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FIRST YEAR OF ACTIVITY

The Office for Prevention and Fight against Money Laundering was established on the basis of the provisions of art. 18 of Law no. 308 of 22 December 2017 on prevention and combating money laundering and terrorism financing, which entered into force on 23.02.2018.

The Office for the Prevention and Fight against Money Laundering (FIU), formerly subordinated to the National Anti-Corruption Center, has become an independent public authority with the mission of contributing to state security against the risks of money laundering, terrorism financing, and the proliferation of weapons of mass destruction. The core function of the FIU is to receive, record, analyze, process and submit to competent authorities the information regarding the suspicious activities and transactions of money laundering, associated offences and terrorism financing, reported by the reporting entities.



New duties

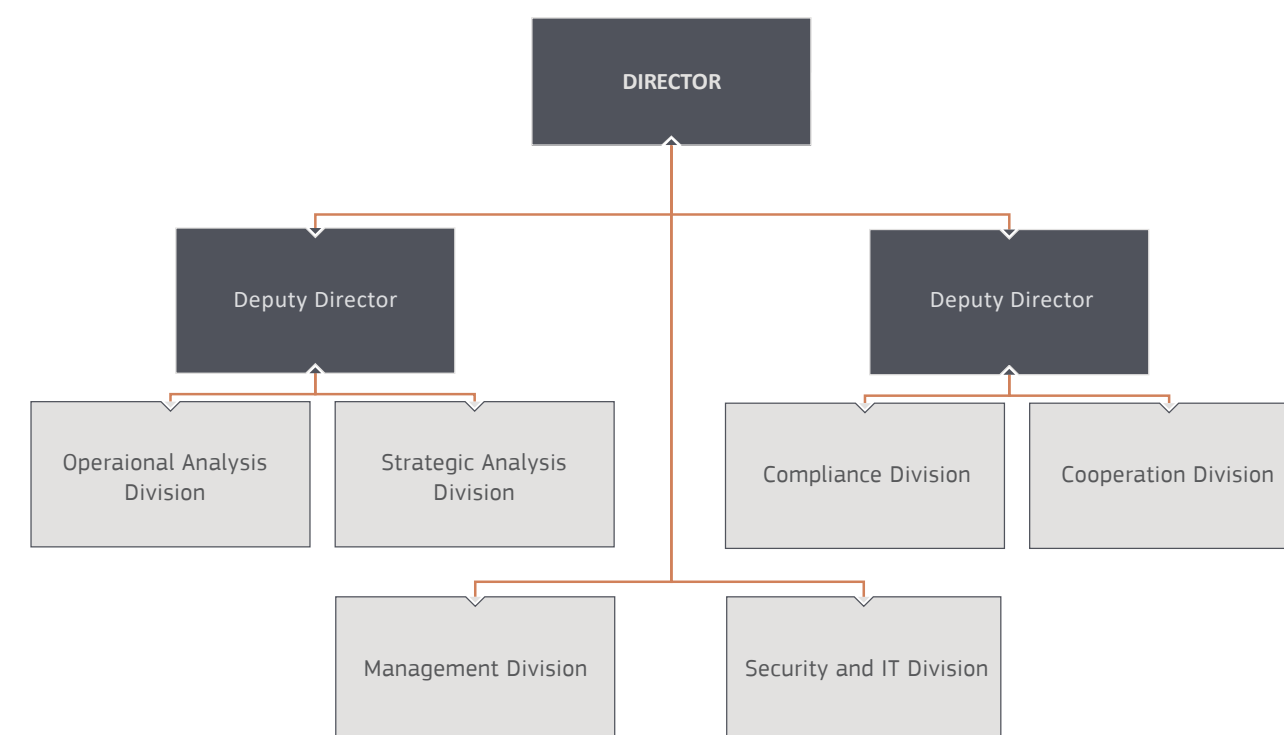
FIU supervises the compliance of the reporting entities with the provisions of Law no. 308 of 22.12.2017 and coordinates activity of the competent authorities in the area of prevention and combating money laundering and terrorism financing.



FIU, under Law no.308/2017, has competence to supervise the following categories of reporting entities.

- A** "real estate agents"
- B** "lessors who are legal persons that practice entrepreneur activity and transfer under the terms of leasing contract, to lessees, at their request, for a certain period, the right of possession and/or use of property..."
- C** "other natural and legal persons who sell goods in the amount of at least 200.000 MDL or its equivalent, only if the payments are made in cash, regardless of whether the transaction..."

Based on the provisions of Law no. 308/2017, the internal structure of the FIU has been optimized from an institutional point of view by strictly delimiting the functional duties according to the existing needs and the international standards in the field. In this respect, based on the Order of the FIU Director no. 2 of 05.04.2018 a new FIU Regulation was approved, which established the separation of internal duties by creating specialized subdivisions according to the competences held.

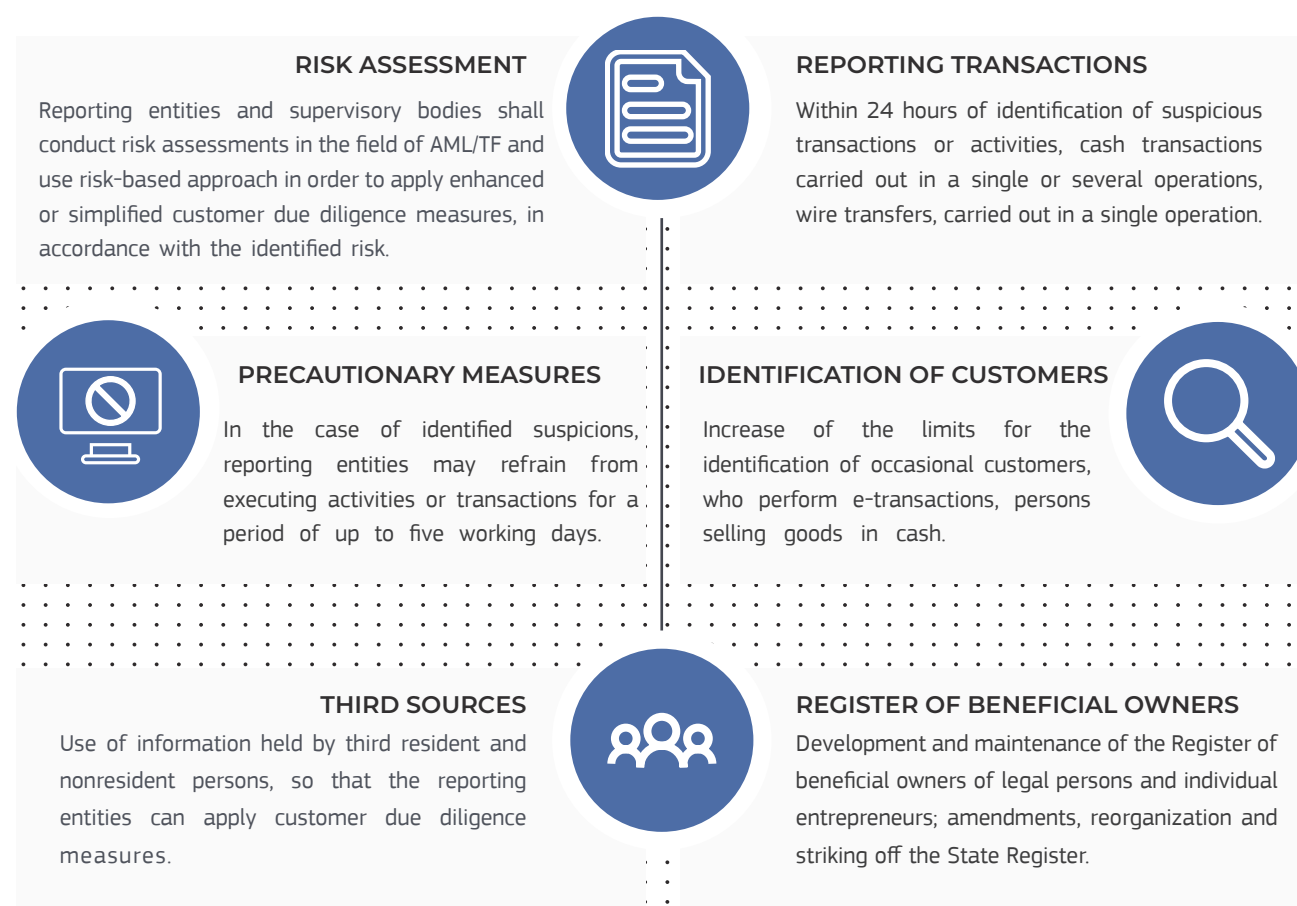


After 16 years of activity within the National Anticorruption Center, the Office for Prevention and Fight against Money Laundering (OPFML) became an independent administrative institution, opening a new chapter in prevention and combating of money laundering and terrorism financing. Under Law 308 of 22.12.2017, the Office is carrying out a number of activities aimed at reconfiguring activities and responsibilities throughout the system, initiating a comprehensive process of adjusting, by relevant authorities, the secondary legislation and strengthening institutional capacities.

LEGAL FRAMEWORK

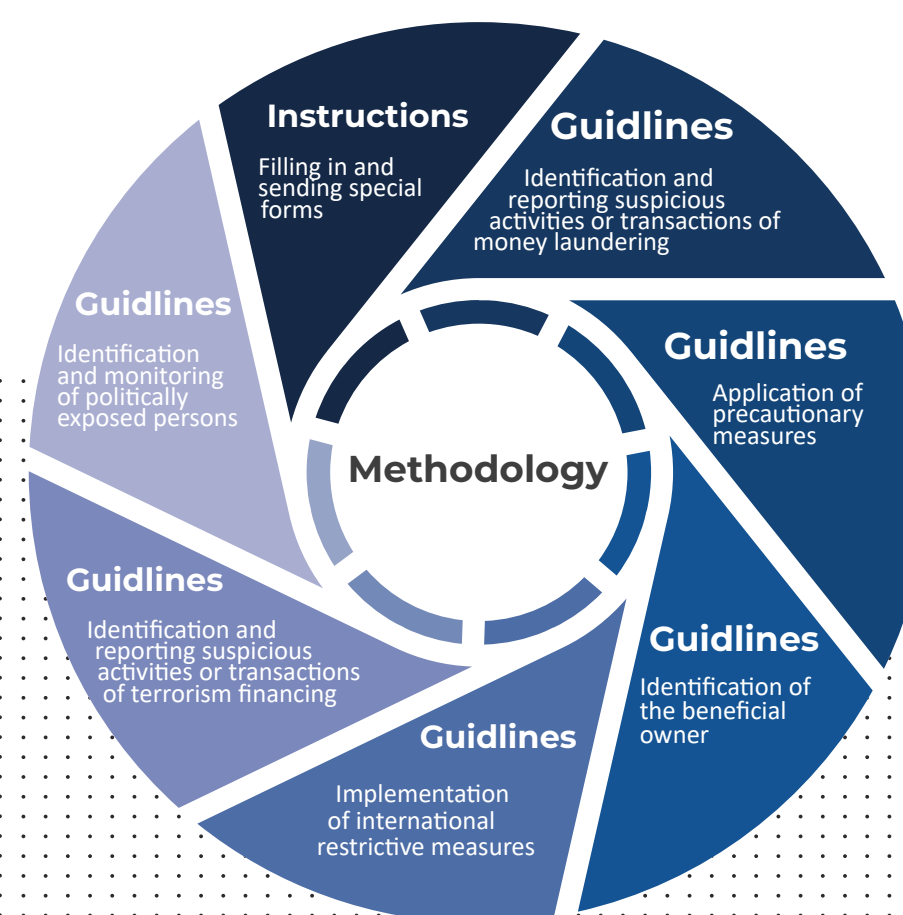
The Law no. 308 of 22 December 2017 on prevention and combating money laundering and terrorism financing entered into force on 23 February 2018, following its publication in the Official Gazette no. 58-66.

The Law no. 308 of 22 December 2017 transposed into national legislation the Directive 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and the requirements of relevant international standards adopted by the Financial Action Task Force in February 2012. Systemic changes, including establishment of new mechanisms in the field of prevention and combating money laundering and terrorism financing (AML/TF) were operated in accordance with the provisions of the Law 308/2017.



REGULATORY ACTS

The Methodology for the identification of suspicious activities and transactions of money laundering and terrorism financing was approved through Government Decision no. 496 of 25.05.2018. The Methodology sets out how to identify and report suspicious transactions of money laundering and terrorism financing, and excludes the binding requirement to report the above-mentioned transactions, since the suspicion is to be determined by the reporting entity based on objective and subjective criteria.



It is worth mentioning that supervisory bodies, including the Office, have adopted the secondary legislation for each category of supervised entity, the following rules being established: identification and assessment of risks of money laundering and terrorism financing, application of customer due diligence, including simplified and enhanced due diligence measures, reporting of suspicious activities and transactions; data storage; implementation of financial sanctions related to money laundering, terrorist activities and the proliferation of weapons of mass destruction, as well as organization and implementation of elements related to internal control system.

2018

COMPLIANCE AND SUPERVISION

According to the legislation in force, the Office for Prevention and Fight against Money Laundering has the task of supervising the following reporting entities.

In order to ensure supervisory and compliance measures of the reporting entities, the Office has adopted sectoral regulations, under which, the entities carried out activities designed to identify and assess the risks of money laundering and terrorism financing, have adjusted their internal customer due diligence policies and procedures, have analyzed suspicious activities in their field of activity and appointed responsible contact persons.

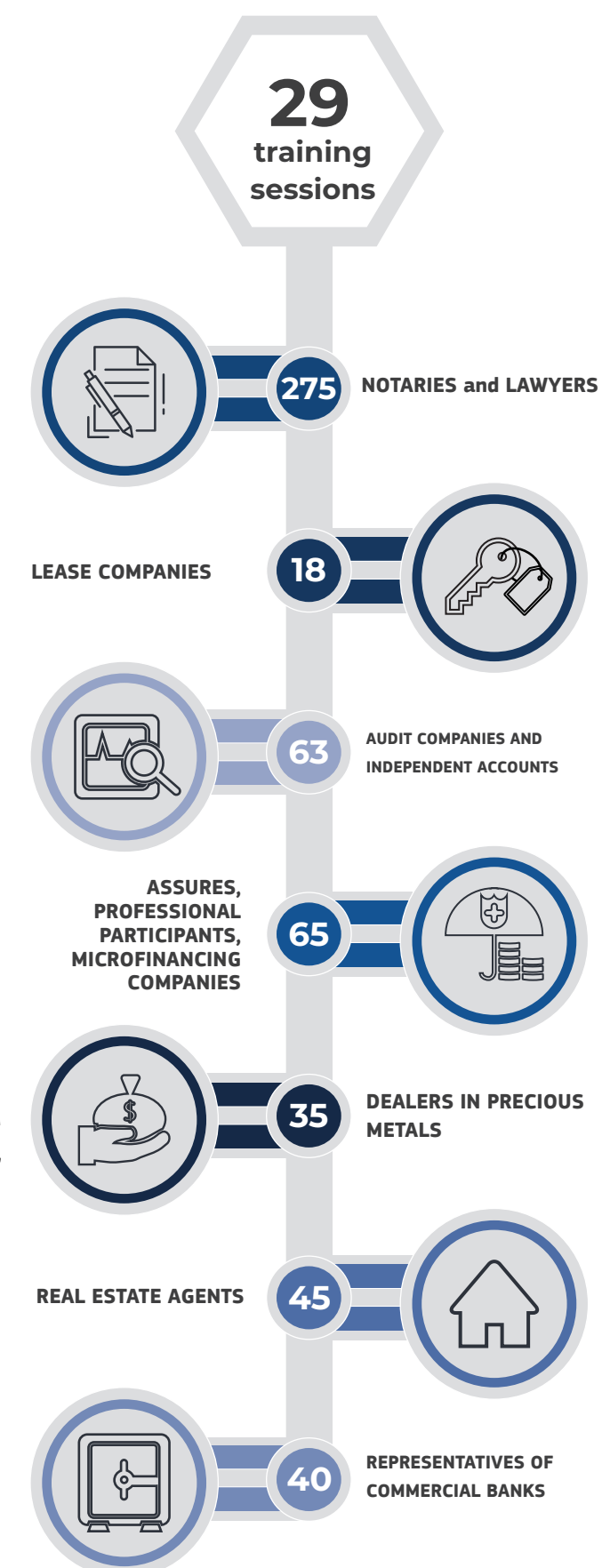


23
AUGUST

Following the implementation of the Law no. 308.2017 on prevention and combating money laundering and terrorism financing, in particular as of 23.08.2017, the Office is focused on activities designed to raise awareness of the reporting entities of legal provisions, by organizing trainings with the participation of the High Level Adviser of the Delegation of the European Union to present the practices of the EU Member States.

The Office conducted **12 training sessions** with the support of foreign partners and **17 working meetings** with the reporting entities and the representatives of **supervisory institutions**.

The National Bank | National Commission for Financial Markets | Ministry of Finance | Chamber of Notaries | State Chamber of Assay Supervision | National Regulatory Agency for Electronic Communications and Information Technology | Lawyers' Union | Association of Professional Accountants and Auditors



INTERNATIONAL COOPERATION

Project on Controlling Corruption through Law Enforcement and Prevention (CLEP)



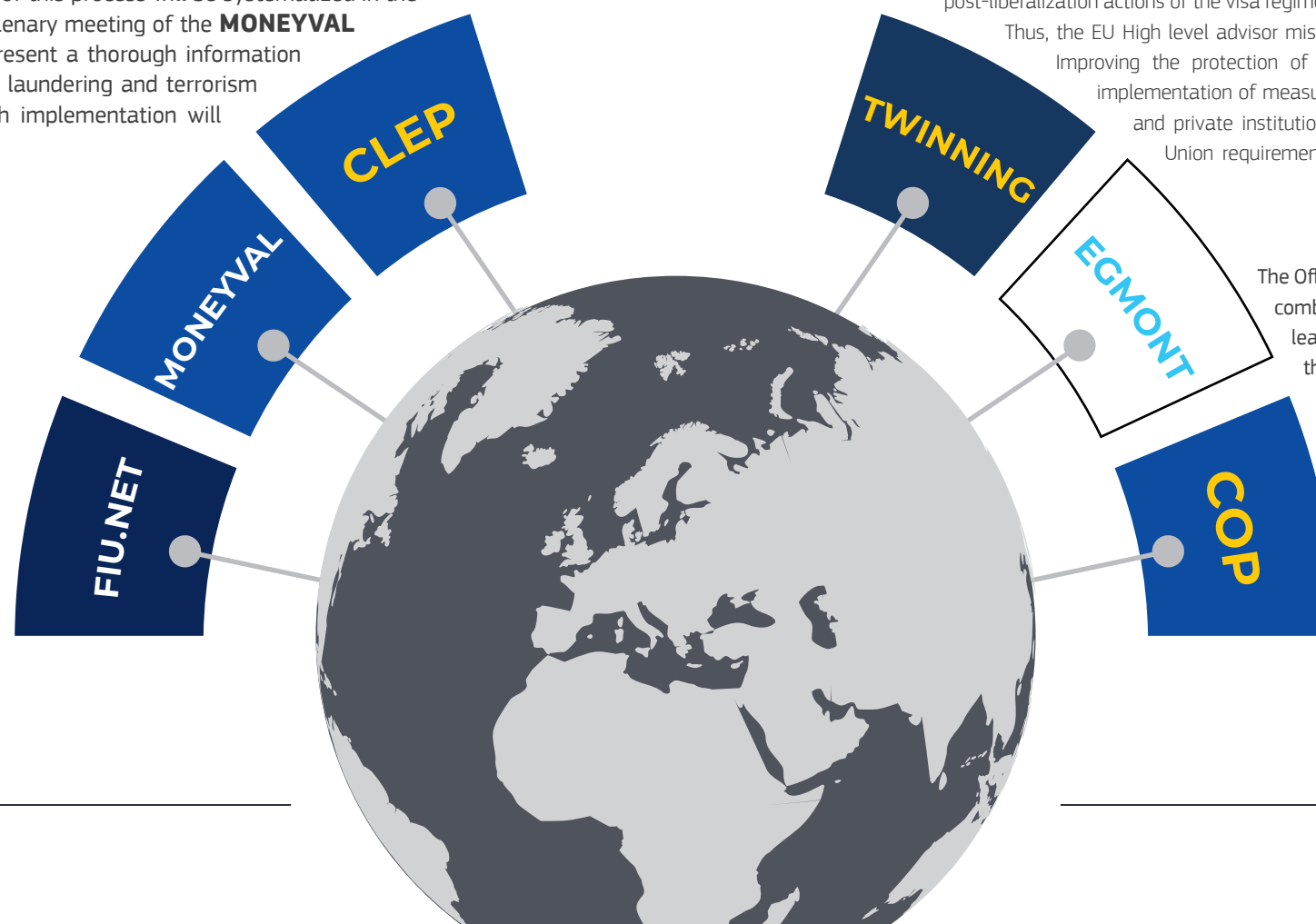
The main objective of the joint EU/CoE Project is to address the priorities set out by the European Council and the European Union in the field of anticorruption, anti-money laundering and combating terrorism financing, as well as assets recovery. Thus, CLEP project carried out the following activities related to prevention and combating money laundering and terrorism financing:

- Initiation of the procedure for drafting the new National Strategy on prevention and combating money laundering and terrorism financing;
- Drafting and expert analysis of the "Manual for freelancers on prevention and combating money laundering and terrorism financing" that is at the completion stage and shall be published with the support of CLEP project;
- Organization of specialized trainings for Office employees in the field of Open Source Intelligence (OSINT);
- Conduct of awareness trainings for reporting entities on the new legislative provisions, mainly on application of suspicious criteria and reporting procedures.

The CoE MONEYVAL Committee 5th round **assessment of the national system** for prevention and combating money laundering and terrorism financing for the years 2013 -2017 was one of the strategic priorities in 2018. Thus, in order to ensure the assessment process, a working group consisting of representatives of national competent authorities was established that was tasked to prepare and present the national developments in this sector. The outcomes of this process will be systematized in the Assessment Report that will be discussed and adopted at the plenary meeting of the **MONEYVAL Committee** in July 2019. The objective of the Office is to present a thorough information on the Moldovan system for prevention and combating money laundering and terrorism financing in order to obtain practical recommendations, which implementation will support the process of systemic reconfiguration.



In 2018, the Office has initiated the process of **connecting** to the FIU.NET network that is a competent decentralized system for exchange of financial data in the field of **money laundering and terrorism financing** between EU Member States, integrated into Europol, to ensure continuity of operations and allow for continuous improvement of the platform. The FIU.NET allows for efficient increase of exchange of information by combining the tasks exercised with the information and services held by the Europol, that result in intensifying prevention and combating efforts in the field of money laundering and terrorism financing.



TWINNING Project

In June 2018, the Office participated in the selection of the Member States of the European Union that will implement the Twinning Project **"Enhancing the system of prevention and combating money laundering and terrorism financing in the Republic of Moldova"**.

The project is financed by the European Union and implemented by the Office jointly with a consortium comprised of authorities of the EU Member States. The project is managed by the Central Project Management Agency of Lithuania.

The project implementation period is of three years. Approximately 15 public institutions of the Republic of Moldova, with competences in AML/TF are project beneficiaries. Under this project, experts from Lithuania, Poland and Germany with participation of representatives of the National Bank of Moldova, General Prosecutor's Office, General Police Inspectorate, State Tax Service, Customs Service and other competent authorities will implement the measures included in the seven components, as following:

1. Enhancing the effectiveness of implementation of the national AML/CFT policy;
 2. Development of OPFML analytical and operational capacities, cooperation between OPFML and reporting entities and inter-agency cooperation;
 3. Development of the special data bases necessary for the enforcement of the AML/CFT Law;
 4. Development of the AML national supervision mechanism for banking, non-banking sectors and non-financial businesses and professions;
 5. Development of the investigation capacities of ML/TF cases;
 6. Improvement of the justice system in AML/CFT field;
 7. Improvement of the system for prevention of terrorism financing, including control of physical cross-border transportation of currency and bearer negotiable instruments.
- Activities carried out during project implementation, will enable the involved authorities to directly benefit from the experience of partner institutions to build an efficient national AML/TF system.

International cooperation is a fundamental aspect in prevention and combating of money laundering and terrorism financing, that is why strengthening and improving cooperation was another activity carried out in 2018 with a focus on exchange of information with foreign peer services through the secured international network – **Egmont Secure Web**.



ASSISTANCE TO THE IMPLEMENTATION OF THE EUROPEAN UNION HIGH LEVEL ADVISERS MISSION TO THE REPUBLIC OF MOLDOVA

The project is funded by the European Union and aims to support the Government, including the OPFML, in strengthening the capacities needed to implement the Association Agreement, including the Deep and Comprehensive Free Trade Area, and to ensure the following post-liberalization actions of the visa regime.

Thus, the EU High level advisor mission in the field of Anti-Money Laundering and Terrorism Financing includes: Improving the protection of the state financial system from criminal influence; Effectiveness of the implementation of measures to prevent and combat money laundering and terrorist financing by state and private institutions in the Republic Moldova, assistance in implementation of the European Union requirements in the field.

Conference of Parties

The Office, as the authority in charge for prevention and combating money laundering at the national level, leads the delegation of the Republic of Moldova in the CoE Monitoring Committee **COP to CETS 198**. Implementation of provisions of the Council



of Europe Convention on laundering, search, seizure and confiscation of the proceeds from crime and on the financing of terrorism is a national priority. The delegation of the Republic of Moldova actively participates in the working meetings of the Conference of Parties manifested through national efforts to strengthen the financial information unit, wider international cooperation, making more efficient the measures for extended confiscation and recovery of assets. Representative of the delegation of the Republic of Moldova was elected as member of the Bureau of the Conference of Parties and contributes to the coordination of the activity of the Conference and supports the Secretariat of the COP. It should be noted that during the meeting scheduled for November 2019, the Office will submit the next national "cross-monitoring" report.

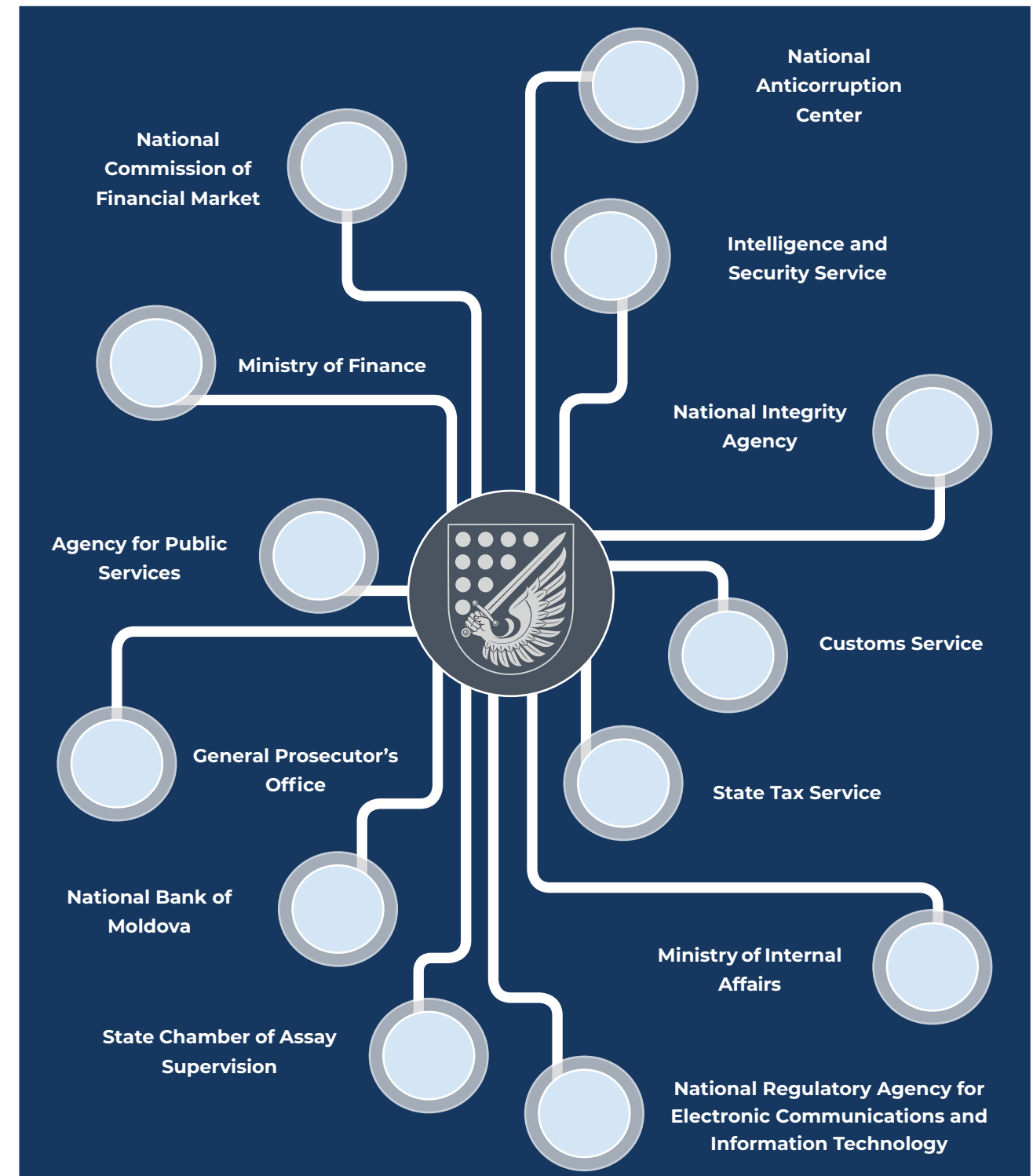
Intensification of cooperation with national competent authorities in the field of prevention and combating money laundering and terrorism financing is another priority set by the Office.

In 2018, the Office signed cooperation agreements with the following national authorities:

- Ministry of Finance,
- National Commission of Financial Market,
- Agency for Public Services,
- National Regulatory Agency for Electronic Communications and Information Technology,
- General Prosecutor's Office,
- State Chamber of Assay Supervision.

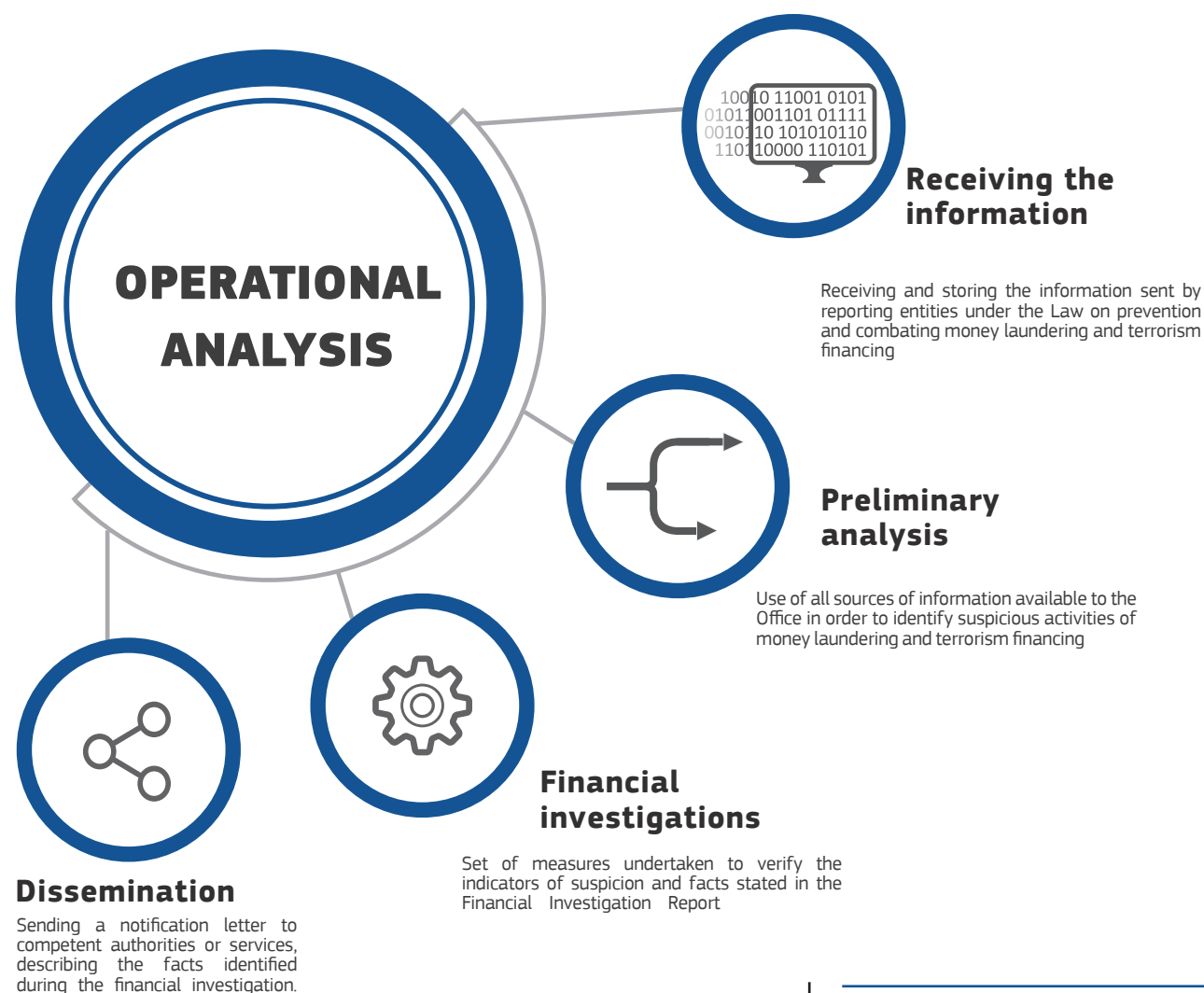
At the same time, the Office continues negotiations with other national competent authorities to sign collaboration agreements. At the national level, this collaboration can intersect with international cooperation that carried out by the Office as part of its activities.

NATIONAL COOPERATION







OPERATIONAL ANALYSIS

uses the information received from reporting entities as support during the financial investigation process. During the analysis, the Office uses all available sources of information in order to identify the suspicious activity of money laundering and terrorism financing, the financial investigation paths, criminal typology, including predicate offences.



According to Art. 3 of the Law no. 308 of 22.12.2017, suspicious activity or transaction is an activity or transaction in goods or illicit goods, including financial means and funds, of which the reporting entity is aware or indicates reasonable grounds of suspicion that the actions of money laundering, related offences, actions of financing terrorism and proliferation of weapons of mass destruction are under preparation, attempted, or are already being carried out.

Types of relationship

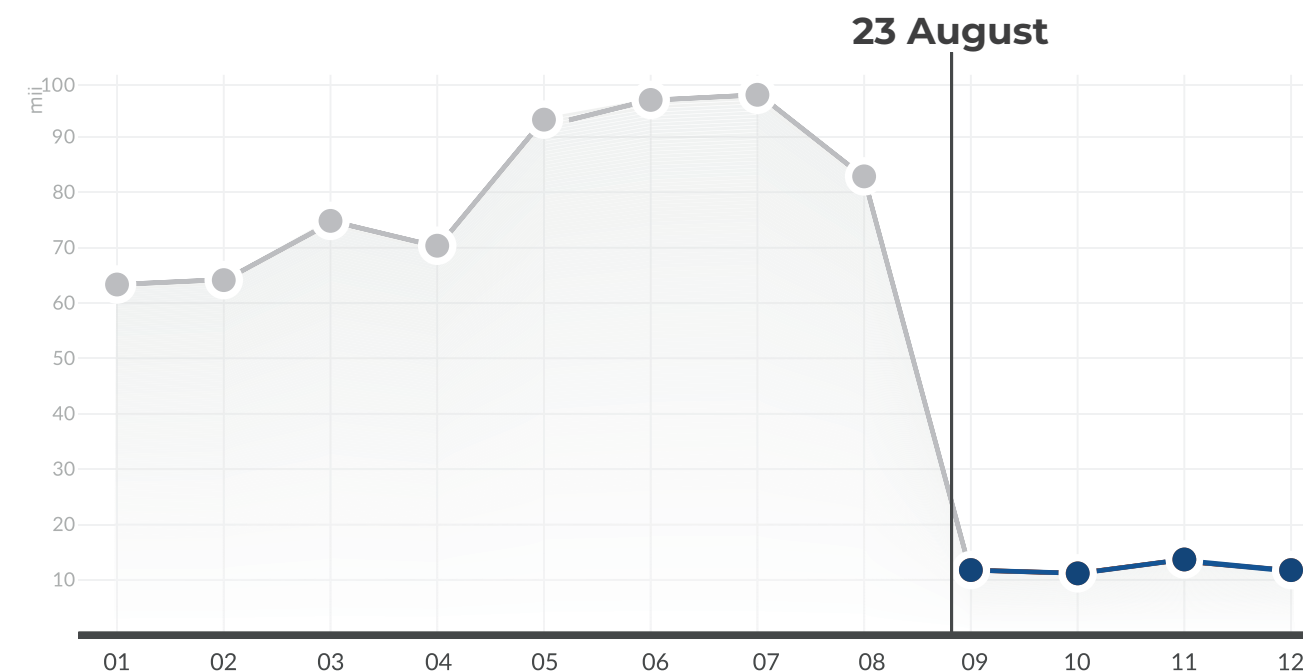
-  *suspicious transactions*
-  *limited transactions*
-  *cash transactions*
-  *suspicious activities*

According to the national legislation, there are no financial limits for mandatory reporting of suspicious transactions in the Republic of Moldova.

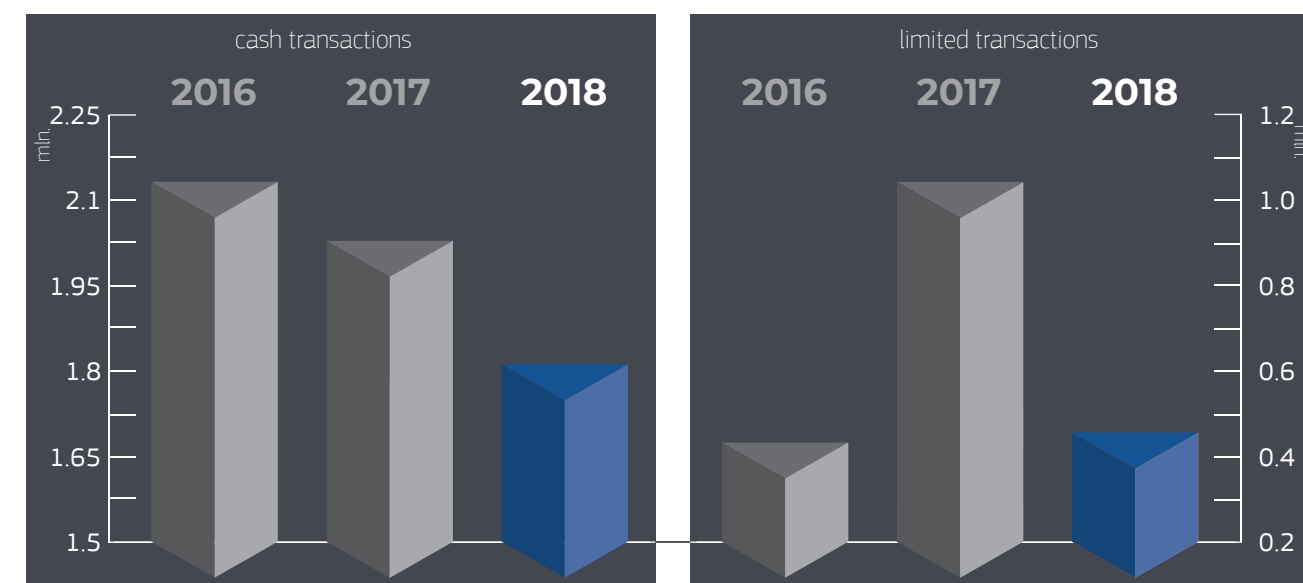
The legislative amendments approved in 2018 generated a

reconfiguration of the system through active involvement of the reporting entities in the analysis activity, by ensuring the relatively high level of independency in assessing the suspicions regarding the conducted transactions.

Thus, the data show the impact of amendments through significant **decrease** in number of suspicious transactions reported by the Office during each month.



At the same time, Art. 11 of the Law no. 308/2017 requires mandatory reporting of customer's cash activities or transactions, through a single operation, which amount is of at least 200 000 MDL or through several cash operations seem to be linked as well as of customers' wire transactions, through a single operation, which amount is of at least 500 000 MDL. Thus, the level of reporting for the year 2018 is presented below.



Depending on the specifics of functional duties regarding suspicious actions of money laundering or other related offences, including financing of terrorism, the results of financial investigation were disseminated to national authorities.

130 Financial Investigation Reports



In cases when suspicious transactions or activities are identified as a result of analysis of the information received from reporting entities or other sources, the results are presented in **analytical notes**. Based on the information from the analytical notes, the following measures can be taken:

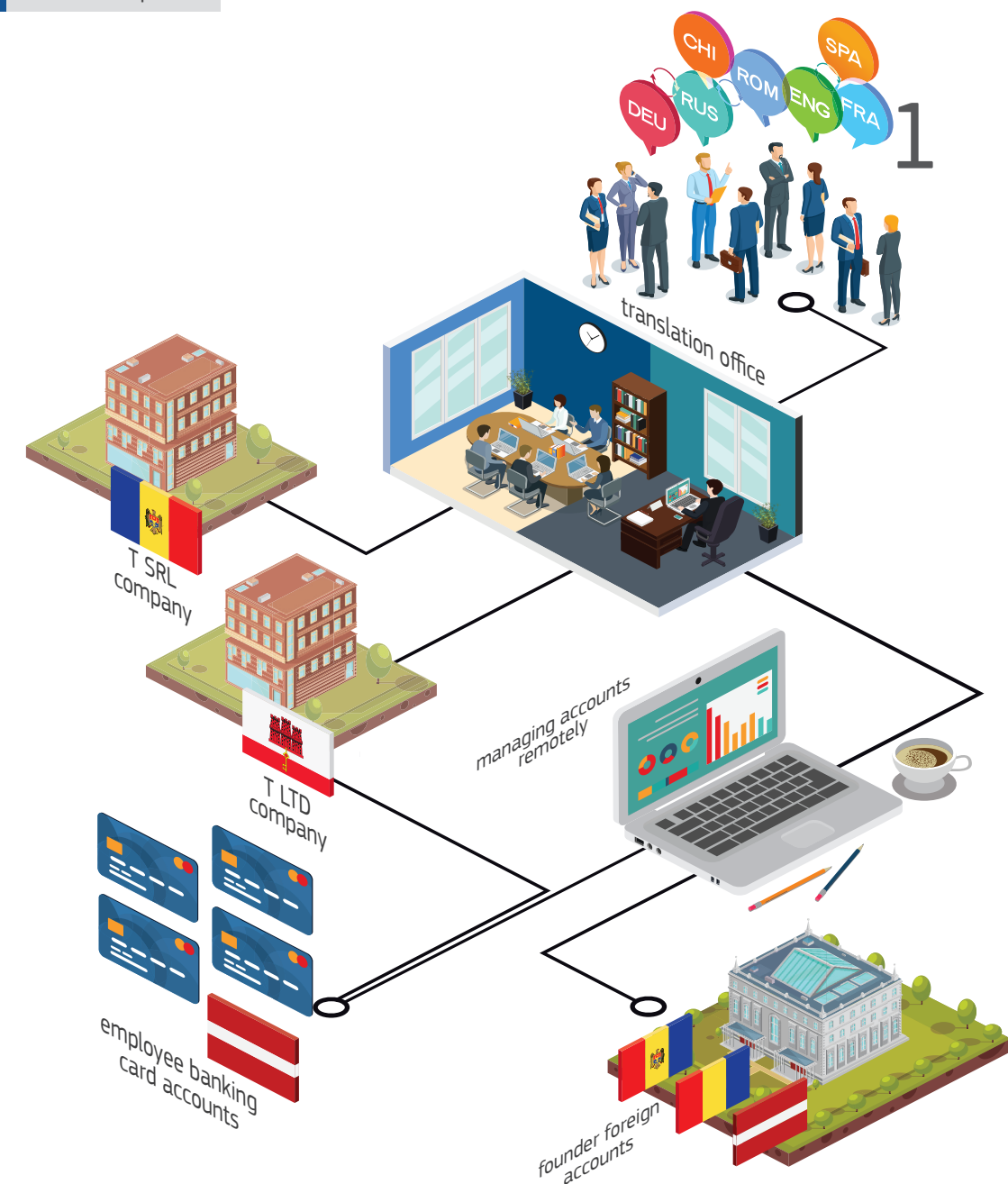
monitoring of suspicious activities or transactions entails gathering of information on the subject in question from available databases, including open sources

The **financial investigation** process represents a set of measures carried out in order to verify the indicators of suspicion and the facts presented in the Financial Investigation Report through gathering of information, analysis and verification of all financial and economic relations and of the customers who can be linked to the suspicious activity of money laundering, of committing related offences and financing of terrorism. Its goal is to establish the source and track of the used assets, proceeded from these offences, funds of terrorists and other assets that may or may not be object of the precautionary measures and/or confiscated as well as the investigation of the size of the criminal network and the related degree of criminality.

Monitoring
85

130
Financial Investigation Reports

Analytical Notes
250



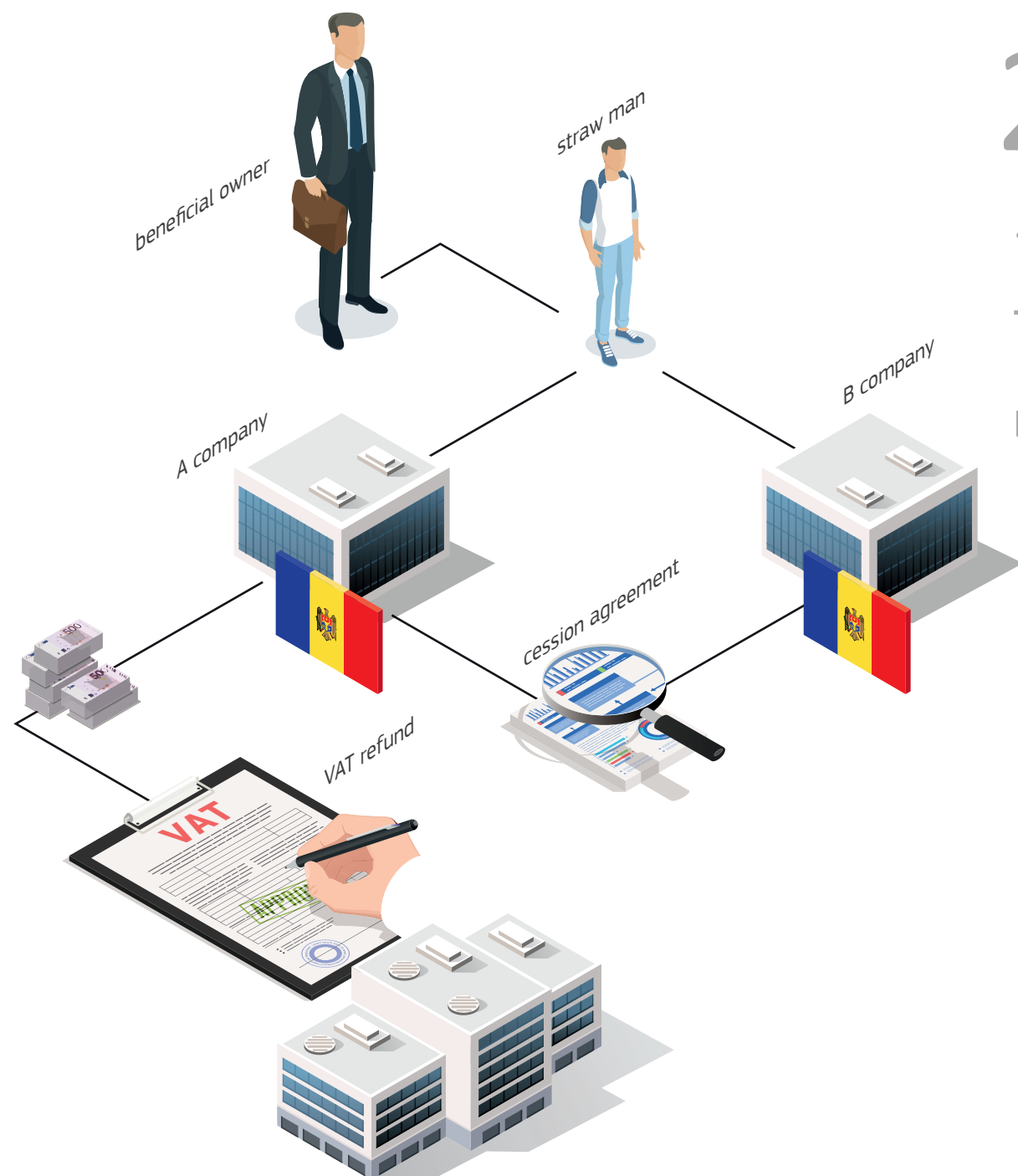
Typologies **1**

Following the analysis of transactions reported by the reporting entities, the disguise of translation services offered by a company from the Republic of Moldova was revealed, that consisted in reflecting the revenues in the account of an offshore company from Gibraltar, for tax evasion purposes.

Thus, the company, registered in the Republic of Moldova, provided translation services both in country and to nonresident physical and legal persons. During the financial investigation, it was established that the manager and founder of the "T SRL" registered the non-resident company "T LTD" in Gibraltar with bank accounts opened in Latvia. Thus, the accounts of the nonresident company received means from nonresident customers for translation services, but de facto, the services were provided by employees of the company from the Republic of Moldova. The non-resident company in Gibraltar had several card accounts on which means were transferred on monthly bases, that were salaries for the employees of the Moldovan company. The same physical person was the beneficiary of both companies and had bank accounts opened in Moldova, Romania, Latvia, through which he received cash for translation services that were not subject to taxation and not reflected in the bookkeeping.

Based on the financial analysis, the Office has disseminated all the materials relating to the case to the law enforcement agencies.

2 Typologies

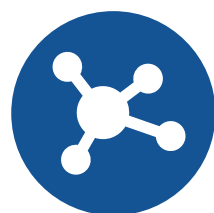


During financial investigations, it was established that Company A recorded procurements of real estate (production building) from Company B. Under the assignment contract, the source of money for the purchase of the aforementioned immovable property originated from the same Company B. Thus, it was found that Company A's director and founder recorded claims to Company B. Subsequently, these claims were transferred to Company A. Consequently Company B transferred money to Company A under the assignment agreements and later Company A transferred the same financial means to Company B for the purchase of real estate. Furthermore, the director and founder of Company A were also affiliated with Company B and did not have official revenues to justify the source of the credited financial means. As a result of this typology, companies A and B created a closed circuit of money means with the exchange of real estate, with the purpose of obtaining a VAT refund from the state budget worth 5 million lei. Following extensive analysis and detection of the fraudulent scheme, the Office sent the case to Moldovan law enforcement agencies.

Based on the analysis carried out by the Office, another criminal case was initiated on the laundering of money proceeded from drugs, circulated in extremely large volumes, committed by an organized criminal group. Thus, the payment for disguised selling of drugs and other prohibited substances, was made by lodging cash at POS terminals, ATMs and other electronic payment tools. The means were deposited on the card accounts opened at different financial institutions through daily transfers by drug buyers. Subsequently, the amounts accrued on bank accounts were withdrawn from ATMs by members of the organized criminal group. Based on the information shared by the Office, several criminal cases were initiated on illegal circulation of drugs, synthetic drugs (legal highs) or their analogues for sales purposes, in extremely large amounts, committed by an organized criminal group, and on money laundering, in extremely large amounts, committed by an organized criminal group. The Office is regularly monitoring the typologies, with subsequent information of competent authorities of the cases additionally identified.



3 Typologies

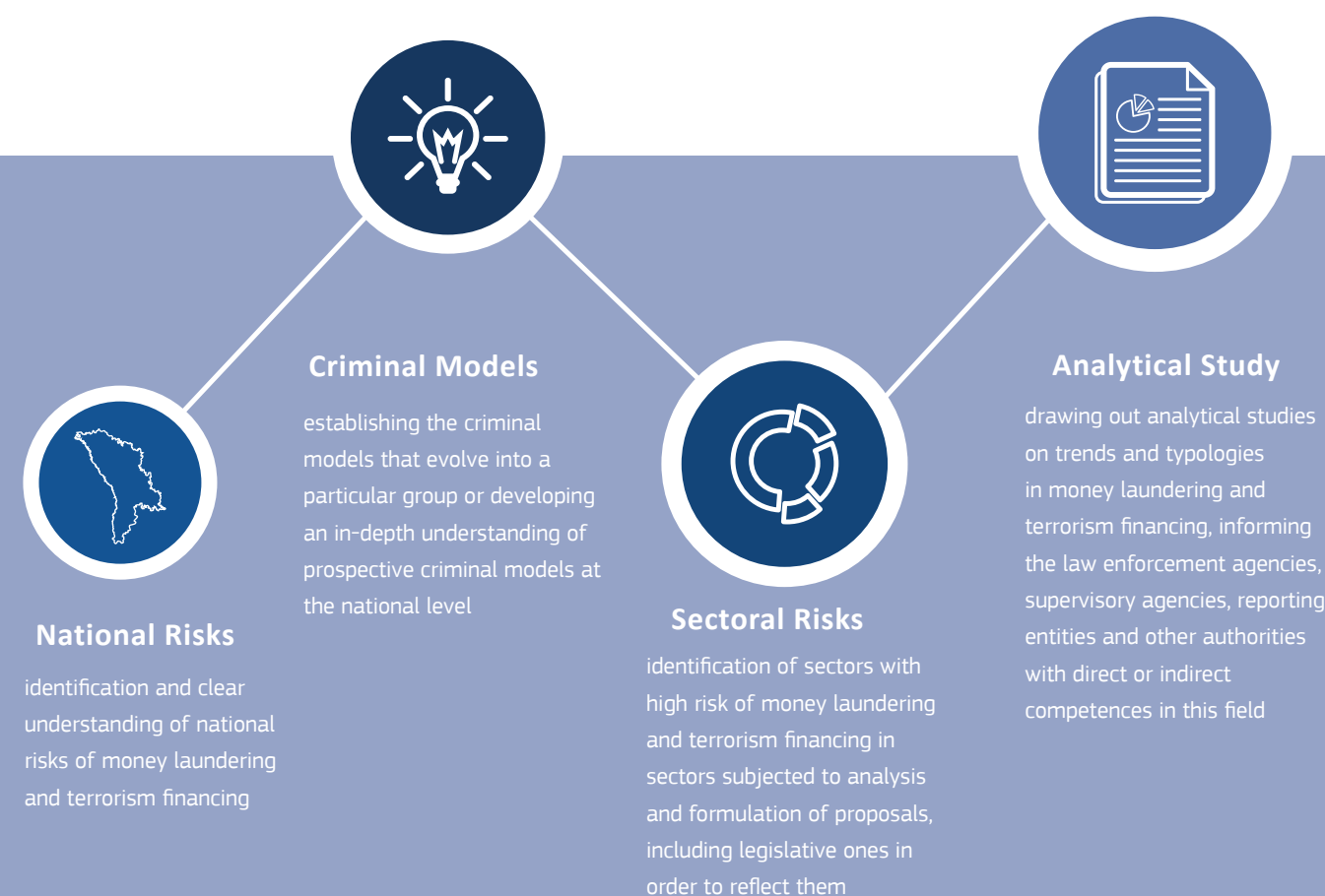


The strategic analysis develops the acquired information to be used in the future activity of the Office. The fundamental feature of strategic information is the identification of new systemic risks and trends that are not related only to single cases.

Goals and Objective

STRATEGIC ANALYSIS

presents the general picture of certain medium and long term trends, feasibility of predictions, forecasts and estimates aimed to serve as grounds for taking strategic decisions or used as support for the management of certain situations/events with macroeconomic impact on prevention and combating money laundering, including the dissemination of collected information.



The strategic analysis is carried out once all possible information was collected and processed. It shall be mentioned that the strategic analysis needs a broader set of data than the operational analysis as well as analyst with broader experience.

In order to achieve the objectives of the strategic analysis, the Office uses the specialized software MicroStrategy that allows for processing, analyzing and presenting the graphs and dynamics of data collected on prevention and combating money laundering and terrorism financing at the national level.



RISK MITIGATION

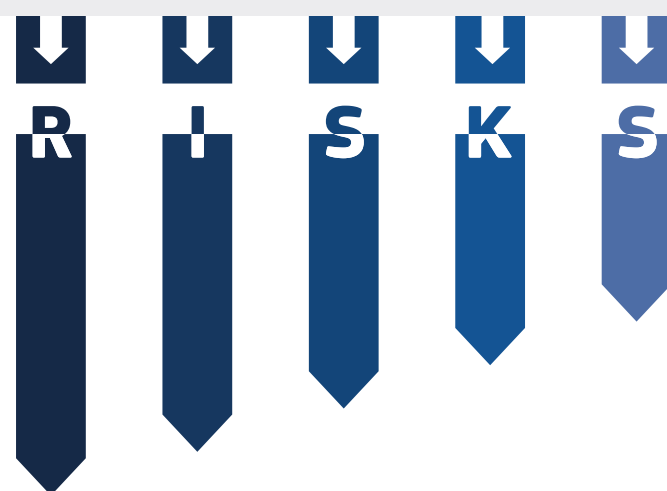
Monitoring the implementation of activities envisaged in the Action Plan on risk mitigation in the field of money laundering and terrorism financing, approved through Government Decision no. 791 of 11.10.2017 was a priority activity of the Office during the year **2018**.



In order to assess the internal risks of money laundering and financing of terrorism, most reporting entities carried out assessment of risks of money laundering and terrorism financing and drew out reports and action plans to minimize the identified risks.

One of the priorities identified in the national report and the action plan is to increase and make more efficient the actions designed to identify the beneficial owners. Thus, as a matter of priority, the Agency of Public Services approved a guidelines regulating the collection, verification and recording of data on beneficial owners in the State Register of legal persons and individual entrepreneurs.

Guidelines, instructions and regulations for criminal prosecution bodies, prosecutors, customs inspectors, microfinancing organizations, financial lease and non-bank lending organizations have been developed and approved.



The actions taken to achieve the main objectives included in the Action Plan, namely: improvement of the existing regulatory acts, identification and mitigation of sectoral risks, technical assistance to the financial intelligence unit, law enforcement agencies, prosecutors and judges in the field of financial investigations and the recovery of illicit proceeds; undertaking measures to identify the beneficial owner,

improving supervision, inter-institutional cooperation, international cooperation, technical assistance to law enforcement agencies, prosecutors and judges in the field of financial investigations, recovery of illicit proceeds and mitigation of cash transactions have been prioritized and executed in due time.



QUALITY OF LAWS

Improving the quality of the regulatory acts in force, of policies and strategies in the field



TECHNICAL ASSISTANCE

Technical Assurance of the Financial Information Unit, law enforcement agencies, prosecutors and judges in the field



IDENTIFICATION MEASURES

Strengthen and streamline the due diligence measures and beneficial owner identification



NATIONAL COOPERATION

Strengthen interinstitutional cooperation by creating a practical and viable data and information exchange mechanism



INTERNATIONAL COOPERATION

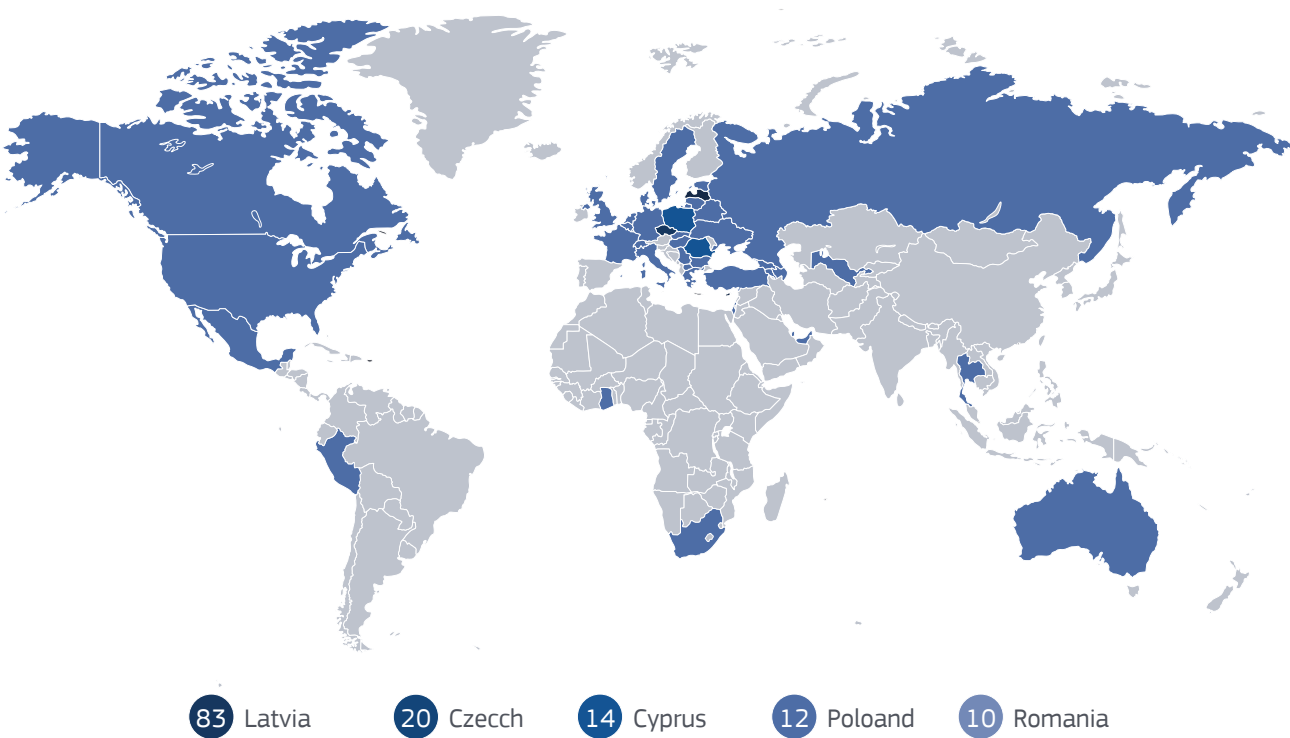
Enhance international co-operation by qualitative execution of international technical assistance request



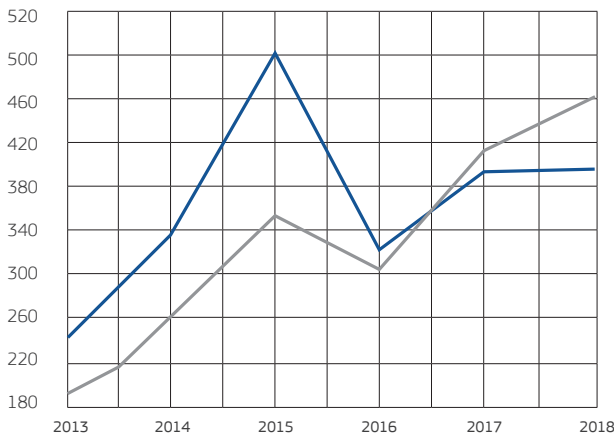
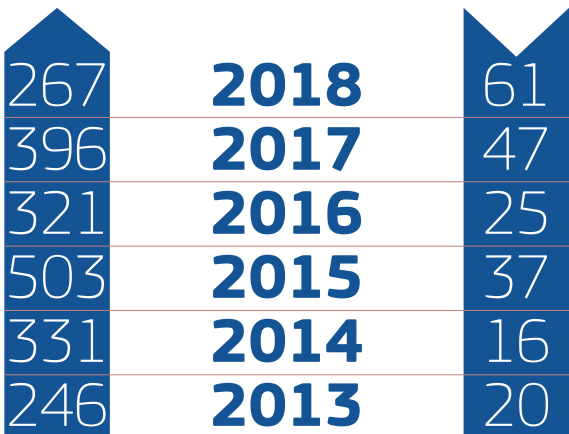
FINANCIAL INCLUSION

Reducing cash transactions and developing national strategies for financial inclusion

DATA EXCHANGE



Request sent and received through the EGMONT Group



Based on the materials shared by the Office with criminal prosecution bodies, a number of criminal cases were initiated during the year 2018 for the commission of several crimes, including money-laundering crimes.



Dissemination	No.	Residents		Non-residents	
		Natural Persons	Legal Persons	Natural Persons	Legal Persons
National Anticorruption Center	9	19	0	10	0
Anticorruption Prosecutor's Office	5	2	1	8	6
Prosecutor's Office for Fighting Organized Crime and Special Causes	9	4	0	9	0
Ministry of Internal Affairs	16	15	1	13	1
State Tax Service	24	53	0	12	0
Secutiry and Intelligence Service	5	1	4	0	2
Other authorities	1	0	1	0	0
Other foreign seminal institutions	13	0	0	0	0



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