

Project against Money Laundering and Terrorist Financing in Serbia MOLI Serbia

MONTHLY REPORT No. 20/2012

Project title	Project against Money Laundering and Terrorist Financing in Serbia (MOLI Serbia)
Project duration	36 months (15 November 2010 – 15 November 2013)
Implementation	Economic Crime Unit, Action against Crime Department (DGI-Human Rights and Rule of Law)
Project budget	EUR 2 200 000
Reporting Period	1 October – 31 October 2012
Reporting Date	9 November 2012
SUMMARY OF THE CURRENT STATUS OF THE PROJECT AGAINST INDICATORS	
Activity	Final National Risk Assessment (NRA) Workshop, Belgrade, 23-24 October 2012
Output Reference	2.3.1. - Organise, carry out and present one National Risk Assessment on the risks of money laundering and terrorist financing in the Republic of Serbia
Aim	<ul style="list-style-type: none"> ▪ A final review and discussion of the risk assessment results in order to further improve, refine and calibrate the findings; ▪ A final review of the risk based draft action plans, discussion of implementation issues, challenges and generating realistic solutions; ▪ Facilitating the exchange of views by senior officials and discussing the strategies for the effective implementation of action plans; ▪ Discussing the NRA strategy for the following years and ways to further improve the quality of the NRA process and underlying information, data, and statistics for the next rounds of the NRA.
Outcome	The Council of Europe organized the final NRA Workshop and facilitated together with representatives of the World Bank and OSCE the 5 working groups and their discussions. The leaders of the 5 working groups made presentations of their research between January 2012 – October 2012 and the conclusions they had drawn. Further work was then undertaken for them to develop an action plan for each group and this was also presented. At the conclusion, the NRA Coordinator at the Administration for the Prevention of Money Laundering (APML) gave a presentation on the work further needed for the creation of the NRA report, and how it would influence their creation of a future National AML/CFT Strategy and Action Plan. There was an indication that much individual and multi-agency work had gone into the NRA process by the working groups, its leaders, and the NRA coordinator. The principal recommendation of the CoE in relation to the content and further drafting of the final NRA Report has been to include more strategic and typological analysis by the FIU as a means to supplement and/or reinforce the findings in each of the 5 working groups.
Follow-up	Project Team will continue to assist APML in drafting the final report by end of 2012.

Activity	1st Regional Typologies Meeting, Belgrade, 25 October 2012
Output Reference	6.1.1. - Organise 3 regional typology meetings with law enforcement and regulatory authorities
Aim	To share new typologies and money laundering trends specific to the Balkans region.
Outcome	The workshop was organised with the purpose of identifying and discussing the most common as well as emerging money-laundering typologies in Serbia and the region. APML presented the work they have done recently on producing a series of AML typologies based on information contained in suspicious transaction reports received from each of the 'obliged' sectors. The MOLI Serbia LTC gave a presentation on the importance of trade based money laundering and took part in the final round table activity. The representatives of the regional FIUs provided a series of presentations, and each presentation was followed by a question and answer and discussion session. Each of the presentations included at least two typologies from each of the region's FIUs. It was clear that all FIUs are active in identifying ML trends and techniques, but very often lack the ability in identifying the predicate offence. The LTC noted, that as all FIUs are administrative in nature, there appears to be a disconnect with the requirements or wishes of the police/prosecutors, and unilateral investigations being undertaken by them with no clear idea of an end user. This was an issue highlighted by the LTC as needing addressing.
Follow-up	The second regional typologies meeting is planned for March 2012.
Activity	Workshop on AML/CFT Standards for Accountants, Belgrade, 30 October 2012
Output Reference	5.2.3. - Provide 3 workshops for the regulators/supervisors on best practices available in other European countries, on the application of the risk-based approach in the internal AML/CFT policies.
Aim	To present good practices in the field of Anti-Money Laundering and Counter-Terrorism Financing standards for accredited accountants.
Outcome	The workshop organised to carry out the current problems in practical application of the Law on Prevention of Money Laundering and Terrorism Financing to accountants and auditors. Mr Milan Negovanovic, Economic Adviser from the Association of Accountants and Auditors emphasized the most important difficulties and obstacles for accountants, and pointed out the importance of professional skepticism and risk based approach. The participants were also informed about how to make a distinction between tax evasion and other forms of financial crime and money laundering. In order to familiarize the participants with the abuse of accounting sector for money laundering, the presentation emphasized the reasoning, methodology, techniques and forms of creative accounting and forgery of financial reports as instruments for committing money laundering crimes. The presentation was well received by the accountants and auditors who attended the workshop and their questions were adequately answered, especially regarding licensing issues and practical information regarding the licensing exams. Accountants and auditors, as a part of DNFBPs, have become aware of the necessity for their active inclusion in the system for combating money laundering and terrorist financing, as well as the importance of zero tolerance to criminal activities. They were explained the most common dilemmas, issues and prejudices about the implementation of the Law, which otherwise could have resulted in incorrect procedural steps.
Follow-up	Compilation of guidelines on AML/CFT standards for supervisors and regulators with

	an emphasis on Risk-Based Approach, will also be made available to the DNFBP sector, once completed under activity 5.1.1. and 5.1.2.
Activity	Scoping Mission for the purposes of producing a study into the risks of abuse of the Non-Profit Organisations (NPOs) for money laundering and terrorist financing purposes in Serbia, 18-19 October 2012
Output Reference	2.3.3. - Organise, carry out and present a research study regarding risks of abuse of the Non-Profit Organisations for money laundering and terrorist financing purposes
Aim	To meet with key partner institutions and assess the scope of undertaking a study into the risks of abuse of the NPOs for money laundering and terrorist financing purposes in Serbia.
Outcome	MOLI short term expert, Grahame Barker was invited to participate in this research study as a Short-Term Expert. The scoping mission took place on 18 and 19 October 2012, during which Mr Barker attended preliminary meetings with the MOLI Serbia project team and representatives of the Administration for the Prevention of Money Laundering (APML) in order to determine the timeframe, research methods and key partners necessary to carry out a more comprehensive study on the issue of money laundering and terrorist financing in the Non Profit Organisations (NPO) sector in Serbia. Mr Barker also met with the Office for Cooperation with Civil Society, Centre for Development of the Non-Profit Organisations Sector, and the Serbian Business Registers Agency. As a result of the scoping mission, it was concluded by the Project team that a timeframe of several months (up to February) would be needed in order to carry out a comprehensive assessment of the NPO sector, as provided by the Workplan. Following discussions with the representatives of the three institutions and with Mr Milovan Milovanovic, Head of International Cooperation and Legal Department, APML, and MOLI project team, it was decided that MOLI would proceed with a more focused examination of the status of NPOs and associated risks, coupled with an action plan to minimise the risks of money laundering and terrorist financing.
Follow-up	Terms of Reference for this study will be revised with a broader scope and timeframe to complete the study. The expert will undertake another visit to Serbia and aim to draft the research study by end of February 2013.
LIST OF SPECIFIC PROJECT DELIVERABLES (TECHNICAL PAPERS) AND OTHER DOCUMENTS	
<ul style="list-style-type: none"> • Activity Report on Final National Risk Assessment Workshop, 23-24 October 2012. • Activity Report and PowerPoint presentation on 1st Regional Typologies Meeting, 25 October 2012. • Activity Report and PowerPoint presentation on the Workshop on AML/CFT Standards for Accountants, 30 October 2012. • Report on preliminary findings of the Scoping mission to Serbia for the purpose of undertaking a research study on the risks of abuse of the Non Profit Organisations for money laundering and terrorist financing purposes, 18-19 October 2012. 	
OTHER PROJECT RELATED DEVELOPMENTS	
<ul style="list-style-type: none"> • On 29 October 2012, Project Team held a meeting with members of the Mock Trial Working Group to discuss next steps and putting together a case file to be used as a basis for the mock trial. It was agreed that a member of the Special Prosecutor's Office for Organised Crime should be included in the work of the group and the official request was made. A follow-up meeting will take place in November 2012. 	
CURRENT AND ANTICIPATED PROBLEMS, INCLUDING PLANNED REMEDIAL ACTIONS	
None at the time of reporting.	
PLANNED ACTIVITIES FOR THE NEXT PERIOD	
<ul style="list-style-type: none"> ▪ Training on Investigation and Prosecution of Money Laundering Offences and the Seizure of the Proceeds of Crime, Novi Sad, 19-20 November 2012 (Activity 1.2.2.) 	

- Training of Trainers event, 29-30 November 2012 (Activity 3.1.3.)
- MOLI Serbia has contracted Mr Simon Davis to carry out a scoping mission to Serbia with the aim to commence a study into informal and informal money transfers (Activity 2.3.2.)
- Ms Maud Bokkerink has been contracted to produce a scoping paper on all identified institutions reviewing, assessing and compiling all national existing standards for supervisors and regulators with an emphasis on risk-based supervision (Activity 5.1.1.)

CONCLUSIONS

During the month of October 2012, MOLI Serbia activities focused on delivering Activity 2.3.1. (Final NRA Workshop), Activity 6.1.1. (1st Regional Typologies meeting), Activity 5.2.3. (Workshop on AML/CFT standards for accountants) and Activity 2.3.3. (Scoping mission for the study into the risks of abuse of the NPOs for ML/TF purposes). MOLI Serbia project continues without any major obstacles.