounted to 7. The reason of increase in the number of violations in 2018 can be attributed to the increase in the number of reporting to the OMLP, as compared to the previous years, the threshold amount to be reported to OMLP in APMLFT-1 decreased from 30.000 EUR to 15.000 EUR.

## 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 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), that. 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.

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### 6.1 BILATERAL COOPERATION

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As until now for bilateral cooperation of OMLP, numerous contacts with its foreign counterparts were characteristic in the year 2018 in the field of exchange of information and cooperation in concrete cases.

#### 6.1.1. International cooperation according to APMLTF-1

In 2018, the OMLP **sent** on the basis of Article 105 of APMLFT-1 144 requests in 103 cases to 40 countries (in 2017 OMLP sent 276 requests in 159 cases to 102 countries) and on the basis of Article 108 of APMLFT-1 sent another 186 spontaneous information to 19 countries (in 2017 OMLP sent 70 spontaneous information to 19 countries). In comparison to 2017, there has been a 48% decrease in sent requests by the OMLP and an increase of 265% in sent spontaneous information by the OMLP.

On the basis of the Article 106 of APMFT-1, the OMLP received 159 requests in 139 cases from 46 countries (in 2017 the OMLP received 170 requests in 134 cases from 46 countries) and on the basis of the Article 108 of APMFT-1 50 spontaneous information from 16 countries (in 2017 the OMLP received 23 spontaneous information from 13 countries). In comparison with 2017, the number of received requests of foreign FIUs decreased by 6,5% and an increase of received spontaneous information for 217%.

In 2018 the majority of information was exchanged with FIUs from Italy, Croatia, Austria, Hungary, Great Britain, Bosnia and Hercegovina, Serbia and Spain.

#### *6.1.1.1 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 2018, the OMLP has signed any such document with FIU Greece.

Since its establishment in 1995 and until the end of 2018 the OMLP has already signed 48 Memorandums of Understanding.

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## 6.2 INTERNATIONAL COOPERATION ON THE BASIS OF THE COE NO. 198

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The purpose 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" (Convention No. 198) that Slovenia ratified in 2010 is prevention of money laundering and terrorist financing. In Slovenia the central competent authority, responsible to send requests in the framework of IV chapter (international cooperation) and answers, for execution of requests or conveying them to competent authorities is OMLP.

On the basis of COE No. 198, the OMLP received 8 requests from the Slovenian courts in 2018, referring to the execution of their decisions mostly to the deprivation of assets. All requests were sent to the competent foreign authorities for their further steps to be taken.

In the period 30-31 October 2018, the 10th Conference of the Parties was held in Strasbourg, which was attended by the Slovenian delegation as well. The discussion at this meeting was focused on the assessment of state of the play regarding the countries that signed the convention. In the last year Denmark ratified the convention, Israel, Tunisia, Belorussia and Kazakhstan expressed their intention to access the convention. The horizontal thematic report on implementation of article 11 and second and third paragraph of article 25 in all member states was adopted. Discussed and adopted were also the reports on progress of Belgium and Malta. With the aim to ensure greater effectiveness of assessment of single countries the new rule on assessment of implementation of single convention provisions in all countries was adopted. The next thematic assessment will be focused on article 14 and on third paragraph of article 9.

## **7 STAFF**

On 31 December 2018, the OMLP had (together with director) altogether 23 employees, the same as on 31 December 2017. On the basis of the Act on Internal Organization and Systematization of Jobs in OMLP, there are 30 of systematized jobs, which means that at the end of 2018 the job occupancy was 77%.

## **8 FINANCIAL AND MATERIAL OPERATIONS**

The budget funds intended for the OMLP operations in the year 2018 amounted to 1.090.808 EUR. EUR. The funds in total of 1.015.888 EUR (93,13% of planned funds) were used for salaries, other expenditure and contributions of the employer for the social security; costs of goods and services,

investments and maintenance, for the membership fee of the EGMONT group and for the project of upgrading of the IT system of the Office.

## **9 INFORMATICS**

In 2018, the IT service of OMLP started, continued or concluded activities and projects: public procurement for project ePPD (EU funds), execution of agreement (SLA) with the Ministry of Public Administration and preparation of migration of users to external network to the central network (DRO), maintenance of databases and record's system of the OMLP, etc. Additionally the IT service performed also activities in the field of collection, keeping and publication of data that obliged entities sent in accordance to article 68 of APMLTF-1, preparation of statistical data and performance of analysis of cash transactions for the yearly report, administration and maintenance of internal servers of the OMLP, back-up of virtualised servers, and archiving of confidential data, etc.