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Project against Economic Crime (PECK)

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International and National Cooperation Sector  
Administration for the Prevention of Money Laundering  
Montenegro

# Legal and institutional Framework

- ✓ October 2003 - Law on Prevention of Money Laundering
- ✓ February 2004 - Administration for the Prevention of Money Laundering
- ✓ July 2004 - fully operational
- ✓ March 2005 - Law on Prevention of Money Laundering and Terrorism Financing
- ✓ Administration for the Prevention of Money Laundering and Terrorism Financing
- ✓ December 2007 - Law on Prevention of Money Laundering and Terrorism Financing
- ✓ January 2008 - Law on Prevention of Money Laundering and Terrorism Financing
- ✓ March 2012 - Law on Prevention of Money Laundering and Terrorism Financing
- ✓ August 2014 - Law on Prevention of Money Laundering and Terrorism Financing

# ✓ MONEYVAL member in 2004 - Serbia and Montenegro (two reports)

May 2006 – May 2007 -- pause

June 2007 - Montenegro became MONEYVAL member

March 2014 – IV<sup>th</sup> evaluation round visit

# ✓ EGMONT member – June 2005 (Washington Plenary)

- Outreach Working Group

- Operational Working Group

- IT Working Group

- ✓ EAG observers - June 2010

- ✓ 31 Memorandums of Understanding (MoUs) with other FIUs
- ✓ MoUs with state counterparts
- ✓ IPA 2012 project – EU Support to the Rule of Law
- ✓ EU Accession Chapter 24 – Justice, Freedom and Security
- ✓ National Risk Assessment (NRA) - World Bank Methodology

**LAW ON PREVENTION OF MONEY LAUNDERING AND  
TERRORIST FINANCING  
(Official Gazette of Montenegro, No. 33/14 of 04.08.2014)**

**VI INTERNATIONAL COOPERATION**

**Establishing international cooperation**

**Article 68**

With a view to establishing and realizing international cooperation the Administration shall conclude agreements with the relevant authorities of foreign countries and international organizations, on exchanging financial-intelligence data, information and documentation that can be used only for the purposes defined by this Law.

**Request to the competent authority of a foreign state for  
providing data and information**

## **Article 69**

(1) The Administration may request, within its competencies, from the competent authority of a foreign state data, information, and documentation necessary for detection and prevention of money laundering or terrorist financing.

(2) The Administration may use the data, information and documentation obtained in accordance with paragraph 1 of this Article, only for the purposes provided for by this Law, and without previous approval of the competent authority of the foreign state from which the data are obtained, it must not provide or disclose them to another authority, legal or natural person, or use it for purposes that are not in accordance to the terms and limits defined by requested authority.

## **Providing data and information upon the request of the competent authority of a foreign state**

### **Article 70**

(1) The Administration can, upon a request of a foreign authority competent for detection and prevention of money laundering and terrorist financing, provide data, information and documentation about persons or transactions related to a suspicion of money laundering or terrorist financing, under the condition of reciprocity.

(2) Prior to providing the personal data to the authority from the paragraph 1 of this Article, the Administration shall verify if the requesting authority owns a regulated system of protection of personal data and whether the data will be used solely for the requested purpose, unless otherwise defined by the international agreement.

3) The Administration needs not to act in accordance with the request from the paragraph 1 of this Article if:

1) on the basis of the facts and circumstances, stated in the request, evaluates that there are not enough reasons for suspicion of money laundering or terrorist financing, and,

2) the providing of data would jeopardize or could jeopardize the course of criminal proceeding in Montenegro or in some other way affect interests of the proceeding.

(4) The Administration shall inform in writing the requesting authority on the rejection of the letter rogatory and shall state the reasons for the rejection.

(5) The Administration may determine the terms and limits of using the data from the paragraph 1 of this Article.

## **Spontaneous provision of data to the competent authority of a foreign state**

### **Article 71**

(1) The Administration may provide data, information and documentation on persons or transactions, for which there is a suspicion of money laundering or terrorist financing, which it has obtained or kept in accordance with this Law, to a foreign country authority competent for the prevention and detection of money laundering and terrorist financing, without a request, under the condition of reciprocity.

(2) When providing data in accordance with the paragraph 1 of this Article, the Administration may prescribe the terms and limits under which a foreign authority competent for detection and prevention of money laundering or terrorism financing may use such data.

## **Temporary suspension of transaction upon the initiative of the competent authority of foreign state**

### **Article 72**

(1) In accordance with this Law, the Administration may, under the condition of reciprocity, by reasoned written initiative of a foreign competent authority, suspend a transaction, with written order, for the period not exceeding 72 hours.

2) The Administration is obliged to inform competent authorities about the order from the paragraph 1 of this Article.

3) The Administration may reject the initiative of the authority from the paragraph 1 of this Article, if based on the facts and circumstances stated in the initiative, it evaluates that given reasons are not sufficient for a suspicion of money laundering and terrorist financing, and shall inform in written form the initiating authority on the rejection and give the reasons for its rejection.

## **The initiative to a foreign competent authority for temporary suspension of transaction**

### **Article 73**

The Administration may, within its competencies in the area of detection and prevention of money laundering and terrorist financing, submit written initiative for temporary suspension of transaction to a foreign authority competent for the prevention of money laundering and terrorist financing, if it evaluates that there are sufficient reasons for a suspicion of money laundering or terrorist financing

# CASE STUDY

- ✓ Analysis of daily reports from banks on transactions executed in cash in the amount of at least 15.000 € – designated suspicious transactions involving several natural and legal non-resident persons.
- ✓ Non-resident person **1.** deposited cash onto the accounts of the non-resident legal person **A.** opened in one Montenegrin bank. Period of depositing cash lasted from September 2008 to September 2009. The first account totaled in 851.533 \$ and the second account totaled in 2.361.150,33 €.
- ✓ No evidence on the origin of money. Founder and owner of the legal person **A.** is a non-resident natural person **2.** and the natural person **1.** is an authorized person.

- ✓ The same natural persons **1.** and **2.** are brought in connection with two other non-resident legal persons, out of which one has opened non-resident account with the same Montenegrin bank.
- ✓ The above mentioned legal person **B.** from Belize has inflows from the legal person **C.** from Pristina amounting to 915.000 €. Transfers are carried without clear purpose. The founder of the legal person **B.** is natural person **1.** and authorized persons for the account are natural persons **1.** and **2.**
- ✓ Another non-resident legal account for the legal person **D.** from Albania is opened with the same bank and natural person **2.** deposits the amount of 177.440 €, without clear purpose.

- ✓ Having received additional data from the bank upon request it is established:
  
- ❖ Natural person **2.** is the founder of the legal person **A.** registered for wholesale trade in food, furniture and household appliance retail.
  
- ❖ No evidence on the origin of deposited cash and forwarded to the accounts located in China, Cyprus, Italy, Turkey, Albania...
  
- ❖ Legal person from Belize opened non-resident account with the same commercial bank and had three inflows in total 915.000 € from the legal person c. from Kosovo. Out of it 350.000 € is withdrawn in cash by the natural person **1.** and the rest is transferred to the accounts in Switzerland, Cyprus, Greece and Germany.

- ✓ Request for ongoing monitoring of financial business to the bank for the natural persons **2.** and **1.**
- ✓ On 28<sup>th</sup> September the bank informed the FIU that on late Friday, three days before natural person **2.** deposited in cash 84.750€ onto the account of the non-resident legal person **A.** from Kosovo, without clear purpose. The same person announced transfers to the accounts of three non-resident legal persons. The FIU issued the order on temporary suspension for the period of 72 hours. Further on the information is forwarded to the competent state authorities.
- ✓ Requests for information were forwarded to the FIUs of Albania, Serbia, Kosovo and Belize. FIU Serbia had no information, FIU Belize did not answer and FIU Albania and FIC Kosovo provided useful information.
- ✓ Legal person **D.** is founded by the natural person **2.** in Albania. FIU Albania had 15 CTRs reports from the Albanian banks on that legal person.

- ✓ FIC Kosovo provided information related to the natural person **1.** who was registered in relation to the suspicious transaction by one bank in Kosovo. Also involved was the legal person **E.** from Delaware whose Director is natural person **3.** but the authorized natural person is **1.** The same person is also the authorized person for the private account of the natural person **3.** and business accounts of legal persons: **H, C, T** and **A.**
- ✓ Subject natural person **1.** is registered in criminal records in Pristina. Subject natural person **2.** is registered in database FIC Kosovo due to connections with legal person **E.** and as a business partner of the subject person **1.** and authorized person of the legal person **A.**

- ✓ Subject natural persons **1.** and **2.** together with natural person **4.** are Directors of the legal person **A.** Bank in Pristina recorded withdrawals from the account of the above mentioned legal person totaling 322.500 € done by the subject person. Natural person **4.** was also recorded for cash withdrawals.
- ✓ In 2008, the same bank is reporting an STR registered cash transaction in the amount of 326.357 € and in 2009. Cash transactions amounted to 600.000 € for the legal person **A.**
- ✓ FIU Montenegro received information from FIC Kosovo that EULEX requested information on the abovementioned **B.** and **C.** legal persons due to investigation for suspicion of committing criminal offence of corruption in the state owned legal persons.
- ✓ All gathered information was sent to prosecutor's office.

Thank you!