



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 2012**

Ljubljana, November 2013

1 PREAMBLE

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

The report on the activities of the OMLP for the year 2012 has already been the seventeenth report to the Government and refers to the period from 1 January 2012 until 31 December 2012. The stated period has been shown separately regarding statistical and other numerical data; to allow for year-by-year comparison also certain data from previous years has been stated in the report and its attachments.

By the implementation of the preventive acts on the prevention of money laundering and terrorist financing ¹ and the establishment of the offices for money laundering prevention almost 20 years ago, the system of detection of money laundering has intended a special role also to the obliged entities (financial and non-financial institutions) and afore mentioned offices as well. The international expression for those offices is “Financial Intelligence Unit – FIU”, meaning that one of its duties is also sending financial and other intelligence to the competent authorities. This duty has been stipulated by the definition of the Financial Action Task Force (FATF)², according to which the office for money laundering prevention is the **“central state authority for receiving, analyzing and informing competent authorities on suspicious transactions and other available data on money laundering or terrorist financing”**.

The FIUs can be administrative, police, judicial/court and hybrid types, the majority of them is administrative. Almost half of the FIUs from EU member states are administrative FIUs. Slovenia has also decided for the administrative type of the FIU, which does not have police competences, but has a special role at detection and prevention³ of money laundering and terrorist financing. The advantage of such FIUs is also the possibility to develop trust and cooperation of the FIU with financial institutions, especially banks. Namely, the OMLP is the administrative office within the Ministry of Finance and acts as a clearing house between the financial institutions and law enforcement authorities. Within its competences, OMLP analyses suspicious transactions sent by the obliged entities and if it establishes the reasons for the suspicion of money laundering, terrorist financing or other criminal offences, it

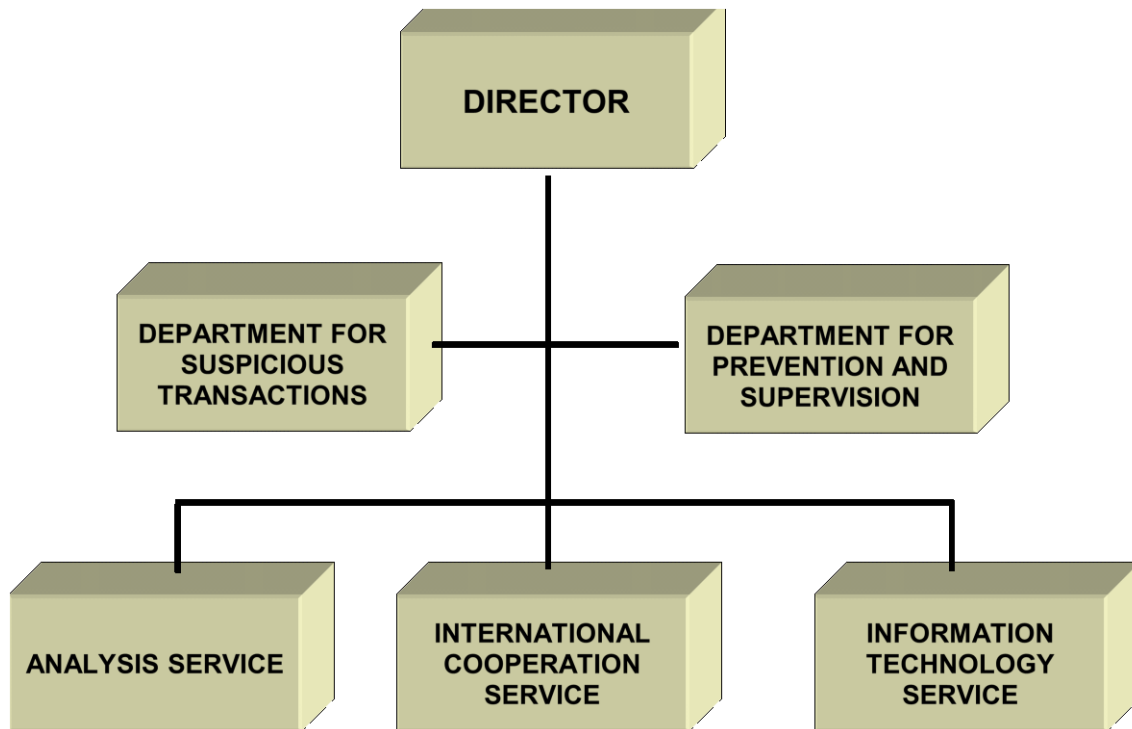
¹ The criminal offence of money laundering has been in our national legislation legalized in the Criminal Code from the year 1995. On the same year, the first Act on the Prevention of Money Laundering came into force and the Office for Money Laundering Prevention was established.

² Financial Action Task Force is the leading international body for the fight against money laundering and terrorist financing, which places the international standards in this field (40 FATF Recommendations + 9 Special FATF Recommendations until February 2012; than the changed 40 FATF Recommendations entered into force). It works under the cover of OECD, but it is not its body. Slovenia has not been the member of this group due to the strategic decision of FATF that only rare countries can become its permanent members (taking into account the biggest possible size of FATF, proportionate representation of the member states and importance or strength of the particular economy).

³ Duties of OMLP, referring to the prevention of money laundering and terrorist financing are proposing the competent authorities changes and amendments to regulations, participating at drawing up the guidelines for obliged entities, participating in drawing up the list of indicators for recognizing the suspicious transactions, participating in professional training of the staff of obliged entities, recognizing the typologies and trends of money laundering and terrorist financing.

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

The organizational chart of the OMLP is as follows:



2 ACTIVITIES OF THE OMLP IN THE FIELD OF CASH TRANSACTIONS

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

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

Beside this, the organizations from the Article 4 of the APMLFT should report the Office on every transaction regardless the amount, where there exist reasons for the suspicion of money laundering or terrorist financing. Data on reports suspicious transactions have been presented in the Chapter 3 of this report.

2.1 Cash transactions exceeding 30.000 EUR

In the year 2012, the OMLP received the reports on cash transactions exceeding 30.000 EUR from 44 different organizations. **15.868 cash transactions** in the total value of **1.576.766.018 EUR** performed in the year 2012 have been reported to OMLP on the prescribed forms. In the year 2011, 16.793 cash transactions in the total value of 1.310.187.305 EUR have been reported to the OMLP. The comparison between the years 2011 and 2012 has shown, that the **number of reported cash transactions has been reduced for 5,2% in the year 2012**, but their value has increased for 20,3%.

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

Table 1: Number and share of cash transactions exceeding 30.000 EUR in the period 2011-2012 by reporters

<i>Organizations</i>	<i>2011</i>		<i>2012</i>		
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>	<i>Index</i>
<i>Banks</i>	17.475	87,8%	13.875	87,4%	94
<i>Post Office</i>	877	5,2%	802	5,1%	91
<i>Gaming houses</i>	805	4,8%	682	4,3%	85
<i>Savings banks</i>	276	1,6%	288	1,8%	104
<i>Gaming Saloons</i>	87	0,5%	217	1,4%	249
<i>Savings and Credit houses</i>	3	0,018%	2	0,01%	67
<i>Exchange offices</i>	0	0%	1	0,01%	-
<i>Trade with Real Assets</i>	0	0%	1	0,01%	-
TOTAL CASH TRANSACTIONS	16.793	100,0%	15.868	100,00%	94

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

Since 18 October 2011, the organizations shall according to the Article 38 of the APMFLT in three days at the latest, report to the OMLP the data on every transfer exceeding 30.000 EUR, which was on the demand of the client performed to the account of natural and legal persons with permanent or temporary residence or headquarters in the countries with the higher risk for money laundering or terrorist financing or to the accounts in those countries (hereinafter: transfers). The list of the countries with the higher risk for money laundering or terrorist financing (hereinafter: list of the countries) changed three times in the year 2012. The last list published at the website of the OMLP included 48 countries.

In the period from 1 January 2012 until 31 December 2012, the organizations reported to the OMLP altogether **2.742 transfers in the total value of 363.245.887 EUR**. 2.082 transfers (75,9%) were transfers for domestic legal persons, 587 (21,4%) for foreign legal persons, 66 (2,4%) for natural persons and 7 (0,3%) for sole traders or persons, performing their activities independently. **The receivers of those transfers were in majority the foreign companies, as 2.693 transfers (98,2%) in the total value of 356.640.051 EUR were performed to**

their accounts. Beside this, 11 transfers (0,4%) were performed to three different Slovenian companies, 1 transfer to the Slovenian sole trader and 37 transfers (1,3%) to different natural persons.

Among all the countries from the list, the transfers exceeding 30.000 EUR were performed to 34 countries, mostly to Cyprus and Turkey. 27,1% of all transfers were performed to Cyprus with 32,3% of total value of all transfers to the countries from the list. 37,0% of all transfers were performed to Turkey, with 31,1% of total value of all transfers to the countries from the list.

2.3 Transfers of cash exceeding 10.000 EUR across the EU border

As stipulated by the Article 73 of the APMLFT, Customs authorities are obliged to report to OMLP, at the latest within three days, the data on any declared import or export of cash amounting to or exceeding 10.000 EUR when entering or leaving EU. **In the year 2012, there were 318 of reported and non-reported transfers of cash at the Slovenian part of the EU border, which is 19,1% more than in the year 2011.**

In the year 2012, there were **212 of cash transfers TO Community**, which was 19,8% more than in the year 2011 and **106 of cash transfers FROM Community**, which was 17,8% more than in the year 2011. 95,8% of cash transfers TO Community referred to the natural persons, 3,8% to domestic legal persons and 0,5% to foreign legal persons. On the other hand, 98,1% of cash transfers FROM Community referred to the natural persons, 0,95% for domestic legal persons and 0,95% for foreign legal persons. 307 cash transfers were performed for natural persons, which was 21,8% more than in the year 2011.

In the year 2012 (in comparison with the year 2011), the number of discovered violations of the obligation to report cash transfers across the EU border reduced for 3 transfers, which means for 15,8%. In the year 2011 the number of discovered violations was 19, **in the year 2012 this number was 16.** Among all discovered non-reported cash transfers, there were 15 transfers TO Community and 1 transfer FROM Community. All non-reported transfers were performed for natural persons.

3 ACTIVITIES OF THE OMLP IN THE FIELD OF SUSPICIOUS TRANSACTIONS

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

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

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

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

According to the provisions of the APMLFT, the OMLP **opened 559 new cases in the year 2012 (34% more than in the year 2011), which is the higher number so far**. In 558 cases there appeared some reasons for the suspicion on committing the criminal offence of money laundering according to the Article 245 of the Criminal Code and in 1 case a suspicion on committing the criminal offence of terrorist financing has been raised according to Article 109 of the Criminal Code.

3.1.2 Reporters

Detailed data on reporters of suspicious transactions and persons, on the basis of which the OMLP opened and investigated particular cases in the year 2012, can be seen in the Table 2 (together with comparative data for the period from 2008 until 2012). The table contains only reporters, explicitly determined by the APMLTF, as the OMLP could start the investigation of the certain case and use its authorizations only on the basis of the provisions of Article 53.

Table 2: Number and share of cases by reporters in the period from 2008 - 2012

REPORTERS	2008	2009	2010	2011	2012
1. SUSPICIOUS TRANSACTIONS ACCORDING TO THE ARTICLE 38 OF APMLTF	193	160	176	260	498
	77,82%	80,40%	75,54%	79,51%	89,09%
Banks	175	151	164	238	461
Savings banks	13	4	5	7	16
Post Office	2	2	1	4	9
Brokerage companies and management companies of investment funds	1	-	1	1	1
Leasing	-	-	1	1	4
Auditors and accountants	2		1	-	-
Organizers of the games of chance	-	3	-	1	-
Dealers with precious stones	-	-	2	8	7
Real Estate Agencies	-	-	1	-	-
2. REPORTING ACCORDING TO THE ARTICLE 49 OF APMLTF	2	3	2	2	4

	0,81%	1,51%	0,86%	0,61%	0,72%
Notaries	-	-	1	-	2
Lawyers	2	3	1	2	2
3. INITIATIVES ACCORDING TO THE ARTICLE 60 OF APML	13	23	24	28	36
	5,24%	11,56%	10,30%	8,56%	6,44%
Ministry of Interior, Criminal Police Directorate	8	15	18	17	24
State Prosecutor`s Office	1	-	2	2	7
Court	-	-	-	3	-
Ministry of Finance, Customs Administration Office	4	2	1	1	2
Commission for the Prevention of Corruption	-	1	3	3	3
Slovenian Intelligence and Security Agency	-	5	-	2	-
4. REPORTING ACCORDING TO THE ARTICLE 89 of APMLTF	3	0	6	4	6
	1,21%	0,00%	2,58%	1,22%	1,07%
Securities Market Agency	1	-	-	-	-
Ministry of Finance, Tax Office	2	-	2	1	3
Market Inspectorate	-	-	1	2	1
Bank of Slovenia	-	-	3	1	1
Court of Audit	-	-	-	-	1
5. EXCLUDED BY THE OMLP FROM CASH TRANSACTIONS	27	3	4	17	3
	10,89%	1,51%	1,72%	5,20%	0,54%
6. FOREIGN COUNTERPARTS	10	10	21	16	12
	4,03%	5,03%	9,01%	4,89%	2,15%
TOTAL	248	199	233	327	559

In this table can be seen that in the year 2012, **the organizations from the Paragraph 1, Article 4 of APMLFT (among them especially banks) sent to the OMLP the majority of suspicious transaction reports** on the basis of Article 38 of the APMLFT. Every year (including 2012), the banks forward to the OMLP the highest number of suspicious transactions. Namely, in the year 2012, 461 transactions (from all 559 opened cases) were sent to the OMLP by the banks, which represents 82,47 % of all reports.

3.1.3 Number and dynamics of opened and concluded cases

In the Table 3 you can find the number of opened and concluded cases in the period from 2008 until 2012, which were investigated by the OMLP due to the reasons for the suspicion on committing the criminal offences of money laundering and terrorist financing.

Table 3: Opened and concluded cases for the period from 2006 until 2012

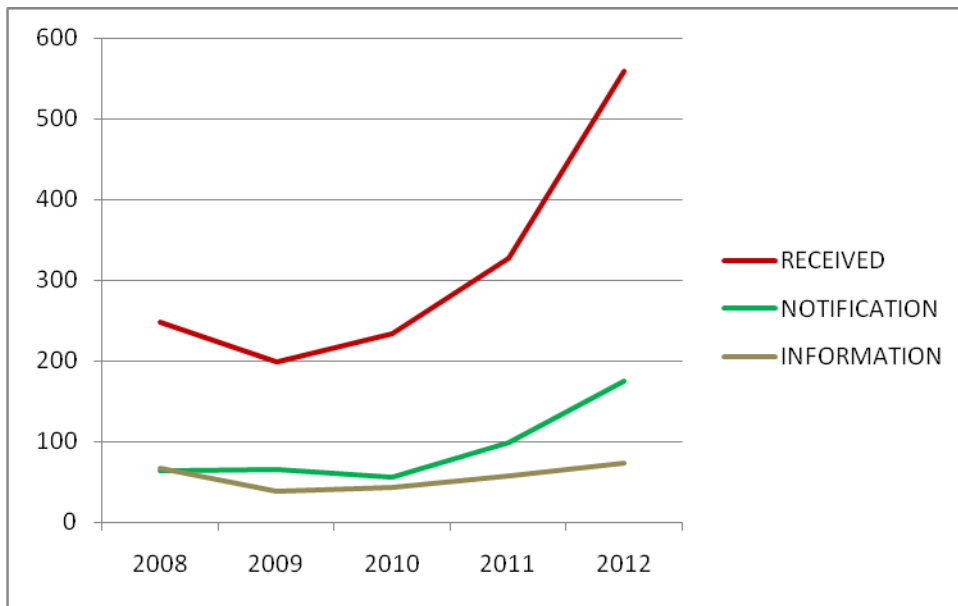
<i>YEAR</i>	<i>Opened</i>	<i>Notification</i>	<i>Information</i>	<i>AA in OMLP</i>	<i>Concluded TOTAL</i>	<i>Number of all sent written information Notification/Information</i>
2008	248	63	67	61	191	46/58
2009	199	65	39	111	215	41/36
2010	233	55	43	109	207	43/34
2011	327	99	58	99	256	84/48
2012	559	175	73	130	378	132/64
TOTAL	1364	389	265	500	1110	

From the Table 3 can be seen, that in the year 2012 the OMLP received 559 new reports, on which basis it opened 559 new cases and concluded 378 cases, which is 32% more than in the year 2011. From 378 concluded cases, it sent 248 cases (37% more than in the year 2011) to the competent authorities, namely: in 175 cases it sent written notifications to the competent law enforcement authorities (Police/State Prosecutor Office) due to the reasons for the suspicion of money laundering and in 73 cases it sent information to the other competent authorities (among them also Tax Office) due to the suspicions on committing the other criminal offences, especially economic criminal offences and frauds. This data confirms the important role of OMLP in detection of other criminal offences, not just money laundering.

In 130 cases (among concluded cases), the suspicions of committing the criminal offence of money laundering have not been confirmed, therefore they have not been sent to the competent authorities, but were concluded as adacta in the OMLP.

In Graph 1 you can find the data on number of received cases (by years) in relation to the number of concluded cases (sent notifications and information on suspicious transactions) for the period from the year 2008 until 2012.

Graph 1: Number of all received and concluded cases and sent notifications and information on suspicious transactions for the period 2008 - 2012



It can be seen, that the number of received cases decreased only in the year 2009, but since 2010 the number has increased significantly. Since the year 2009, when we received 199 reports until 2012, when we received 559 reports, the increase of new reports has been almost 280%. Below in the report you will find the data on cases, sent as notifications and information to the competent authorities for further proceedings.

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

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

In the year 2012, during its analysis the OMLP discovered by 174 cases the reasons for the suspicion of committing the criminal offence of money laundering, which it sent (in 132 written notifications) to the Criminal Police Directorate of the Ministry of Interior. The number of cases is higher than the number of written notifications, because some of the written notifications included several connected cases. Beside the afore mentioned notifications, the OMLP forwarded in the year 2012 to the Criminal Police Directorate of the Ministry of Interior and/or to the State Prosecutor`s Office, also several completions of already sent notifications on suspicious transactions, concluded in the previous years.

The amount of money for which (in the afore mentioned notifications on suspicious transactions) there existed reasons for the suspicion of committing the criminal offence of money laundering, was in the year 2012 almost the same as in the year before, namely **159.889.405 EUR**. We should point out, that this amount is just the total amount of performed transactions, which raised reasons for the suspicion of money laundering, and not necessarily the amount of the actually laundered money.

Within its competences for detection of reasons for the suspicion of ML, the OMLP can not definitively establish, which predicate criminal offence was committed, but it can estimate on the basis of gathered data, which predicate criminal offences have most probably been committed. In the year 2012 was discovered, that predicate criminal offences, from which the dirty money originated, were in most cases “abuse of position or trust at economic activities” according to the Article 240 of the Criminal Code and “tax evasion” according to the Article 249 of the Criminal Code. In our notifications of suspicious transactions the following criminal offences have been mentioned (as most probable predicate criminal offences): “abuse of prostitution” according to the Article 174 of the Criminal Code, “unlawful manufacture and trade of narcotic drugs” according to the Article 186 of the Criminal Code, “big theft” according to the Article 205 of the Criminal Code, “evasion” according to the Article 208 of the Criminal Code, “embezzlement” according to the Article 209 of the Criminal Code, “fraud” according to the Article 211 of the Criminal Code, “business fraud” according to the Article 228 of the Criminal Code, “frauds in obtaining loans and benefits” according to the Article 230 of the Criminal Code, “unjustified acceptance or giving of gifts” according to the Articles 241 and 242 of the Criminal Code, “smuggling” according to the Article 250 of the Criminal Code and “accepting benefits for illegal intermediation” according to the Article 263 of the Criminal Code. In some cases, we could not establish which predicate criminal offence has most probably been committed.

3.1.5 Typology of suspicious transactions

On the basis of the performed analysis of notifications on suspicious transactions, where we (as already mentioned) investigated 176 reports and sent them to the competent authorities (Criminal Police Directorate of the Ministry of Interior/State Prosecutor Office), it has been established that the typology of those suspicious transactions has almost stayed the same as in the previous year. Namely, in the year 2012 we detected the increase of reasons for the suspicion of committing the criminal offence of money laundering, which most probably originated from the economic predicate criminal offences (tax evasion according to the Article 249 of the Criminal Code and/or abuse of position or trust at performing economic activities according to the Article 240 of the Criminal Code). Still, some classical techniques of money laundering, typical for the first (“placement”) and second (“layering”) stage of money laundering have been used, but in some cases all three stages of money laundering have appeared as well.

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

- **mechanism of money laundering represents the environment or the system, where the money laundering activities have been entirely/partially performed:** financial institutions (banks, saving houses, brokerage houses, leasing houses), notaries, lawyers, natural persons, legal persons or companies (domestic companies, “straw” companies, off-shore companies), money transfer systems (Western Union, MoneyGram);
- **money laundering technique is the method of performing money laundering,** represented by the following categories: cash withdrawals, cash deposits, wire transfers (electronic transfers of money between the accounts), use of alternative systems for the transfers of funds, transfer of cash via state border, exchange of currencies, “smurfing” of the amounts;

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

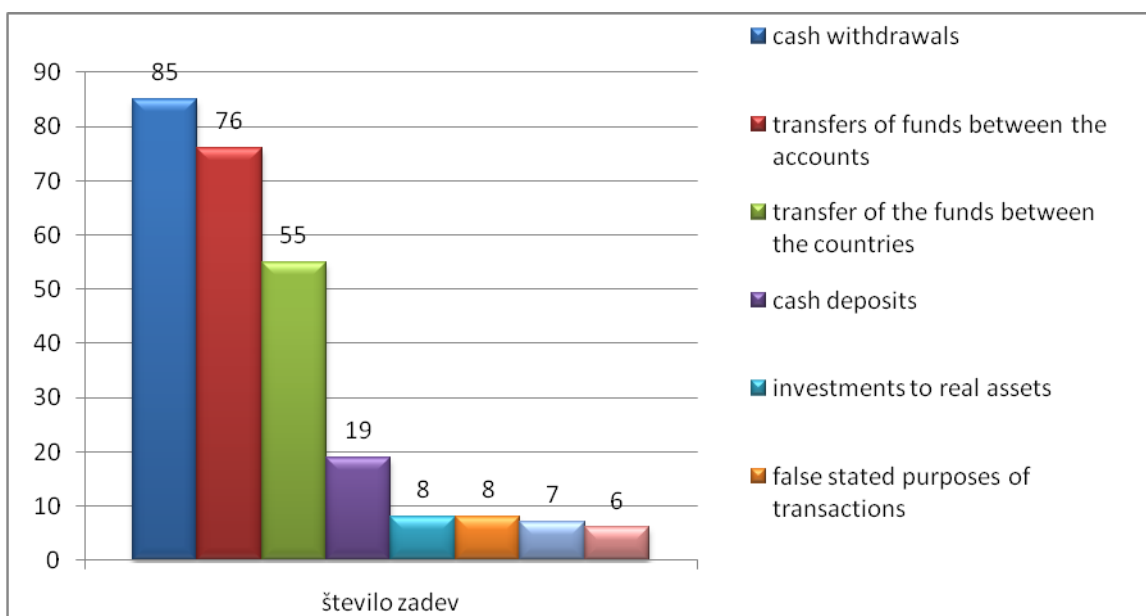
With regard to the understanding of the typologies presented below and connected basic elements, we should point out that in a particular case several instruments, mechanisms and money laundering techniques could appear. The sum of particular established money laundering techniques, which is represented by particular typologies and cases, does not represent the total number of the cases, as in the particular case, several money laundering techniques could be detected. In the year 2012, we established the following most frequent used **mechanisms of money laundering** with regard to the particular basic elements of money laundering techniques (mechanisms, techniques, instruments):

- **Financial institutions** (banks and savings houses): we discovered that the financial (banking) system was most frequently used as mechanism. The other cases referred to the alternative systems for money laundering, trade with precious metal (investment gold) and in one case – the use of notary;
- **Natural persons** were used in several cases. The method of their use was different, sometimes like “self laundering” – when the natural persons commits the predicate criminal offence and criminal offence of money laundering; sometimes they use natural persons as authorized persons or third persons, via whom the money laundering activities have been performed;
- **Legal persons** were used as straw companies or off-shore companies.

As the most frequent money laundering instrument, detected at all investigated cases of money laundering in the year 2012, was again money. In four cases, we detected beside it also the use of real assets, in three cases the use of gold or golden rods, in one case the use of cheques and in one case the use of securities.

In the following Graph 2, you can find the most frequently detected money laundering techniques (established in more than one case) in the year 2012.

Graph 2: The most frequently used money laundering techniques in the year 2012



Beside the afore mentioned money laundering techniques we discovered also the following techniques of money laundering: back to back business, “cash couriers”, investments to gold, fictive inheritance, chain sale of the real assets, return of the credit, attendance of the third person.

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

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

Abuse/use of the accounts of the legal persons (straw and off-shore companies) for money laundering

With regard to cases, connected with the typologies of abuse/use of bank accounts of legal persons (straw and off-shore companies), we share the opinion, that the most probable criminal predicate offences for money laundering are criminal offences of tax evasion according to the Article 249 of the Criminal Code and/or abuse of position or trust at performing economic activity according to the Article 240 of the Criminal Code. Both afore mentioned criminal offences appear together, as it is almost impossible to estimate (within our competences) which of them is primary or secondary. The straw and off-shore companies have usually not been used for committing of one criminal offence but several different criminal offences. In the year 2012, OMLP investigated the case, where the natural person deposited cash of the unknown origin to the account of the legal person in Slovenia. Later on, the funds have been used for the purchase of the real asset. It has been established, that the natural person, who performed cash deposits, have been related to another natural person already involved in the judicial proceedings due to the illegal activities.

Abuse of the bank accounts of natural persons for money laundering

The characteristic of this typology is that it is frequently combined with the other known money laundering techniques, especially with the typology of the abuse of the bank accounts of straw companies. We share the opinion, the reason for this is, that at some banks the provision has to be paid for cash withdrawals from the accounts of the companies, which is not the usual practice for the cash withdrawals from the accounts of natural persons. In the year 2012, the OMLP investigated several different cases with the transfers coming from the legal persons to the accounts of the natural person, from which the money was withdrawn in cash. It is estimated, that the majority of those funds have most probably been connected with the predicate economic criminal offences.

Abuse/use of the accounts of the straw companies and natural persons for money laundering in connection with the companies from the neighboring countries

The characteristic of this typology is that the foreign citizens have always been present at performing of transactions via legal or natural persons, as the owners of the companies, holders of the accounts, performers of transactions etc.. As a rule, the funds in this typology are coming from abroad and have usually been transferred abroad as well, just its smaller part has been withdrawn in cash in Slovenia.

Abuse/use of the e-banking with regard to the theft of the money from the bank accounts

The characteristic of this typology is that the unknown perpetrators break into the e-banking systems and steal the money from their bank accounts. The funds have been transferred to the third persons, who withdraw the money in cash and give it to the organizers, or via bank transfers or money transfer systems to the third persons, most probably related to organizers. Namely, the further transfers of the stolen funds represent the elements of the criminal offence of money laundering. If the OMLP has been acquainted with the case at the right time, it can temporarily postpone the performing of the afore mentioned transactions. In the year 2012, the OMLP investigated in different cases the particular amounts of transactions from 2.000 EUR up to 400.000 EUR.

Smurfing of the amounts and avoiding of the identification

The characteristic of this typology is, that the natural persons perform transactions in amounts below the threshold of 15.000 EUR, determined by APMLFT for determination and verification of the identity of the client. In this way, they want to avoid the identification performed by the competent bank employees.

Exchange of currencies and banknotes of the lower value

The characteristic of this typology is that the natural persons exchange the banknotes of the lower value (5 EUR, 10 EUR, 20 EUR) – most probably gained by committing the criminal offence of the manufacturing and trafficking with illegal drugs – to the banknotes of the higher value (100 EUR, 200 EUR and 500 EUR) or other currencies. By this act, they try to hide the origin of those funds, as disposing with the banknotes of the higher value does not raise the suspicion of committing the criminal offences of the manufacturing and trafficking with illegal drugs. In the year 2012, the Office investigated such case, where the natural person (already investigated due to the manufacturing and trafficking with illegal drugs) performed the exchange of banknotes of the lower value to the banknotes of the higher value.

Use of the systems for the transfer of the money

The characteristic of this typology is that it has frequently been connected with the typology of the abuse/use of the e-banking (stealing of the funds the bank accounts) or so called “Nigerian frauds”. In both cases, the actual receivers of the funds tried to hide themselves with the use of the money transfer systems, as the organizations performing such transfers have usually not been so regulated as the banks and other financial institutions.

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

As it was already mentioned, OMLP opened 1 case in the year 2012, where the suspicions of committing the criminal offence of financing of terrorism according to Article 109 of the Criminal Code were raised, but the further investigation did not confirm those suspicions. In the year 2012, the Office concluded one case (received in the year 2011), where the suspicions have been confirmed.

The OMLP also performed regular monthly analysis of the databases of the OMLP (database on cash transactions, suspicious transactions and transfers of cash via the EU borders) with regard to the persons and organizations from the EU list (Consolidated List of Persons, Groups, Entities subject to EU Financial Sanctions), against whom certain financial sanctions have been taken on the basis of the EU Directives and UN Resolutions. The analysis has shown, that none of the persons from the lists performed or have been connected with financial transactions in our country.

3.1.7 Cases forwarded to the Criminal Police Directorate of the Ministry of Interior and other competent state authorities due to suspicion of committing other criminal offences

On the basis of Article 62 of the APMLTF in cases where the reasons for the suspicion on committing other criminal offences were found, the OMLP forwarded in the year 2012 to the competent authorities **73 cases described in 64 written information.**

Written information were sent to the following competent state authorities regarding to the type of discovered criminal offences:

- Criminal Police Directorate of the Ministry of Interior, Tax Office (37 written information)
- Criminal Police Directorate and State Prosecutor Office (2 written information)
- Criminal Police Directorate of the Ministry of Interior (11 written information)
- Tax Office (14 written information).

The majority of written information referred to the suspicion on committing the criminal offence of “tax evasion” according to Article 249 of the Criminal Code, 7 information referred to the suspicions of committing the criminal offence of “fraud” according to the Article 211 of the Criminal Code, 1 information to the criminal offence of “concealment” according to the Article 217 of the Criminal Code, 1 information to the “embezzlement and unjustified use of another’s property” according to the Article 209 of the Criminal Code, 1 information to the “forgery and destruction of the business documentation” according to the Article 235 of the Criminal Code and 1 information to the “forgery and use the counterfeit value of stamps and securities” according to the Article 244 of the Criminal Code.

Information on reasons for the suspicion of committing the other criminal offences (not money laundering) represents an important share in the products of the OMLP, therefore we made the analysis of those products in the year 2012 and discovered the following common characteristics:

In the *cases of cash withdrawals from the account of the company*, where the straw companies or “missing traders” (established just to perform doubtful transactions) have been mostly involved, the funds have been connected with the criminal offences of the tax evasion and abuse of the position or trust at performing economic activities.

The unreported incomes or incomes from the unreported activities have mostly been detected in information, where the analysis of transactions on the accounts of the natural persons show the difference between the incomes, reported by the persons to the Tax Office and actual turnover on the account. The difference between those two categories could represent the unreported incomes, which could contain the elements of the criminal

offence of tax evasion. The essential difference appears between the turnover on the accounts of those persons and accounts of other natural persons. The second frequently noticed form of the unreported incomes are also business activities on the non-residential accounts of foreign legal persons in Slovenia, with which they hide the actual incomes from the competent authorities in the countries, where the legal company has its headquarters.

The frauds or attempts of frauds have been performed in different ways. The majority of cases have been detected by the activities of the natural persons, who present cheques to the financial institutions, which do not have cover and further investigation showed they have been forged. Usually there is no paying out of the money in those cases, but the amounts on cheques have been very high, up to several hundred million EUR.

The outflows to the personal accounts, followed by cash withdrawals have usually been detected in information, referring to the outflows to the account of the natural person (with no clear economic or legal basis) which could represent the impairment of the legal person. Such information is usually sent to the Tax Office and Criminal Police Directorate of the Ministry of Interior as on their basis, the unpaid taxes, suspicions of committing the criminal offence of tax evasion or abuse of the position or trust at performing economic activity are most frequently discovered.

The international tax carrousels or use of the “channel” companies have been established in information, where via the account of the Slovenian company the circulation of the funds have been performed from abroad to Slovenia and back to the foreign country. In most cases, the transfers of the funds from Italy have been detected, which are in the most cases followed by the outflows of the funds back to Italy. It has been established that in this way the transfer of the funds connected with the international tax carrousels have been performed, where the Slovenian companies have usually been “channel” companies.

Transactions on the account of the natural persons passing the account of the company is the common characteristic established in cases, when the persons (owners of the companies or employees) transfer the part of the incomes (which is with regard to its contents and form the same as the incomes of that company) to his/her personal account. There have been several reasons for such activities, most frequent are concealment of the incomes from the competent institutions (Tax Office) and blockade of the account of the company, which is consequently followed by the transfer of the incomes to the personal account.

With regard to the **presence of the particular activity of the companies**, where we detect the doubtful transactions and some reasons for the suspicion of committing the criminal offences, we established that in the OMLP's information the following activities frequently appear: the activities of the purchase and sale of secondary metal, construction activity, sale of vehicles, trade and mediation.

The Tax Office sends to the OMLP the feedback on its findings and measures, taken on the basis of the OMLP's information. In this way, the Tax Office performed several tax inspection supervisions and investigations at tax obligors in the year 2012 and established different irregularities in the system of keeping regular accounts and payment of the taxes. In the majority of cases, the tax obligations have been additionally established and

regulated at payment of both – indirect and direct taxes. On the basis of the OMLP's information from the year 2012, the additionally regulated tax obligations were **1.586.034 EUR**, together with the years 2010 and 2011 (as that information was received only in the year 2012) this number was much higher – **9.223.601 EUR**.

On the basis of the afore mentioned facts, it could be established that beside its basic role at detection and prevention of money laundering, the OMLP has an important role at detection and prevention of other criminal offences, among them also tax evasion.

3.1.8. Temporary postponement of transactions

The Article 57 of the APMLFT stipulates, that the OMLP could issue a **written order temporarily postponing a transaction for a maximum of 72 hours**. In the year 2012, **the OMLP used this authorization in 21 cases, when it temporarily postponed the transactions in the total value of 3.299.947,22 EUR on 33 bank accounts of 15 natural persons, 8 domestic legal persons and 1 foreign legal person**. In all those cases and before the termination of the temporary postponement of transactions, the State Prosecutor Office proposed the temporary prohibition with disposing with all the funds on the accounts and the Court (on the basis of the State Prosecutor's Office proposal) issued decrees on the provisional securing of the funds on the accounts.

3.1.9. Value of the provisionally secured proceeds in money laundering cases

The courts have in the year 2012 on the proposal of the state prosecutor's offices provisionally secured the assets in the total value of **4.533.782 EUR**. The provisional securing referred to three natural persons, investigated by the State Prosecutor Office in three cases due to the grounded suspicions of committing the criminal offence of money laundering.

Table 4 shows the value of the assets, still secured by the degrees of the courts on 31 December 2012 regardless the date, when the measure of the provisional securing has come into force.

Table 4: Review of the provisionally secured assets in Slovenia and abroad on 31 December 2012, by the currencies and sort of assets

Real assets + securities + shares of the companies		33.170.372,54	EUR
Other forms of the assets		1.107.000,00	USD
Money	Convention No. 198 (before No. 141)	4.760.085,00	EUR
	On the accounts of the courts	21.015.114,99	EUR
		287.601,94	USD
		61.054,90	CHF
Total EUR		60.053.145,23⁴	EUR

⁴ Amounts in USD and CHF were calculated to EUR on the basis of the exchange rate of the European Central Bank of 31 December 2012

Table 4 shows that the amount of **still temporarily secured assets is 60.053.145 EUR** (according to the medium rate of the European Central Bank on 31 December 2012 or according to the exchange rate valid at the exchange of the currencies). The majority of those assets referred to the provisionally secured assets in the form of the larger quantity of the securities, real assets and shares of the companies in the total value of **33.170.372 EUR**. The other part of those assets was in the form of the “accounting money” at the accounts of the banks and seized cash in the total amount of **21.015.114 EUR, 287.601 USD and 61.054 CHF, as the provisional securing of the assets in the amount of 1.107.000 USD** referred to the amount, with which the claim has been bought. It is not possible to give the exact amount of the provisionally secured assets. Namely in some cases, the decrees of the courts on the provisionally secured assets referred also to the real assets and securities which value has constantly been changing, as well as to the securities not being listed at Ljubljana Stock Exchange and shares of the companies, which value can be determined just on the basis of the accounting value.

It can be determined, that the value of the provisionally secured assets **on 31 December 2012 in the amount of 60.053.145 EUR** has increased in comparison with the previous year. The increase of the provisionally secured assets during the year can not directly be compared with the amount, temporarily seized in the year 2011 (330.592 EUR), as the courts in the year 2011 did not extend the provisionally secured assets in the value of almost 1.000.000 EUR in three cases, as the minor differences have also occurred due to the changes of the exchange rates.

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

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

More precise estimation of the activities in the field of the fight against money laundering referring to the police, state prosecutor`s office and courts, can be seen below.

4.1 Criminal offences and performing of Article 75 of the APMLTF

Article 75 of the APMLTF determines, that due to centralization and analysis of all data related to money laundering, courts, State Prosecutor`s Offices and other state authorities are obliged to forward to the OMLP data on the offences as provided by the APMLTF and

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

Below you will find the separate data on the filed criminal charges of the Police and independently started proceedings of the state prosecutor offices with the explanation of the OMLP`s role in those cases.

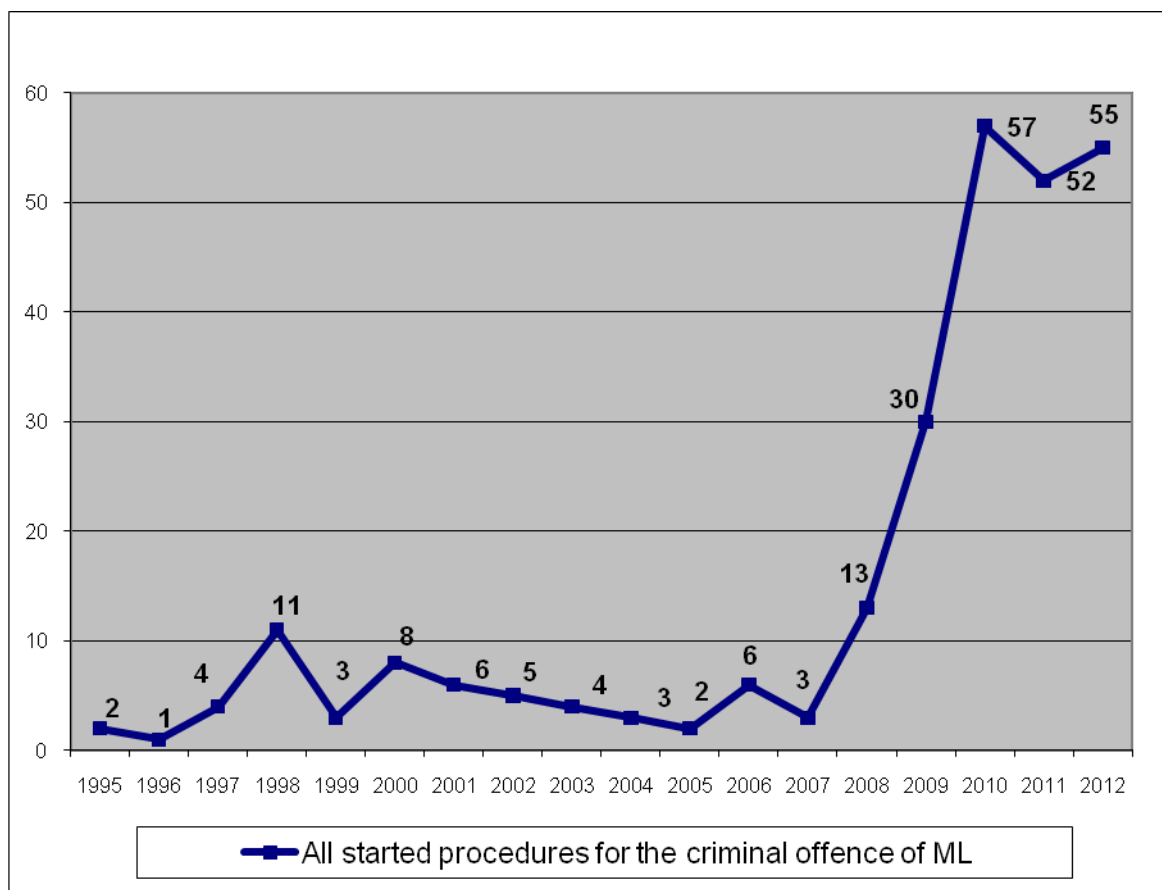
4.1.1. Criminal offence of money laundering

The Police and State Prosecutor`s Office have within their competences in the year 2012 filed criminal charges or initiated the criminal proceedings in 55 cases, referring to the suspicions of committing the criminal offence of money laundering.

On the basis of data on filed criminal reports, that has to be sent to OMLP by the Police⁵, can be seen, that the number of criminal reports for the criminal offence of money laundering in the year 2012 increased in comparison with the year 2011. In the year 2011, the Police filed 39 criminal reports for money laundering, as in **the year 2012 the number was 49**. As the State Prosecutor`s Office introduced the procedure in another 6 cases, **the new criminal reports were filed or procedures introduced in 55 ML cases in the year 2012** (in 2011 in 52 cases).

As can be seen from the Graph 3, the criminal reports were filed and procedures were introduced in 265 cases between 1995 and 2012, due to the grounded suspicious of committing the criminal offence of money laundering.

⁵ Police provides the OMLP with the information on findings, to which it turned up on the basis of information and notification of OMLP – so called “feedback”. Feedback represents the important parameter of efficiency of OMLP and Police. Before the year 2007, the Police provided the OMLP with feedback informally on the basis of the agreement, after the year 2007 this obligation was formally stipulated by the new APMFT.



4.1.2. Criminal reports and proceedings with regard to money laundering, with the cooperation of OMLP

According to Criminal Procedure Act, the Police is the competent authority for detection of criminal offences (including money laundering), as State Prosecutor`s Office is competent for prosecution of criminal offences. Criminal offence of money laundering was the first time stipulated in the Criminal Code from the year 1995, when also the first Act on Prevention of Money Laundering (hereinafter: APML) came into force. In accordance with international standards, APML introduced a system of fight against money laundering in Slovenia, which gave a certain role of detection of money laundering also to obliged entities (financial and non-financial institutions), especially as the obligation to report suspicious transactions to the OMLP. Therefore, the obligation of detection of the reasons for the suspicion of money laundering was given to obliged entities and the OMLP, meaning that the effective detection, investigation and prosecution of criminal offences of money laundering depended on the cooperation between the obliged entities and the OMLP at one side, and Police and State Prosecutor`s Office at the other side.

In continuation you will find statistical data on number and share of cases, where also the OMLP took part with its notifications, as mediator between the obliged entities and law enforcement authorities (Police, State Prosecutor Office).

In Table 5 you will find the number of all introduced preliminary criminal procedures and criminal procedures in the year 2012 due to the grounded reasons for the suspicion of

committing the criminal offence of money laundering, with regard to the source of the first data on reasons for the suspicion of money laundering, which encouraged the investigation of the Police in this field.

Table 5: Number of all introduced procedures due to the grounded suspicions of committing the criminal offence of money laundering in the year 2012 with regard to the source of information (detection of reasons for the suspicion)

Source of information	Reporter	Number of cases	%
Notifications and information of the OMLP	Obligated entites according to the APMMLFT	20	36,36%
	Initiatives of the Criminal Police Directorate of the Ministry of Interior	7	12,73%
	Foreign FIU	1	1,82%
	Foreign FIU and obliged entity	1	1,82%
	OMLP and obliged entity	1	1,82%
State Prosecutor`s Office - independently		3	5,45%
Police - independently		22	40,00%
TOTAL		55	

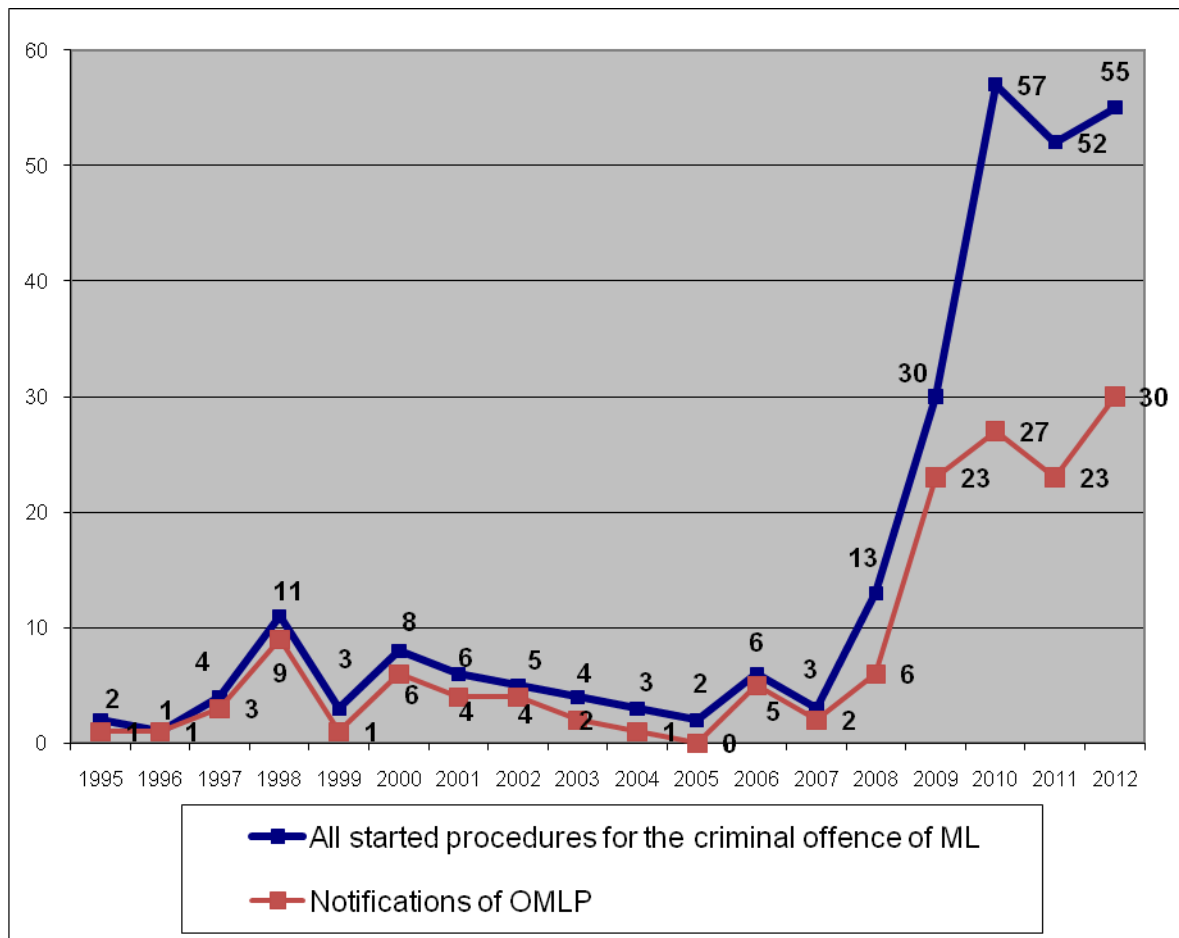
From the Table 5 can be seen, that in the year 2012 **30 cases (or 54,55%) of all 55 new cases** (suspected to be connected with money laundering) **based on information and notifications of the OMLP**. In the year 2012, 20 cases began on the basis of data reported to the OMLP as STRs by the obliged entities (similar as in the previous years), 7 cases began on the basis of the initiative of the state authorities, in 1 case the OMLP started the collection of data on the basis of the request of the foreign FIU, as in 2 cases, the procedures began on the basis of the simultaneous report of the obliged entity and received request from the foreign FIU or report of the obliged entity and transaction, excluded by OMLP. In the year 2012, the Police and State Prosecutor`s Office autonomously (without the cooperation of OMLP) began preliminary criminal procedure or criminal procedure due to money laundering in 25 cases.

Below you will find data on all introduced procedures for money laundering for the period from 1995 until 2012. It can be seen, that the competent Police directorates filed altogether **213 criminal reports to the competent State Prosecutor`s Offices, as in 52 cases the State Prosecutor`s Office itself** directly filed the demand for investigation or indictment. In the period from 1995 until 2012, the procedures in **265 cases** were introduced due to the grounded suspicion of committing the criminal offence of money laundering according to the Article 245 of the Criminal Code.

In Graph 4 you will find the number of all introduced preliminary criminal procedures and criminal procedures with regard to the criminal offence of money laundering and the number of those procedures, that began on the basis of data from the notifications of OMLP in the period 1995 – 2012.

Graph 4: Number of all introduced procedures for money laundering (265 procedures) by separate years and number of cases, based on notifications of OMLP

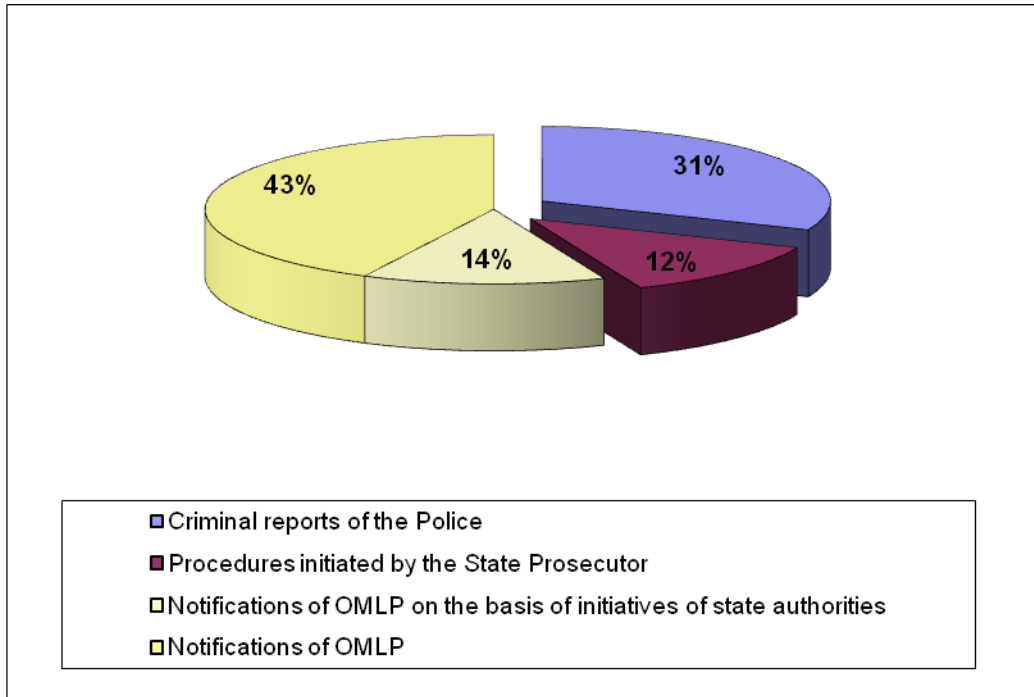
(comparison)



From this graph could be seen, that the majority of the preliminary criminal proceedings and criminal proceedings due to the criminal offence of money laundering based on the data from the information and notifications of OMLP.

In the period from 1995 until 2012, **148 cases from altogether 265 money laundering cases (or 56%%)** based on the information and notification of OMLP, which started the cases on the basis of the STRs of the obliged entities from the Article 4 of APMLFT, data received from the foreign FIUs or data from the database of cash transactions. **40% of cases (or 105 cases of 265 cases) started on the basis of the information sent as suspicious transaction reports (STRs) to OMLP by the obliged entities according to the APMLFT.**

This data have been introduced in Graph 5, where you can find shares of all introduced procedures due to the grounded reasons for the suspicion of committing the criminal offence of money laundering in the period from 1995 until 2012 with regard to the source of information, on the basis of which the procedures began.



As can be seen from the Graph 5, in the period from 1995 until 2011, 56% of all 265 cases connected with the criminal offence of money laundering began on the basis of the information and notification of OMLP. The obliged entities had an important role at detection of reasons for the suspicion of committing the criminal offence of money laundering, but it is also obvious, that the Police activities significantly increased as well.

According to the Article 75 of APMLFT, the Police has to inform OMLP annually on its findings on the basis of received notification and information of OMLP. From Police data until the end of the year 2012 can be seen, that on the basis of notifications and information of OMLP, the **Police has filed 38 criminal charges for other criminal offences (not money laundering)**, such as – tax evasion, abuse of position or trust at performing economic activities, frauds etc.. Beside this, the Police in the year 2012 sent the report to the State prosecutor`s offices with regard to the several information and notification of OMLP and according to the Article 148 of the Criminal Procedure act, as on the basis of the gathered information, it established no basis for the criminal charge.

4.1.3. Statistical data related to the given criminal reports

From the data received for the year 2012 from the State Prosecutor`s Offices and Courts can be seen, that with regard to those 265 cases against **647 persons** (556 natural and 91 legal persons), the preliminary criminal procedures and criminal procedures were in the following stages on 31 December 2012:

Table 6: Stage of procedures of cases connected with the criminal offence of money laundering on 31 December, 2012

	STAGE OF PROCEDURE	No. of Cases	No. of persons	% cases
1	SP*: decision has not been made yet	64	168	24,15%
2	SP: criminal charge rejected	50	117	18,87%

3	SP: prosecution has been delayed	1	1	0,38%
4	SP: demand for investigation	21	67	7,92%
5	IJ**: investigation has been introduced	37	89	13,96%
6	SP/COURT: indictment	39	84	14,72%
7	COURT: final convictions	9	15	3,40%
8	COURTS: final acquittals	13	26	4,91%
9	COURT: final judgments - concealment	3	4	1,13%
10	SP/COURT: withdrawal of prosecution, limitation, shutdowns etc.	24	70	9,06%
11	COURT: forwarding of criminal files abroad	4	6	1,51%
	TOTAL:	265	647	100%

* SP means State Prosecutor Office

** IJ means Investigative Judge

It has been established, that in the years 2011 and 2012 there was a significant increase of the cases, where the procedures with regard to the criminal offence of money laundering were running. At the end of the year there were 101 of such cases, as at the end of the year 2012 the number was 265. The number of the cases, where at least the grounded suspicion of committing the criminal offence of money laundering was established was more than doubled in the last two years.

From the Table 6 can be seen, that on 31 December 2012, **103 (of 265) cases** connected with the criminal offence of money laundering, **became final** as follows:

- In 50 cases, State Prosecutor`s Office rejected the criminal report
- **In 13 cases, the final acquittal⁶ was passed**
- **9 cases ended with the final conviction⁷**
- 3 cases ended with the final judgment due to the committing of the criminal offence of concealment
- In 24 cases, State Prosecutor`s Offices withdrew of prosecution or the court stopped the criminal prosecution
- 4 cases were forwarded abroad for further procedures.

In other **64 cases**, the State Prosecutor`s Office has not decided on the criminal prosecution, but **in 97 cases**, the State Prosecutor`s Office began with the criminal proceedings at court, namely:

- In 21 cases, it demanded investigation (increase for 15 cases in comparison with 2011)

⁶ Since the criminalization of the criminal offence of money laundering in the Criminal Code on 1 January 1995 until this day, 13 final verdicts have been passed in Slovenia (10 acquittals, 5 convictions). First verdict, that was passed for the criminal offence of money laundering in Slovenia was the acquittal from October 1999, which became final in February 2001, when the complaint of the State Prosecutor`s Office was rejected. In the next years, another 9 acquittals were passed, the last one in the year 2009. It has to be pointed out, that this number includes also the verdict which was at the court of the first degree passed in March 2001 as the conviction, but it was abolished in the same year. The court had an opinion, that the activity was not illegal and the verdict did not contain the methods of hiding of the illegally derived proceeds. The case was in the year 2002 delivered to another expert, but was stopped two years later due to the death of the defendant.

⁷ First conviction, that became final in Slovenia, was pronounced in May 2006, another 8 convictions followed – one in the year 2008, one in the year 2010, 2 in the year 2011 and 4 in the year 2012.

- In 37 cases, the investigation has been introduced (increase for 2 cases in comparison with 2011)
- In 39 cases, the indictment has been filed (increase for 10 cases in comparison with 2011)

In Table 7 you will find the number of all cases on the last day of the particular year, where the criminal proceedings due to the criminal offence of money laundering have started.

Table 7: Comparison of the number of cases connected with committing the criminal offence of money laundering with regard to the stages of procedures on the last day of the particular year (2007 – 2012)

Stage of Procedure	2007	2008	2009	2010	2011	2012
SP: decision has not been made	3	7	22	59	75	64
SP: criminal report rejected	14	14	14	15	17	50
SP: prosecution has been delayed	/	/	/	/	/	1
SP: demand for investigation	5	11	14	15	30	21
IJ: investigation has been introduced	8	9	16	23	25	37
SP/COURT: indictment	9	8	8	17	27	39
COURT: judgments, not final yet	/	/	1	1	2	/
COURT: final acquittals	7	8	10	10	10	13
COURT: final judgments - concealment	/	/	/	/	/	3
COURT: final convictions	1	2	3	3	5	9
SP/COURT: withdrawal of prosecution, limitation etc.	7	8	9	11	15	24
COURT: forwarding of criminal files abroad	4	4	4	4	4	4

From the Table 7 can be seen, that the number of rejected cases increased significantly in comparison with the previous years, as the consequence of the amended legislation, which incriminated the tax evasion at the amount higher than 50.000 EUR. This also has an influence to the number of the delays from the prosecution, as the number of the cases forwarded abroad stayed unchanged. The number of acquittals has increased as the predicate criminal offence has not been proven, but the number of the judgments increased significantly – from 5 to 9 judgments. In spite of the significant increase of the rejected criminal reports, we could establish the high increase of money laundering cases already in criminal proceedings, namely in the stages of the demand for investigation, investigation or indictment. **The number of those cases in the stages of demand for investigation, investigation or indictment increased from 55 cases in the year 2010 to 82 cases in 2011 and 97 cases in the year 2012. Due to the fact, that another 97 cases have been in the procedure of “decision-making” at the State Prosecutor`s Office, it could be established, that Police and State Prosecutor`s Office in the year 2012 strongly encouraged their activities in the field of the prosecution of money laundering.**

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

5 PREVENTION AND SUPERVISION

In the year 2012, the activities of the OMLP in the field of prevention and supervision were as follows:

- preparation of opinions and views with regard to the implementation of the APMLTF and bylaws, issued on its basis;
- participation in the bodies of Council of Europe and European Union, which deal with the prevention and detection of money laundering and terrorist financing,
- preparation of the Action Plan with regard to the 4th Round Evaluation Report, referring to the evaluation of measures for the fight against money laundering and terrorist financing, performed by MONEYVAL (Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism)
- supervision on the implementation of the provisions of the APMLTF by organizations stated in Article 4 of the APMLTF;
- participation in the professional training of staff of the obliged entities, state authorities, organizations with public authorizations, cooperation in the training of the foreign counterparts and bodies
- informing the public and running of the procedures on the access to the information of public character;
- ongoing editing of the website of the OMLP in accordance with the Act on the Access to the Information of Public Character
- collaboration in the Council for the Crime Statistics at the Slovenian Statistics Office.

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

In the year 2012, the OMLP gave **24 written opinions/points of view** with regard to the explanation of APMLFT, namely 10 opinions to the requests of banks, 3 opinions to the requests of natural and legal persons, dealing with the trade with the precious metals, 3 opinions to the requests of natural and legal persons, dealing with the accounting and tax advisory services, 1 opinion to the request of the Association of the Members of the Securities Stock Exchange and 7 opinions to the requests of other obliged entities. We have also answered several questions, forwarded to the OMLP by different obliged entities.

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

- customer due diligence by opening of the accounts or establishment of the permanent business relationship
- exemption from the obligation to carry out customer due diligence for certain products
- identification of the beneficial owner
- customer due diligence via third parties
- reporting of cash transactions exceeding 30.000 EUR
- reporting of suspicious transactions
- performing of other duties according to the APMLFT.

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

5.2 Activities within the international bodies

The activities of the OMLP were in 2012 in a large extent connected with the MONEYVAL Committee at the Council of Europe and Committee for the Prevention of Money Laundering and Terrorist Financing at European Commission.

5.2.1 Council of Europe

In the year 2012, there were three Plenary Meetings of MONEYVAL in Strasbourg, participated also by the representatives of OMLP, their contents can more precisely be seen below:

38th Plenary Meeting MONEYVAL (March 5 – 9, 2012)

The representatives of OMLP participated at this meeting as the members of the Slovenian delegation – the other members were from the Ministry of Interior – Police, Bank of Slovenia, Ministry of Justice and State Prosecutor's Office). At this meeting the reports on 4th round evaluation for Malta and Andorra were discussed and adopted. The Slovenian delegation should present the First progress report of the 4th round, therefore it received the questionnaire, which was answered by the other Slovenian competent authorities before the plenary meeting. The progress report should be prepared just for those FATF recommendations, which were during the last evaluation round evaluated as “partially compliant” or “non-compliant”. Slovenia had to prepare the progress report just for 10 recommendations, which were evaluated as “partially compliant”, as no recommendation was evaluated as “non-compliant”. The report was sent to the MONEYVAL Secretariat, which established that the considerable progress was achieved at 6 (out of 10) recommendations, as at the remaining 4 recommendations the results were still not satisfactory. The Secretariat and Slovenian delegation agreed, that the latter would present just the information on the achieved progress and that the complete report would be given at the plenary session of MONEYVAL in April 2013.

The following issues have also been presented and discussed at this meeting:

- schedule of the meetings and evaluations for the years 2012 and 2013
- list of countries, which would examine reports for the forthcoming plenary in July 2012 (ad-hoc review groups -Slovenia was appointed for the Georgian report)
- information of international organizations and bodies from the field of the prevention of ML/FT (FATF, IMF, World Bank, EGMONT, European Commission etc.).

39th Plenary Meeting MONEYVAL (July 2 – 6, 2012)

The Slovenian delegation composed from the representatives of the Ministry of Interior – Police, Bank of Slovenia and OMLP, attended this meeting, where the following reports have been discussed and adopted: 4th Round Report for Georgia and Latvia, and 3rd Round Report for Vatican /Holy See. Hungary and Czech Republic should report their First progress 4th Round report, but (as Slovenia in March 2012) presented only the information on the achieved progress, as their complete reports would be presented at one of the forthcoming meetings. The delegations of Albania, Azerbaijan, Bosnia and Herzegovina and Croatia

reported (according to the MONEYVAL's Rules of Procedure) on their progress at the field of the prevention of ML/FT . The schedule of the meetings for the year 2012/2013 was amended and the international organizations (FATF, IMF, World Bank, EGMONT, European Commission etc.). informed the participants on their activities from the field of the prevention of ML/FT.

40th Plenary Meeting MONEYVAL (December 3 – 7, 2012)

The Slovenian delegations (with the representatives from the Ministry of Interior – Police, Bank of Slovenia and OMLP) attended this meeting of the MONEYVAL, which had its 15th anniversary. The first part of the meeting was therefore intended to the speeches of the president of FATF and all ex-presidents of MONEYVAL. To the countries, members of MONEYVAL, the following jurisdictions (of UK) joined at that meeting: Isle of Man, Guernsey and Jersey. The following reports were discussed and adopted at that meeting: 4th round evaluation reports for Moldova and Lithuania, Progress reports of the 3rd round for Serbia, Armenia and Ukraine. The delegations of Georgia, Croatia, Bosnia and Herzegovina, Montenegro and Macedonia should (according to the Rules of Procedure) report on their progress in the field of the prevention of ML/FT. The international organizations (FATF, IMF, World Bank, EGMONT, European Commission etc.). informed the participants on their activities from the field of the prevention of ML/FT.

The workshop on the revised FATF recommendations was held in Strasbourg from September 19 – 21, 2012, which was attended by the representatives from the Ministry of Interior – Police and OMLP. FATF recommendations have been the basis for the evaluation of the situation and effectiveness of the countries in the field of the prevention of money laundering and terrorist financing. Until now, the Slovenia has been (as the member country of MONEYVAL) evaluated four times (last time in October 2009), the next, 5th evaluation round would be performed on the basis of those new revised FATF recommendations, adopted in February 2012. The organizers of the conference were two committees: MONEYVAL and EAG (Eastern Asian Group – East Asian group for the prevention of ML/FT). The experts from different institutions such as FATF, IMF, World Bank, MONEYVAL acquainted the participants on all the changes, to which the national legislations from the field of the prevention of ML/FT should be adjusted.

5.2.2. European Union

In the year 2012, five meetings of the Committee for the Prevention of Money Laundering and Terrorist Financing were organized in Brussels, their contents can be seen below:

32nd Meeting of Committee was organized on 20 January 2012, where the following issues were discussed: the list of equivalent countries in the field of the prevention of ML/FT, proposals for the change of the Third Directive 2005/50/EC of the European Parliament and Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

33rd Meeting of Committee was organized on February 8-9, 2012 with the following issues: discussion on the inclusion of 5 countries to the list of equivalent countries in the field of prevention of ML/FT and deletion of one country from this list; proposals for the change of the Third Directive 2005/50/EC of the European Parliament and Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; report of the European Commission to the European Parliament and Council on the

procedures regarding the Directive 2005/60/EC.

34th Meeting of Committee was held on 10 May 2012, with the following discussions: updating of the list of equivalent third countries in the field of the prevention of ML/FT at the EU level; common strategy of the member states against the countries for which the FATF issued warning for stricter measures due to their deficiencies in their ML/FT systems; proposals for the change of the Third Directive 2005/50/EC of the European Parliament and Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; preparation of the evaluation of the consequences of the implementation of the 4th Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. The representative of FATF presented basic novelties of the revised FATF recommendations from the field of the prevention of ML/FT, adopted in February 2012.

35th Meeting of Committee was held on June 26 – 27, 2012, with the following issues: revision of the memorandum, on which basis the members of the committee decided on the classification of the equivalent third countries in the field of the prevention of ML/FT; possible classification of Russia and New Zealand on this list; adjustment of the new, 4th Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing to the EU legislation from the field of the personal data protection; methodology for the transnational and national risk analysis, risk analysis of the particular fields for money laundering and terrorist financing according to the FATF recommendations; new risks, connected with e-money (presentation of the analysis of French FIU – TRACFIN); measures for strengthening of the cooperation between the FIUs of the member states, which supposed to be stipulated by the new, 4th Directive.

36th Meeting of Committee was held on 3 October 2012, with the following main discussions: on the countries to the list of the equivalent third countries; report on the implementation of the Regulation (ES) 1781/2006 on information on the payer accompanying the transfer of the funds, revision of the regulation and problems at the performing of the payments in cases of the missing data, demanded by the regulation; possibilities for the establishment of the European FIU as the coordination body at investigations involving several national FIUs; national sanction regimes for the violation of the legislation from the field of the prevention of ML/FT; reporting of suspicious transactions in the cases of the direct performing of financial services in the countries of EU and EEA. The report with regard to the e-money was also presented by the competent supervisory body.

5.3 Participation in the professional training

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

On this basis and within the international cooperation, the representatives of the OMLP performed in the year 2012 within different seminars home and abroad altogether 39 hours 15 minutes of lectures (37 hours, 15 minutes of lectures were performed at home and 2 hours abroad).

6 INTERNATIONAL COOPERATION

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

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

Below you will find the activities of the OMLP from the field of international cooperation separately for multilateral and bilateral cooperation.

6.1 Multilateral cooperation

In this part, we present the activities of OMLP in the year 2012 in the international group EGMONT.

*6.1.1 Activities within the international group EGMONT*⁸

In the year 2012, the Egmont meetings were held in Manila (Philippines) from 30 January until 3 February 2012 and from July 9 – 13, 2012 in St. Petersburg in Russia, with no representatives of the OMLP due to the lack of financial resources.

⁸ EGMONT group was established on 8 June, 1995 (OMLP was one of its founders) with the purpose to promote international cooperation between FIUs in the field of combating money laundering. At the end of 2012, it had 131 members from all over the world, the Office is one of its founders. The goal of the EGMONT group is establishment and improvement of the cooperation between its members, exchange of information, education and establishment of new counterparts all over the world. It has 4 working groups: legal, training, operational and outreach working group.

At the plenary meeting in Russia four new FIUs became the members of the Egmont Group, namely from Gabon, Jordan, Tajikistan and Tunisia.

The activities of the Committee of the EGMONT GROUP (hereinafter: EG) and working groups (hereinafter: WG) are presented below:

The Committee of the Egmont Group discussed on the procedure of the admission of the candidate FIUs to become the Egmont Group members and decided that this discussion would only be possible at the meetings of the Egmont Group in January each year. The Egmont Group had a new secretary, and the committee also adopted the draft of the budget of this group for the years 2012-2013.

In the year 2012, the Operational Working Group focused on the progress of the following projects: role of the FIUs in the fight against corruption; classification of the reports on suspicious transactions; mass marketing frauds; financing of terrorism; competences of the FIUs; tax criminal offences as the predicate criminal offences for money laundering. The reports on the role of the FIUs in the fight against corruption and mass marketing frauds were published at the website of the Egmont Group, but the work regarding the financing of terrorism, competences of the FIUs and tax criminal offences as predicate criminal offences for money laundering would be continued.

The Outreach Working Group discussed at its meetings in the year 2012 on the status of the FIUs, which asked to become the members of the Egmont Group.

The Legal Working Group more precisely determined the procedure of the classification of the candidate FIUs to the group –in cooperation with the Outreach Working Group.

The Information Technology Group presented to the Committee the description of the project of the computer networks Egmont Secure Web (ESW) and publically available website of the Egmont Group, because the changes of both systems would be transparent and would give stronger support to the FIUs, members of the Egmont Group.

6.1. Bilateral cooperation

In the year 2012, several contacts between the OMLP and its foreign counterparts with the purpose to exchange the information were performed.

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

In the year 2012, the OMLP sent on the basis of the Article 65 of APMLFT 170 requests in 95 cases to 41 countries and on the basis of the Article 66 of APMLFT received 145 requests in 100 cases from 48 countries.

In comparison with the year 2011, when OMLP sent 174 requests to its counterparts from 39 countries in altogether 118 cases and received 104 requests from 30 countries in altogether 83 cases, it can be established that **the number of the sent requests decreased by 2,3%%**,

and the number of received requests increased for 39,4%.

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

6.2. Financial and Material Operations

The budget funds intended for the OMLP operations in the year 2012 amounted to **628.410 EUR EUR (7% less than in the year 2011)**, which were divided as follows:

- 561.850 EUR (89,41% for salaries, other personal incomes and contributions of the employer for the social security
- 54.495 EUR (or 8,67 %) for costs of goods and services
- 3.726 EUR (or 0,59%) for the membership fee of the EGMONT group.

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

According to the proposal of the OMLP, the structure of the planned funds within the particular items changed until the end of 2012 due to the slight re-arrangements of funds. Out of complete approved funds in the amount of 628.410 EUR, the OMLP in the year 2012 spent 588.401 EUR (or 93,63%) of all available funds. The budget funds for OMLP has been decreasing since 2009, which has the negative impact to the number of employees as well. Namely, in spite of the broader extent of work, the number of employees in OMLP has been constantly decreasing.