



COMMITTEE OF EXPERTS ON THE  
EVALUATION OF ANTI-MONEY  
LAUNDERING MEASURES AND THE  
FINANCING OF TERRORISM  
(MONEYVAL)

MONEYVAL39(2012)15

# Bosnia and Herzegovina

## 4th Compliance report

3 July 2012

Bosnia and Herzegovina is a member of MONEYVAL. This compliance report was adopted at MONEYVAL's 39th Plenary Meeting (Strasbourg, 2 – 6 July 2012). For further information, please refer to MONEYVAL website: <http://www.coe.int/moneyval>.

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## **FOURTH COMPLIANCE REPORT**

### **I. INTRODUCTION**

#### ***Evaluation of Bosnia and Herzegovina under the third round (December 2009)***

1. MONEYVAL adopted the mutual evaluation report (MER) of Bosnia and Herzegovina (BiH) under the third round of evaluations at its 31<sup>st</sup> plenary meeting (7 – 11 December 2009). As a result of the evaluation process, BiH was rated Non compliant (NC) on 13 Recommendations and Partially compliant (PC) on 18 Recommendations, including on several core and key recommendations, as indicated in the table below:

<b>Partially compliant (PC)</b>	<b>Non-compliant (NC)</b>
<b>Core Recommendations<sup>1</sup></b> R.1 - Money laundering offence SR.II - Criminalisation of terrorist financing	<b>Core Recommendations</b> R.5 - Customer due diligence
<b>Key Recommendations<sup>2</sup></b> R.3 - Confiscation and provisional measures R.23 - Regulation, supervision and monitoring R.26 - The FIU R.35 - Conventions SR.I - Implementation of United Nations instruments	<b>Key Recommendations</b> SR.III - Freezing and confiscating terrorist assets
<b>Other Recommendations</b> R.6 - Politically exposed persons R.7 - Correspondent banking R.15 - Internal controls, compliance & audit R.17 - Sanctions R.22 - Foreign branches & subsidiaries R. 25 - Guidelines & Feedback R.29 - Supervisors R.31 - National co-operation R.33 - Legal persons SR.VI - AML requirements for money/value transfer services SR.VII - Wire transfer rules	<b>Other Recommendations</b> R.8 - New technologies & non face-to-face business R.9 - Third parties and introducers R.11 - Unusual transactions R.12 - DNFBP (R.5, 6, 8-11) R.16 - DNFBP (R.13-15 & 21) R.21 - Special attention for higher risk countries R.24 - DNFBP (regulation, supervision and monitoring) R.30 - Resources, integrity and training R.32 - Statistics SR.VIII - Non-profit organisations SR.IX - Cross Border Declaration & Disclosure

#### ***Background information of the Compliance Enhancing Procedures***

2. At its 34<sup>th</sup> plenary (7-10 December 2010), in view of the result of the discussions on the first 3rd round written progress report (PR) of Bosnia and Herzegovina, the Committee concluded that the report raised significant concerns about the extent of progress or speed of progress overall to rectify deficiencies identified in the 3rd round mutual evaluation report. It took note of the progress report and the analysis of the progress on the core Recommendations and pursuant to Rule 43 of the Rules of Procedure, invited Bosnia and Herzegovina to provide a fuller report to the 35<sup>th</sup> plenary.

<sup>1</sup> The core Recommendations as defined in the FATF procedures are R.1, SR.II, R.5, R.10, R.13 and SR.IV

<sup>2</sup> The key Recommendations as defined in the FATF procedures are R.3, R.4, R.26, R.23, R.35, R.36, R.40, SR.I, SR.III and SR.V

MONEYVAL, therefore, opened Compliance Enhancing Procedures (CEPs) in respect of the first 3rd round progress report for Bosnia and Herzegovina at step (i), which requires a non-complying member to provide a report or regular reports on its progress in implementing the reference documents.

3. At the 35<sup>th</sup> plenary meeting (11-14 April 2011), MONEYVAL decided to adopt and publish the first compliance report prepared by the Secretariat. The Committee noted in the first CEPs report: *“Since the adoption of the third round report in December 2009 BiH authorities have taken a number of steps especially on the legislative front to comply with the FATF Recommendations assessed above. Although this progress report covers actions taken within last 16 months since the adoption of the report, it appears that BiH has made slow or very little progress to deal with the majority of the deficiencies related to those Recommendations.”*

4. It concluded that *“BiH has not taken sufficient action implementing any of the Recommendations assessed in this report at the level of or at a level essentially equivalent to a C or LC. In addition, with regard to the Compliance Enhancing Procedures opened at the 33rd plenary (September 2010) in respect of important deficiencies in Recommendations rated NC or PC in the mutual evaluation report and merged these Compliance Enhancing Procedures, BiH has hardly made any progress on any of the important deficiencies identified at the 33rd Plenary. There appear to be some initiatives commenced; however, all these initiatives should be expedited through a concrete action plan with clear milestones and time scales to achieve quick and tangible results.”*

5. As a result it decided to maintain step (i) in the procedures, which requires a member concerned to provide a report or regular reports on its progress in implementing the reference documents. It further reiterated its decision made at the 34<sup>th</sup> plenary that the report to be submitted before the 36th plenary of the MONEYVAL Committee (26-30 September 2011) should be a merged one that will contain replies to the important deficiencies, which were identified at the 33rd plenary, under some core and key recommendations (R.1, R.5, R.26, SR.II and SR.III), and also under other Recommendations (SR.VIII and SR.IX).

6. In addition, the Committee invited Bosnia and Herzegovina to develop a clear action plan in response to the MONEYVAL’s third round mutual evaluation report. To this end, the Committee gave a mandate to the Chairman to correspond with Bosnia and Herzegovina with a view to agreeing within two months a satisfactory and practicable action plan with realistic timescales for remedying the major deficiencies identified. MONEYVAL underlined that if the Bureau is not satisfied with the action plan produced between the plenaries, the Chairman is mandated to implement step (ii) between plenaries. The Committee emphasised that in order to show a firm political commitment the agreed action plan should be approved at Government level.

7. In the meantime, BiH authorities prepared an action plan and submitted it to the Bureau on time. The Bureau examined the Action Plan, and noting the comprehensive work that had been put into it, it was satisfied with the Action Plan in its revised form. The Chairman in his letter dated 13 September 2011 invited the authorities to obtain governmental endorsement of the draft Action Plan prior to the discussions of Step (i) of the CEPs at the 36<sup>th</sup> Plenary.

8. At the 36th plenary meeting (26-30 September 2011), Bosnia and Herzegovina presented its second compliance report. The Committee decided to adopt and publish the compliance report prepared by the Secretariat, and to maintain step (i) in the procedures. It further reiterated its decision made at the 34th plenary that the report to be submitted to the 37th plenary should be a merged one that will contain replies to the important deficiencies, which were identified at the 33rd Plenary, under some core and key Recommendations (R.1, R.5, R.26, SR II and SR III), and also under other Recommendations (SR.VIII and SR IX).

9. The Committee also reiterated its decision at the previous plenary (35th) that in order to show a firm political commitment, the agreed action plan should be approved at Government level. MONEYVAL invited the Bosnian authorities to obtain governmental endorsement of the draft action plan, in its present form, before the end of October 2011. In a press release dated 10 October 2011, the Council of Ministers of Bosnia and Herzegovina announced that, at a meeting held that day, they had considered and adopted an action plan to remedy deficiencies which had been identified in MONEYVAL’s 3<sup>rd</sup> round evaluation report on Bosnia and Herzegovina.

10. At the 37<sup>th</sup> plenary meeting (13-16 December 2011) the Committee noted that the Council of Ministers of Bosnia and Herzegovina had considered and adopted the action plan on 10 October 2011. It was noted that the action plan contained short term, medium term and long term deadlines for taking corrective measures. It was determined at this meeting that the timetable for meeting the deadlines should commence on 10 October 2011, thus the relevant deadlines were:-

- Short term (up to six months): 10 April 2012
- Medium term (up to one year): 10 October 2012
- Long term (up to two years): 10 October 2013

11. The Committee decided to adopt and publish the compliance report prepared by the Secretariat. As the short term issues in the Action Plan, on which steps are required, were due to be completed by 10 April 2012, the Committee agreed to retain step (i) until the 38<sup>th</sup> plenary in July 2012 and to ask the authorities to present a full report to the Secretariat as soon as possible after 10 April. However, it was agreed that an interim report should be provided to the Secretariat in advance of the 38<sup>th</sup> plenary in March 2012 and a brief report, prepared by the Secretariat, would be submitted to the 38<sup>th</sup> plenary.

12. At the 38<sup>th</sup> plenary meeting (5-9 March 2012) the Committee examined under step (i) of the Compliance Enhancing Procedures (CEPs) the interim report of Bosnia and Herzegovina. It was noted that overall the Bosnian authorities appear to have made some progress against most of the short term objectives. In particular, a number of awareness raising and training initiatives have been undertaken and are continuing throughout 2012 and revised guidance is being produced. Furthermore, amendments to legislation are under consideration. The Committee stated that the authorities should submit a full report to the Secretariat in advance of the 39<sup>th</sup> plenary in July that will be presented at the plenary.

## **II. SHORT DESCRIPTION OF BiH LEGAL AND INSTITUTIONAL FRAMEWORK**

13. For a better understanding and evaluation of the progress achieved by BiH since the adoption of the 3<sup>rd</sup> round report, please see the short description of the BiH state system, legal and institutional system which was described in the first CEPs report.

## **III. OVERVIEW OF BiH'S PROGRESS AND REVIEW OF THE MEASURES TAKEN TO ADDRESS IDENTIFIED DEFICIENCIES**

### ***Recommendation 1***

14. Under Recommendation 1, the short term objectives were for:

- Brcko District to criminalise market manipulation;
- awareness raising and training to be provided to investigators and prosecutors on the necessity of a clear understanding of the importance of money laundering beyond the tax evasion and fiscal predicates; and
- financial investigation into proceeds to become an integral part of the investigation of various proceeds generating offences.

### ***Brcko District to criminalise market manipulation***

15. Based on Article 22 of the Statute of Brcko District of Bosnia and Herzegovina („Official Gazette of Brcko District of BiH“ no: 2/10), the Assembly of Brcko District of Bosnia and Herzegovina, at the session held on May 5, 2012, have adopted amendments to the Law on Securities.

16. Thereby, according to Article 76 of this Law:

*It is forbidden to perform the manipulation in the securities market, which include the prohibition of:*

- 1. influencing or attempting to influence the decisions of others regarding the purchase or sale of securities:*

- 1) *false, or ambiguous statements, including promises, forecasting or other similar actions directed to any person;*
- 2) *distortion and concealment of material information as the person knows or should know, and which relate to the issuer and its securities;*
2. *publication or dissemination of false information that affects or could affect the volume of traffic and cost of securities;*
3. *conducting securities transactions in a way that the execution of the transaction there is no change of owner or to otherwise create an appearance that the transaction has been concluded;*
4. *giving orders to buy or sell securities of knowing that is given or will give orders for the sale or purchase of securities of the same or another person at a price or quantity of the same or nearly the same in order to create the illusion of price or active transport;*
5. *giving orders to buy or sell specific securities, without the intention that they be made so that the transaction according to these orders alter the best bid or offer price for certain securities listed on stock exchanges or other organized markets;*
6. *providing two or more orders for the purchase or sale of these securities on the stock exchange or other organized market at or about the same time and in different quantities to test the acceptability of cost or market influences on price in the market;*
7. *conduct transactions with securities in order to:*
  - 1) *increase the price of securities and thereby encourage other investors to buy the securities;*
  - 2) *reduce the price of securities and thereby encourage other investors to sell the underlying securities;*
  - 3) *create the illusion of an active transfer securities and thereby encourage other investors to buy and sell such securities, unless the buying and selling is done in order to stabilize the market price of securities."*

17. Pursuant to Article 78a the person with intent of acquiring material gain for himself or for another person or causing damage to other person influences or attempts to influence the decisions of others regarding the purchase or sale of securities or securities transactions conducted in a manner contrary to Article 76 of the Law on Securities, shall be punished by fine or imprisonment of 90 days to five years. It appears that Bosnia and Herzegovina has addressed this deficiency.

*Awareness raising and training to be provided to investigators and prosecutors on the necessity of a clear understanding of the importance of money laundering beyond the tax evasion and fiscal predicates*

18. In accordance with the information provided by Bosnia and Herzegovina during 2012 with regard to awareness raising and training and the integration of financial investigation into the investigation of proceeds generating offences, there have been a number of training seminars organized by the Centres for Education of Judges and Prosecutors in both the Federation of Bosnia and Herzegovina (FBiH) and Republic Srpska (RS); these training seminars, which cover a comprehensive range of relevant topics are scheduled to continue throughout the year.

19. By now the following seminars were conducted for prosecutors, judges and others:

- on trafficking in persons (February 20-21, 2012);
- on trafficking in persons (March 6-7, 2012);
- on criminal aspects of proceedings of criminal offences of organised crime (March 29-30, 2012);
- on corruption (March 27-28, 2012);

- on prevention of corruption (March 28, 2012).

20. It should also be noted that the Centres for Education of Judges and Prosecutors and the Association of judges and prosecutors in BiH conducted an Annual Conference regarding the criminal law in BiH on June 7-9, 2012. The following topics were also presented and discussed at this Conference: money laundering and financing of terrorism, seizure and confiscation of crime proceeds. 274 participants took part in this Conference.

21. The BiH authorities also reported that during 2012 other seminars will also be held that are related to financial crimes, financing of terrorism, confiscation of property.

22. It appears that Bosnia and Herzegovina has started providing awareness raising and trainings to investigators and prosecutors specifically focusing on the necessity of a clear understanding of the importance of money laundering beyond the tax evasion and fiscal predicates. In this respect it should be noted that necessary steps are being taken by the authorities.

*Financial investigation into proceeds to become an integral part of the investigation of various proceeds generating offences.*

23. Bosnia and Herzegovina has taken some steps to address this deficiency. Pursuant to the Annual Report for 2011 (January 2012) of Financial Intelligence Department, the Department had worked on 27 Court and Prosecutors orders to obtain data needed for financial investigations. Also during the same year FID had provided 92 analyses and other information to other law enforcement agencies in Bosnia and Herzegovina and foreign FIUs. Bosnia and Herzegovina should continue taking steps related to financial investigation trainings.

### ***Recommendation 3***

24. Under Recommendation 3, the short term objectives were for:

- to give consideration to the fact that the specific confiscation regime applicable in money laundering cases pursuant to Article 209(4) and identical provisions in non-state level Codes do not provide for value confiscation;
- provisional measures can only be carried out, as a general rule, by the decision of a preliminary proceedings judge as from the initiation of the investigation. Domestic authorities should reassess the extent to which this structure might delay or even hinder the seizure of proceeds, if once applied in a concrete money laundering case;
- whether the immediacy of such measures could better be provided by allowing the prosecutor, in extremely urgent cases, on his own authority, to order the investigating bodies to carry them all out, subsequently obtaining the approval of a judge;
- a much greater emphasis to be given to the taking of provisional measures at early stages of investigations to support more confiscation requests upon conviction;
- the authorities to address inadequate staffing and lack of necessary training which were inhibiting the application of provisional measures.
- the authorities to seek a solution to the underlying problem of an overly high standard of proof applied by the trial courts with regard to the confiscation of the proceeds of crime.

*To give consideration to the fact that the specific confiscation regime applicable in money laundering cases pursuant to Article 209(4) and identical provisions in non-state level Codes do not provide for value confiscation*

### **FBiH**

25. Article 115 of the Criminal Code states the following:

*(1) All the money, valuable objects and every other material gain acquired by the perpetration of a criminal offence shall be confiscated from the perpetrator, and in case the confiscation is not feasible - the perpetrator shall be obliged to pay an amount of money which corresponds to the acquired*

*material gain. Material gain acquired by perpetration of a criminal offence may be confiscated from persons to whom it has been transferred without compensation or with a compensation which does not correspond to the real value, if the persons knew or should have known that the material gain had been acquired by the perpetration of a criminal offence.*

*(2) If proceeds of a criminal offence have been intermingled with property acquired from legitimate sources, such property shall be liable to confiscation not exceeding the assessed value of the intermingled proceeds.*

*(3) Income or other benefits derived from the proceeds of a criminal offence, from property into which proceeds of criminal offence have been converted, or from property with which proceeds of criminal offence have been intermingled shall also be liable to the measures referred to in this Article, in the same manner and extent as the proceeds of the criminal offence.*

26. According to paragraphs 2 and 3 of this Article it could be seen that they provide the possibility for confiscation of equivalent value, as well as the possibility to confiscate income and other benefits derived from the proceeds of crime, even if they were intermingled with the legitimate property.

#### RS

27. Pursuant to Article 95 of the Criminal Code of the Republic of Srpska “Ways of Forfeiting Proceeds of Crime” *all the money, valuable objects and every other type of proceeds of crime shall be forfeited from the offender, and in case the forfeiture is not feasible - the offender shall be obliged to pay an amount of money which corresponds to the proceeds of crime.*

28. It appears that the Criminal Code of the RS has certain requirements in respect of confiscation of equivalent value. In order to add value to Article 95, the RS authorities in 2009 adopted the Criminal Assets Recovery Act, which also provides additional requirements of confiscation.

#### BD

29. According to paragraphs 2 of Article 115 of the Criminal Code of the BD if proceeds of a criminal offence have been intermingled with property acquired from legitimate sources, such property shall be liable to confiscation not exceeding the assessed value of the intermingled proceeds.

30. Paragraph 3 of this Article states that income or other benefits derived from the proceeds of a criminal offence, from property into which proceeds of criminal offence have been converted, or from property with which proceeds of criminal offence have been intermingled shall also be liable to the measures referred to in this Article, in the same manner and extent as the proceeds of the criminal offence.

31. The BD has all necessary tools for value confiscation, as well as the indirect proceeds of crime.

32. As a general conclusion in respect of this deficiency it appears that in non-state level Codes there are necessary legal provisions for value confiscation. The necessary legal provisions for value confiscation at the state level of BiH are also implemented.

*Provisional measures can only be carried out, as a general rule, by the decision of a preliminary proceedings judge as from the initiation of the investigation. Domestic authorities should reassess the extent to which this structure might delay or even hinder the seizure of proceeds, if once applied in a concrete money laundering case; whether the immediacy of such measures could better be provided by allowing the prosecutor, in extremely urgent cases, on his own authority, to order the investigating bodies to carry them all out, subsequently obtaining the approval of a judge*

33. In the 3<sup>rd</sup> round MER of BiH the evaluation team recommended that the domestic authorities should reassess the extent to which this structure might delay or even hinder the seizure of proceeds, if once applied in a concrete money laundering case and to the prosecutor, in extremely urgent cases, on his own authority, to order the investigating bodies to carry them all out, subsequently obtaining the approval of a judge.



34. According to the information provided, the BiH authorities believe that pursuant to Articles 66 and 73 of the CPC prosecutors have the necessary powers to seize and freeze property without a court order. In order to add value to this statement the BiH authorities also provided statistics (Annex 1), that show cases when prosecutors seized property without a court order.

35. The Secretariat believes that the stated articles of the CPC were not amended and no progress has been achieved in this respect. These Articles were criticised in the 3<sup>rd</sup> round MER by the evaluation team.

36. Although, it should be noted that in accordance with the statistics provided, it could be seen that an approach to get a court decision in order to freeze and seize property used by the BiH authorities works in practice. In some cases it took more than 72 hours to get a court decision.

37. In respect of other deficiencies stated under Recommendation 3, as noted under Recommendation 1 above, there have been a number of training seminars organized by the Centres for Education of Judges and Prosecutors in both the Federation of Bosnia and Herzegovina and Republic Srpska; these training seminars, which cover a comprehensive range of relevant topics, are scheduled to continue throughout the year.

### ***Recommendation 5***

38. Under Recommendation 5, the short term objectives were for:

- Article 28 of the Law on Foreign Exchange should be reviewed;
- an awareness raising programme together with related guidance on the applicability of the risk based approach for CDD to be developed;
- the relevant authorities to ensure that there is awareness and understanding by the industry on the newly introduced concept of the beneficial owner; and
- a revision of Article 15 of the new AML Law to be considered.

#### *Article 28 of the Law on Foreign Exchange should be reviewed*

39. In the 3<sup>rd</sup> round report of BiH the evaluation team noted that there is a possibility to open foreign currency accounts in bearer form, in this respect it was recommended to take the necessary steps to amend this deficiency. In order to do so, the authorities amended the Law on Foreign Exchange Operation, which cancels the provisions of Article 27 on accounts on barriers, and adopted the Rules of Procedure for the process of opening and maintaining foreign currency accounts and foreign currency savings deposits of residents and non-residents in banks.

40. Pursuant to Article 5 of these Rules of Procedure foreign currency savings deposits on bearer or on bearer with secret code are not permitted. It appears that this deficiency has been addressed by BiH, however it should be noted that the Rules of Procedure probably should be treated as other enforceable means nevertheless criteria 5.1 is with asterisk, which requires that the obligation should be stated in the law or regulation.

41. In addition, the evaluation team in the 3<sup>rd</sup> round MER noted that there is a conflict between Article 27 of the AML/CFT Law and Article 28 of the Law on Foreign Exchange in respect of prohibition of opening and maintaining anonymous accounts. Considering the fact that now, according to the amendments to the Law on Foreign Exchange, since Article 28 had been cancelled, it is possible to apply Article 27 and the inconsistency between these two laws has been removed.

#### *An awareness raising programme together with related guidance on the applicability of the risk based approach for CDD to be developed*

42. With regard to awareness raising programme, the authorities have arranged AML/CFT risk-based approach trainings in March and May 2012, which were attended by representatives of the banking, insurance and securities sectors. Awareness and training is an ongoing process and the authorities plan to continue to deliver such sessions to all the sectors of the obliged entities.

43. In addition a written guidance was prepared on the applicability of the risk based approach for CDD, which will now assist the financial institutions to establish a comprehensive risk-based approach.

*The relevant authorities to ensure that there is awareness and understanding by the industry on the newly introduced concept of the beneficial owner*

As mentioned above the Bosnian and Herzegovina authorities conducted AML/CFT risk-based approach trainings, which also included issues related to awareness and understanding by the industry on the newly introduced concept of the beneficial owner. This is a desk review it is not possible to assess the effectiveness of such trainings. Furthermore, no additional details of the seminars have been provided.

*A revision of Article 15 of the new AML Law to be considered*

44. The authorities have reported that the Working Group of the Council of Ministers is in the process of considering the revision of Article 15 of the AML/CFT Law.

### ***Recommendation 6***

45. Under Recommendation 6, the short term objectives were:

- The preparation of a guidebook for the remaining part of financial sector that will provide guidance on the treatment of PEPs; and
- Creating a training plan for all participants from the financial sector in order to raise awareness.

*The preparation of a guidebook for the remaining part of financial sector that will provide guidance on the treatment of PEPs*

46. A meeting of representatives of the Working Group and Banking Agencies of FB&H and RS was held on January 17, 2012, in which it was agreed that by April of this year the Banking Agency of FB&H shall adopt amendments to the Decision on Minimum Standards, which will clarify Article 10 that treats non-personally operations.

47. At the session of the Governing Board of the Banking Agency of Federation on 15 May 2012, the minimum standards in relation to politically exposed persons for banks, leasing companies and micro-credit organization were adopted. The same provisions were adopted at the session of the Governing Board of the Banking Agency of RS on 26 June.

### **Banks**

48. According to Article 19 of these standards when establishing business relations or performing transactions, in the cases when a permanent business relation is not being established, banks are obliged to implement procedures which will determine whether or not the client is a politically exposed individual.

49. The procedures will allow banks to directly from clients and/or registries with public access and data bases gather data and information about the client's political exposure. In accordance with this, banks are obliged to:

- have adequate procedures based on risk, in order to determine whether or not the client is a politically exposed person;
- have an approval from the management for implementation of the business relations with such clients;
- take adequate measures in order to determine the source of funds which are included in the business relation or transaction;
- implement an enhanced control of such business relation.

### **Leasing companies**

50. In respect of leasing companies, they are obliged to develop adequate procedures based on risk in order to determine whether or not the client, user, or the real owner is a politically exposed individual.

51. They are also obliged to, when doing business with clients from Article 19, in addition to other measures, implement following measures for risk moderation:

- take adequate measures in order to determine the source of funds which are included in the business relation or transaction;
- implement measures for enhanced and continued monitoring of the business activities;
- other measures in compliance with the appropriate regulations.

#### Microcredit organisations

52. The microcredit organizations are obliged to define adequate procedures based on risk in order to determine whether or not the client, user, or the real owner is a politically exposed individual.

53. They are also obliged to, when doing business with clients from Article 19, in addition to other measures, implement following measures for risk moderation:

- take adequate measures in order to determine the source of funds which are included in the business relation or transaction;
- implement measures for enhanced and continued monitoring of the business activities;
- other measures in compliance with the appropriate regulations.

54. It appears that now financial institutions have compulsory provisions to determine PEPs and to have necessary obligations to follow Recommendation 6. Nonetheless it seems that there is no requirement for financial institutions to obtain senior management approval to continue the business relationship where a customer has been accepted and the customer or beneficial owner is subsequently found to be, or subsequently becomes a PEP. Same provisions in respect of R.6 should be adopted in the RS.

#### *Creating a training plan for all participants from the financial sector in order to raise awareness*

55. It is unclear if the relevant awareness raising and training on PEPs are incorporated into the trainings as set out under Recommendation 5 above.

#### **Recommendation 8**

56. Under Recommendation 8, the short term objective was to:

- clarify Article 10 of the relevant Decisions on Minimum Standards with regard to non-face-to-face business.

#### *Clarify Article 10 of the relevant Decisions on Minimum Standards with regard to non-face-to-face business*

57. As mentioned above the authorities adopted the Decision on the minimum standards, which also include obligations for non-face-to-face business for financial institutions.

#### Banks

58. Pursuant to Article 20 when banks establish business relations with clients who are not present in person, they are obliged to implement enhanced identification measures, in order to reduce and manage the risk that may be present in the operations with clients. These measures may include:

- requesting additional documents which are not required from other clients;
- certification of the submitted documents;
- independent contact with the client by the bank;
- engaging a company specialised for control and evaluation of clients with an aim to provide additional check up of the client;

- requesting first payment be performed from the client's account opened at another bank, which has similar commitments to implement similar standards for control and evaluation of clients.

59. If the bank does not implement the enhanced identification measures, it will not establish a business contact with a client which is not physically present during the establishment of a business contact.

#### Leasing companies

60. According to Article 18 leasing companies are obliged to implement effective procedures for client identification and implement standards for constant monitoring of clients which conclude contracts without personal presence in the leasing company. In such cases, leasing company may apply the independent control of the client by a third party with a known reputation, for example, companies specialised for control and evaluation of clients.

61. Leasing companies are obliged to, in addition to other measures, implement following steps in order to reduce risk:

- certification of the submitted documents;
- requesting additional documents which are not required from other clients;
- independent contact with the client by the leasing companies;
- requesting first payment be performed from the client's account opened at another bank;
- implement measures of enhanced and continued monitoring of the business activities;
- other measures in compliance with the appropriate regulations.

#### Microcredit organisations

62. Micro credit organizations are obliged to implement effective procedures for client identification and implement standards for constant monitoring of clients which conclude contracts without personal presence in the microcredit organization. In such cases, the micro credit organization may apply the independent control of the client by a third party with a known reputation, for example, companies specialised for control and evaluation of clients.

63. They are also obliged to, in addition to other measures, implement following steps in order to reduce risk:

- requesting additional documents which are not required from other clients;
- certification of the submitted documents;
- independent contact with the client by the micro credit organization;
- requesting first payment be performed from the client's account opened at another bank;
- implement measures of enhanced and continued monitoring of the business activities;
- other measures in compliance with the appropriate regulations.

64. It appears that appropriate provisions were implemented for banks, leasing companies and microcredit organisations.

#### ***Recommendation 12***

65. Under Recommendation 12, the short term objective were:

- to introduce the awareness and understanding training campaign accordingly throughout the whole sector of DNFBPs as is also required for some elements of the financial sector;
- the need to conduct proper due diligence of non-face-to-face customers is included in any awareness raising exercise;
- a need to clarify the position on third party reliance and introduced business for customer due diligence particularly since the new AML Law now specifically provides for third party reliance for certain parts of the identification process applied.

*To introduce the awareness and understanding training campaign accordingly throughout the whole sector of DNFBPs as is also required for some elements of the financial sector; the need to conduct proper due diligence of non-face-to-face customers is included in any awareness raising exercise*

66. The authorities report that they are in the process of conducting an awareness raising and training campaign throughout the whole DNFBP sector particularly with regard to the treatment of PEPs, non-face-to-face business and third party reliance. It is anticipated that the relevant awareness raising and training will be incorporated into the training as set out under Recommendation 5 above as this training is intended to incorporate DNFBPs.

67. It should be noted that a seminar with the participation of 120 representatives from financial and non-financial institutions was conducted on June 14-17. Topics related to the risk-based approach and internal audit were presented and discussed. It appears that the first necessary steps have been made by the BiH authorities to familiarise the reporting entities with their obligation according to the AML/CFT Law.

*A need to clarify the position on third party reliance and introduced business for customer due diligence particularly since the new AML Law now specifically provides for third party reliance for certain parts of the identification process applied*

68. The authorities report that the FIU has prepared Book of Rules on risk assessment, data, information, documents, identification methods and minimum other indicators required for efficient implementation of provisions of the AML/CFT Law and Guidelines for risk assessment and enforcement of the AML/CFT Law for obliged entities in accordance with the AML/CFT Law, including DNFBPs.

69. According to paragraph 4 (Analysis of a party carried out by the third party) of Chapter "Identification and Monitoring a Client" of Guidelines, when concluding a business relation with a client, person under obligation can entrust the third party with determining and verifying identity of a client, determining identity of a real owner of a client and gathering of data on purpose and anticipated nature of business relation or transaction. However, person under obligation is obliged to check whether the aforementioned third party meets requirements prescribed by Law, since final accountability for execution of measures of identification and monitoring of a client entrusted to the third party bears person under obligation.

70. Person under obligation shall provide written approval from the third party as a confirmation of reliability of the third party for the purpose of identification of a client.

71. In addition, Article 12 of the Book of Rules, which specifies the requirements for identification conducted by a third person, stipulates:

- the person under obligation while establishing a business relationship with a client, can entrust a third person to establish and check a client's identity, establish the identity of the real owner of the client and to collect data about the purpose and the planned nature of a business relationship or transaction when such a person is an organization mentioned in items a, c, d and e of paragraph 1 article 4 of the AML/CFT Law and which has its seat or main office in a member country of the European Union (EU), of the European Economic Area (EEA) and of the Financial Action Task Force (FATF) as described in article 6 of this book of rules;
- when relying on a third person for identification, the person under obligation shall ensure that the third party consents to being relied upon for client identification purposes. This consent can be written or oral, expressly stated or implied;
- when relying on a third person, the person under obligation shall ensure that the information and documentation on identification of the client can be obtained and that the third person will provide such information upon request;
- the person under obligation cannot rely on a third person for the identification if the third person has not established the identity of the client by itself;

- the person under obligation cannot rely on a third person for the regular monitoring of a client's business activities referred to in article 18 of the AML/CFT Law.

72. It appears that the BiH authorities have implemented the necessary provisions in order to clearly specify the requirements and procedure for reliance on third party.

### ***Recommendation 15***

73. Under Recommendation 15, the short term objective was for competent authorities, and in particular the FID, to be more receptive to requests for training by the industry. In this respect the trainings should have been provided to different areas of the financial sector.

74. However the BiH authorities provided information in the Action plan in respect of trainings conducted for the representatives of law enforcement, which is not relevant. It is, however, noted under R.5 that the BiH authorities have embarked on an ongoing programme of training initiatives for the private sector.

### ***Recommendation 23***

75. Under Recommendation 23, the short term objectives were:

- to amend legislation to introduce:
  - a prohibition for criminals and their associates from holding a significant or controlling share in securities market intermediaries in FB&H and in BD;
  - a requirement for a clean criminal record of the managers of market intermediaries in BD; and
  - professional qualifications and expertise of directors and senior management of investment funds in FB&H, in RS, and in BD.
- Steps need to be taken to harmonise the efficiency of monitoring activities in respect of persons involved in money transfer and exchange activities.

*Amend legislation to introduce a prohibition for criminals and their associates from holding a significant or controlling share in securities market intermediaries in FB&H and in BD*

### **FB&H**

76. Amendments to the Law on Securities Market were introduced in December 2010 that are intended to introduce the relevant clauses.

77. According to Article 90 *a professional intermediary is required to provide evidence against the founders and board members are founders of the security measures imposed ban on carrying out operations with securities that are still in force or not performed or do not take the legal consequences of a conviction relating to the cessation or prohibition to conduct business in securities transactions with securities.*

78. It appears that measures have been implemented to prohibit persons with a criminal record from either shareholders or board members of securities intermediaries for FB&H. It should also be noted that a criminal liability is limited by conviction that should be related specifically to the cessation or prohibition to conduct business with securities and does not extend to any other criminal liability.

### **BD**

79. Article 36a of the Law on Securities states the majority owner and board member of the supervisory board in companies doing business with securities may not be a person:

- against whom an indictment was raised in Bosnia or in another state and that there was a final conviction in another state or BH:
  - for offenses against the economy, business and safety of payment;
  - crimes against property;
  - offenses against justice;

- crimes against the violation of official and other responsible duties;
- criminal offenses under this Law;
- against whom the security measure of ban on performing activities with securities has been imposed.

80. The requirement stated in this Article does not fully correspond to Recommendation 23, since this Article only speaks about a board member of the supervisory board in companies and does not cover a full range of senior management positions. It is also should be noted that the Article is silent on criminal associates.

*A requirement for a clean criminal record of the managers of market intermediaries in BD*

81. As mention above under paragraph 54 board member of the supervisory board in companies doing business with securities may not be a person who has a criminal background. However the scope of managers is limited by the board member of the supervisory board in companies which is not fully in line with the recommendation of the Action Plan.

*Professional qualifications and expertise of directors and senior management of investment funds in FBiH, in RS, and in BD*

**FB&H**

82. Article 73 of the Law on Investment Funds of FB&H specifies a list of “fit and proper” requirements that directors should meet:

- a university degree in Law or Economics,
- at least three years of post-qualification experience in a managerial position, or six years of post-qualification work experience in an area comparable to operations of a closed-end investment fund,
- a full-time employee of a closed-end investment fund.

83. It seems that the requirements specified by this Article have a general meaning without any comprehensive obligations.

**RS**

84. Pursuant to Article 3 of the Book of Rules on Companies for management of Investment funds of the Republic of Srpska a member of the Company may be the person which other than the requirements under Article 26 of the Law, meets the following conditions:

- a university degree;
- has appropriate qualifications, skills and experience necessary for conducting the affairs of the Company
- the director, respectively the Board of Executive Directors, are full-time employed in the company;
- the professional qualifications, skills and experience referred to in the first paragraph, item b) of this Article implies at least three years experience in managerial jobs, or six years of jobs experience comparable to the activities of the management of company.

85. The requirements specified by this Article have a general meaning without any comprehensive obligations.

**BD**

86. In respect of the Brcko District Article 36a states that *person from management or supervisory boards of the securities companies may not hold this position without appropriate qualifications and relevant experience in doing business with the securities.*

87. The conditions for the appropriate qualifications and relevant experience in doing business with securities shall be regulated closer by the bylaw of the Commission.

*Steps need to be taken to harmonise the efficiency of monitoring activities in respect of persons involved in money transfer and exchange activities.*

88. The authorities report that an Agency for Supervision of the Post Office Operation (which includes payment transfers) has now been established. The new agency will eventually be recognized under the AML Law as the supervisory authority for AML purposes for the Post Office. A Memorandum on cooperation between the Agency for Supervision of the Post Office at state level and the Banking Agencies of RS and FB&H has been agreed. It is anticipated that the standards of the Agency for Supervision of the Post Office are harmonised with the standards of the Banking Agencies of RS and FB&H.

**Recommendation 26**

89. Under Recommendation 26, the objectives were:

- FID should develop its database capability as well as its analytical tools and make far greater use of electronic means of monitoring and analysis;
- staffing of the Investigation Department at FID is not in proportion to the commonly understood expectations of other law enforcement agencies regarding FID's role in initiating ML investigations in BiH. FID should make it a priority to attract suitably qualified staff to fill the current vacancies.

*FID should develop its database capability as well as its analytical tools and make far greater use of electronic means of monitoring and analysis*

90. According to the information provided by the BiH authorities the FID has developed the “Instruction for completion of forms and electronic entering of data by the obligors“ that enabled the data not to be entered and processed “manually“ but directly in an electronic form. Moreover, the analysts and investigators were delivered training in “i2 system” by ICITAP and local experts. The duties are being input into the i2 system and it is expected to produce results very soon. Material – technical equipping of the FID (computers, laptops, offices, etc.) is at a high level and inline with the highest standards.

91. In addition, the authorities organised the trainings for analysts to raised awareness in respect of IT analytical tools (i2 Analysts Notebook, i2 program) in April, May and December 2011. It appears that the FID is taking necessary steps to develop a capable database, as well as analytical tools and make far greater use of electronic means of monitoring and analysis.

*Staffing of the Investigation Department at FID is not in proportion to the commonly understood expectations of other law enforcement agencies regarding FID's role in initiating ML investigations in BiH. FID should make it a priority to attract suitably qualified staff to fill the current vacancies*

92. The FID has the following staffing level:

Sector	Optimal staffing per the Book of Rules on Internal Organisation and Systematisation of Positions	Actual staff at 31 March 2012
Police Officers	20	11
Civil Servants	15	13
Employees	4	4
<b>Total</b>	<b>39</b>	<b>28</b>

93. The FID’s Investigation Section is 66% staffed and according to information submitted by BiH in this phase it satisfies all needs of the Section considering the scope and issues of the work. The competition to fill in the positions of investigators to FIU is almost completed.



### ***Recommendation 31***

94. Under Recommendation 31, the short term objectives were to:

- strengthen the work of Working Group and ensure its efficient functioning without tension;
- focus the Working Group's activities on carrying out the objectives of the national strategy for combating AML/CFT and improving the actual exchange of information between all relevant bodies horizontally and vertically and thus improve the system to achieve measurable results in implementing the Law; and
- continue and strengthen co-operation between the Central Bank and the Agency for supervision of banking in FB&H and RS in order to ensure compliance in matters relating to AML/CFT.

*Strengthen the work of Working Group and ensure its efficient functioning without tension*

95. The fact that the Action Plan has been approved and steps are being taken in FBiH, RS and BD to implement action points indicates improved co-operation. The Working Group confirmed its unity and determination to work together without any tensions and the result is the creation of the Action Plan and the activities of its implementation, which will be deliberately and continuously pursued.

*Focus the Working Group's activities on carrying out the objectives of the national strategy for combating AML/CFT and improving the actual exchange of information between all relevant bodies horizontally and vertically and thus improve the system to achieve measurable results in implementing the Law*

96. The Action Plan itself has served to focus the Working Group's activities on carrying out the objectives of the national strategy for combating AML/CFT. As the objectives of the National Strategy largely overlap with the Action Plan, the Working Group has taken measures to improve the actual information exchange between all responsible authorities, and some institutions in this regard have signed a memorandum on cooperation, which will improve the overall effectiveness of the AML/CFT system in B&H.

*Continue and strengthen co-operation between the Central Bank and the Agency for supervision of banking in FB&H and RS in order to ensure compliance in matters relating to AML/CFT*

97. With regard to co-operation between the Central Bank and the Agencies for supervision of banking in FB&H and RS, it has been reported that representatives of the Central Bank and the Banking Agencies of FB&H and RS meet quarterly to consider compliance in matters related to AML/CFT.

### ***Recommendation 32***

98. Under Recommendation 32, the short term objective was to improve statistics especially including detailed information on the persons indicted and also on the respective criminal acts and the amount of assets temporarily seized in the criminal procedure. The authorities report that detailed statistics are now kept.

99. The templates of statistics (Annex 2), provided to the Secretariat, show that figures on ML and TF cases are kept in very detailed way. It is recommended that the BiH authorities should also use the approach in respect of keeping figures related to predicate offences.

100. In addition, it should also be recommended to the BiH authorities to add information to these templates on how many predicate offences led to ML cases. Also supplementary information should be given in respect of self-laundering and autonomous/3<sup>rd</sup> party laundering.

## **IV. OVERALL CONCLUSION AND NEXT STEPS**

101. Overall the Bosnian authorities appear to have made progress against most of the short term objectives. In particular, a number of awareness raising and training initiatives have been undertaken and are continuing throughout 2012 and revised guidance is being produced. Furthermore, amendments to legislation are under consideration. In conclusion the measures that have been taken are and the continuing actions required are:-

- **Recommendation 1:** BiH has addressed almost all deficiencies. The training initiatives are scheduled to continue throughout the year and BiH authorities are encouraged to continue conducting trainings for judges and prosecutors to raise their awareness of AML/CFT issues. The authorities should continue to report on progress to the plenary.
- **Recommendation 3:** in respect of this Recommendation, the authorities have taken steps to implement the necessary tools for value confiscation in all non-state level Codes. Statistics provided to the Secretariat show that the approach used by the BiH authorities in respect of the process of seizure of proceeds that mostly relies on court decisions, works in practice.
- **Recommendation 5:** an awareness raising programme on the applicability of the risk-based approach for CDD and as well as the trainings on awareness and understanding by the industry on the newly introduced concept of the beneficial owner were conducted by the BiH authorities. However, there are still shortcomings in respect to this Recommendation – an amendment to Article 15 of the AML/CFT Law still needs to be considered.

The BiH authorities should continue to report on progress on R.5 to the plenary until these deficiencies are fully remedied.

- **Recommendation 6:** it appears that the BiH authorities have broadly addressed this recommendation. However, there are still shortcomings in respect to this Recommendation:
  - The guidance provided does not contain a requirement for financial institutions to obtain senior management approval to continue the business relationship where a customer has been accepted and the customer or beneficial owner is subsequently found to be, or subsequently becomes a PEP.
  - Trainings to raise awareness in the sector in respect of its obligations on PEPs to be continued.

The BiH authorities should continue to report on progress on R.6 to the plenary until these deficiencies are fully remedied.

- **Recommendation 8:** The appropriate provisions with regard to non-face-to-face business were implemented for banks, leasing companies and microcredit organisations.
- **Recommendation 12:** Some progress has been made against the deficiencies under this Recommendation. The BiH authorities established guidance for the obliged entities, including DNFBPs, which contains the necessary provisions to clearly specify the requirements and procedure for reliance on third party. The BiH authorities should continue to report on progress on R.12 in respect of awareness raising campaign.
- **Recommendation 15:** As reported under R.5, the BiH authorities have embarked on an ongoing programme of training initiatives for the private sector.
- **Recommendation 23:** The Action points under R.23 have largely been addressed. However, Brcko District still needs to address some market entry issues. The BiH authorities are encouraged to take steps to remedy this remaining deficiency.
- **Recommendation 26:** Recommendation 26 is largely observed, the only short shortcoming that is left is the resourcing of the FIU.
- **Recommendation 31:** this Recommendation appears to be fully met.
- **Recommendation 32:** There are no doubts that the statistics is kept in a detailed way.

102. The Secretariat welcomes the progress achieved by BiH in respect of short term objectives, although it should be noted that the deadline for addressing short term objectives was April 2012 and not all of the recommendations were remedied.

103. The Committee at the 39<sup>th</sup> plenary examined the action plan produced by Bosnia and Herzegovina. The Committee noted the progress made in respect of short term objectives in response to the MONEYVAL third round mutual evaluation report. It was agreed that Bosnia and Herzegovina

should remain in under step (i) of the Compliance Enhancing Procedures and that they should report at the 40<sup>th</sup> plenary in April 2013 on progress made on short objectives that are not yet addressed and medium-term objectives.

MONEYVAL Secretariat  
June 14, 2012

## Annex 1

**Cases where prosecutors, on their own authority, ordered to the investigating bodies to carry out provisional measures (seizure of proceeds) in 2011**

Prosecutor's office	Casenumbr ( in the prosecutor's office ) <b>where prosecutor has ordered provisional measures with subsequently obtaining the approval of a judge</b>	Criminal code, article en, name of criminal offence	Paragraph	Date of the motion of the Prosecutor for provisional measures of property seizure	date of Court approval	value of temporary seized property	sort of temporary seized property: money, real estate, cars machines, , shares en
prosecutor's office BiH	T20 0 KT 0000390 06	CC B&H, art. 209 money laundering	2	18.10.2011	24.10.2011	Over a million KM	Real estate, stocks
	T20 0 KT 0000390 06	CC B&H art.250 in connection with art. 209 (organised crime – money laundering	250/2-3.,209/2	16.11.2011	24.11.2011	240.000,00 KM bank account	Money ( bank account)
	KT-438/07	CC B&H and CC <b>FB</b> &H ( organised crime, money laundering, Tax Evasion or Fraud	2	19.03.2008	21.03.2008	8.488.550.00 KM	hotel „Exclusive“
	T20 0 KT 0000589 10	CC B&H and <b>FB</b> &H (organised crime - Illicit Trafficking in Narcotic Drugs- money laundering- Illicit Trafficking in Arms and Military Equipment <i>and Products of Dual Use</i> - Causing Public Danger – murder...	3 in connection with 1 en 2	18.11.2010. and 13.12.2010	15.12.2010 and 16.12.2010.		House, yard 360m <sup>2</sup> , real estate, forest 323 m <sup>2</sup> , firma „Bel Ami“, apartment in Vlačić 71,88 m <sup>2</sup> , house en yard 177m <sup>2</sup> , two bedrooms apartment
Special prosecutor's office RS	KT-ST-11/11	CC RS art 280 money laundering	4	20.04.2011	21.04.2011	No estimating	Real estate

	KT-ST-11/11	CC RS art 280 money laundering	4	20.04.2011	21.04.2011	Nominal value 1.379.913 KM	stocks
	KT-ST-11/11	CC RS art 280 money laundering	4	20.04.2011	21.04.2011	Real estate 225.000, aircraft 374.556 KM	Real estate ( building and yard) and aircraft
	KT-ST-11/11	CC RS art 280 money laundering	4	04.05.2011	10.05.2011	No estimating	Real estate ( parcel, business building) 6 trucks and 2 cars
	KT-ST-11/11	CC RS art 280 money laundering	4	24.06.2011	05.07.2011	Purchase price 9.460 KM	truck
Cantonal prosecutor's office Livno	T10 0 KT 0002299 11	Art 294 Fraud en 272 Money laundering	2	22.06.2011	22.06.2011	19.656,60 KM	2 cars ( mercedes – value 15.000,00 KM ( contractprice); VW Polo- value 4.656,30 KM (contract price)



TOTAL 2010			96	80	2	11	10	10	2	1	1	5	7	3	0	0	0
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2011.	CC BiH	209.	143	141	10	8	9	9	0	4	1	2	7	0	0	3	0
	CC F BiH	272.	29	3	1	0	1	0	0	0	0	0	0	0	0	0	0
	CC RS	280.	8	8	0	0	3	3	0	0	0	0	0	0	0	0	0
	CC BD BiH	265.	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2011			181	153	11	8	13	12	0	4	1	2	7	0	0	3	0

**TABLE 2. Money laundering (per cases) 2009 -2011 - entity prosecutor offices data is not included**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions							Appeals against the verdict	
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges	Verdicts Acquitting the Accused	Filed Appeals-Total	Accepted Appeals
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total				
2009.	CC BiH	209.	25	31	2	1	2	2	0	2	0	0	2	0	0	0	0
	CC FBiH	272.	14	6	1	0	2	2	0	0	0	1	1	1	0	0	0
	CC RS	280.	4	4	0	0	1	1	0	0	0	0	0	0	0	0	0
	CC BD BiH	265.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2009			43	41	3	1	5	5	0	2	0	1	3	1	0	0	0
2010.	CC BiH	209.	20	33	1	3	3	3	0	1	0	1	2	0	0	0	0
	CC FBiH	272.	11	5	1	0	1	1	1	0	1	2	3	0	0	0	0
	CC RS	280.	2	3	1	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	265.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2010			33	41	3	3	4	4	1	1	1	3	5	0	0	0	0
2011.	CC BiH	209.	14	31	2	2	4	4	0	2	0	2	4	0	0	1	0
	CC FBiH	272.	12	3	0	1	1	0	0	0	0	1	1	0	0	0	0
	CC RS	280.	7	7	0		0	1	1	0	0	0	0	0	0	0	0
	CC BD BiH	265.	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2011			34	42	2	3	5	5	1	2	0	3	5	0	0	1	0



**TABLE 3. Money laundering (legal persons) 2010 -2011**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions						Number of decisions on seizure of property	Value of seized property in KM	Appeals against		
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges			Verdicts Acquitting the Accused	Filed Appeals	Total
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total						
2010.	CC BiH	209.	7	4	0	2	0	0	0	0	0	0	0	0	0	0	0	0	
2011.	CC BiH	209.	113	120	10	7	9	9	0	4	0	2	6	0	0	2	216 025	2	

**TABLE 4. Money laundering (physical persons) 2010 -2011**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions							Number of decisions on seizure of property	Value of seized property in KM	Appeals a	
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges	Verdicts Acquitting the Accused			Filed Appeals-Total	
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total						
2010.	CC BiH	209.	56	66	1	2	8	8	0	1	0	2	3	0	0	0	87 674	0	
2011.	CC BiH	209.	30	21	0	1	0	0	0	0	1	0	1	0	0	1	44 456	1	

**TABLE 5. Financing of terrorism (per physical and legal persons) 2008 -2011 - entity prosecutor offices data is not included**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions						Appeals against	
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges	Verdicts Acquitting the Accused	Filed Appeals-Total
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total			
2008	CC BiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2008			0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	CC BiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2009			0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	CC BiH	202.	2	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2010			2	0	0	0	0	0	0	0	0	0	0	0	0	0

2011	CC BiH	202.	2	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2011			2	0	0	0	0	0	0	0	0	0	0	0	0	0

**TABLE 6. Financing of terrorism (per cases) 2009 -2011 - entity prosecutor offices data is not included**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions							Appeals against the verdict	
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges	Verdicts Acquitting the Accused		
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total			Filed Appeals-Total	Accepted Appeals
2009	CC BiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2009			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010.	CC BiH	202.	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2010			1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011.	CC BiH	202.	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2011			1	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**TABLE 7 . Financing of terrorism (legal persons) 2010 -2011**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions						Number of decisions on seizure of property	Value of seized property in KM	Appeals against		
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges			Verdicts Acquitting the Accused	Filed Appeals-Total	Total
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total						
2010.	CC BiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL 2010			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2011.	CC BiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL 2011			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

**TABLE 8. Financing of terrorism (physical persons) 2010 -2011**

Year	Criminal Code	Criminal Code Article	Reports in process	Investigations in process	Orders that the investigation not be conducted	Orders on closing the investigation	Issued Indictments	Confirmed Indictments	Court decisions						Number of decisions on seizure of property	Value of seized property in KM	Appeals
									Dismissal of the procedure	Guilty Verdicts				Verdicts Dismissing the Charges			
										Imprisonment	Fine	Suspended sentence	Guilty Verdicts-Total				Filed Appeals-Total
2010.	CC BiH	202.	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2010			2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011.	CC BiH	202.	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC FBiH	202.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC RS	301.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CC BD BiH	199.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL 2011			2	0	0	0	0	0	0	0	0	0	0	0	0	0	0