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Fourth Round Mutual Evaluation Report
Executive Summary

Anti-Money Laundering and Combating the Financing of Terrorism

MONACO

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Monaco is a member State of MONEYVAL. This evaluation was conducted by MONEYVAL. The report on the 4th assessment visit was adopted by MONEYVAL at its 42nd plenary meeting (Strasbourg, 16-20 September 2013).

LIST OF ABBREVIATIONS USED

AML	Anti-money laundering
AML/CFT	Anti-money laundering and combating the financing of terrorism
CFT	Combating the financing of terrorism
CSP	Company Service Provider
DNFBP	Designated non-financial business and profession
DSP	Directorate of Public Safety (the Monegasque police)
ETS	European Treaty Series [CETS = Council of Europe Treaty Series since 1 January 2004]
FATF	Financial Action Task Force
FIU	Financial intelligence unit
FT	Financing of terrorism
LC	Largely compliant
ML	Money laundering
NA	Not applicable
NC	Non-compliant
NPO	Non-profit organisation
PC	Partially compliant
SICCFIN	Financial Information and Monitoring Department (the FIU)
SR	Special recommendation
STR	Suspicious Transaction Report
UN	United Nations

I. EXECUTIVE SUMMARY

Background Information

1. This report summarises the major anti-money laundering and counter-terrorist financing measures (AML/CFT) that were in place in Monaco at the time of the 4th on-site evaluation visit (from 5 to 10 November 2012) and immediately thereafter. It describes and analyses these measures and offers recommendations on how to strengthen certain aspects of the system. The 4th MONEYVAL assessment round is a follow-up round, in which Core and Key (and some other important) FATF Recommendations have been re-assessed, as well as all those for which Monaco received non-compliant (NC) or partially compliant (PC) ratings in its 3rd round report. This report is not, therefore, a full assessment against the FATF 40 Recommendations and 9 Special Recommendations but is intended to update readers on developments concerning major issues in the AML/CFT system of Monaco.

Key Findings

- Monaco has one of the lowest registered crime rates, all offences included, in the world. No exhaustive evaluation of the risks specific to the Principality in the sphere of money laundering (ML) and the financing of terrorism (FT) was conducted in order to determine the specific potential risks in sectors and products. In the Principality, money laundering is thought to consist principally of the use of the financial system to launder the proceeds of offences committed abroad, in particular drug trafficking, fraud and corruption and the use of foreign-law legal entities for laundering purposes. The authorities consider that there is a fairly low risk of the laundering of money derived from domestic criminal activities. The risks of financing of terrorism are considered to be low.

- Money laundering and the financing of terrorism are to a large extent criminal offences in conformity with FATF standards, and powers of seizure and confiscation are fairly complete overall with respect to the various categories of assets and instruments to which confiscation must be applicable. The number of investigations, prosecutions, convictions and confiscations relating to money laundering recorded since 2006 is growing. However, compared to the size of Monaco, the number of convictions for money laundering does not necessarily seem proportional to what one might expect considering the scale of financial activities in the Principality.

- SICCFIN, Monaco's financial intelligence unit (FIU), is now the driving force of the system for combating money laundering and the financing of terrorism, and devotes the necessary energy to accomplishing its tasks, demonstrating efficiency and professionalism. Further measures remain necessary in order to improve the results of analytical activities, inter alia through increased staffing. The law enforcement system remains primarily response-based, with the vast majority of money laundering or terrorist financing cases opened by prosecuting authorities being initiated following notifications by SICCFIN.

- Since the 3rd evaluation, the Principality of Monaco has adopted a new legal and regulatory framework defining a complete arsenal of obligations to prevent money laundering and the financing of terrorism imposed on institutions and professions, both financial and non-financial, subject to reporting obligations; these new obligations were drafted taking into account the weaknesses identified during the 3rd evaluation and may be considered to be in conformity with the great majority of the requirements set out in the FATF Recommendations. Clear reservations must nevertheless be expressed as to the effective application of the relevant measures by certain categories of non-financial professions, particularly lawyers and jewellers, but also, to a lesser extent, legal advisers and estate agents.

- Where supervision is concerned, SICCFIN, the authority responsible for financial institutions and most categories of designated non-financial businesses and professions (DNFBPs), has also greatly reinforced, since the 3rd evaluation, the methods that it uses in order to exercise effectively its powers over financial institutions and certain categories of DNFBPs. However, further efforts remain necessary so that it more effectively exercises these powers over certain categories of non-financial professions, particularly legal advisers, jewellers, accountants and certified public accountants. It is also important that the State Prosecutor, who is legally responsible for supervising lawyers, notaries and bailiffs, take the necessary steps with a view to making it possible for him to effectively exercise this supervisory authority over the members of the legal professions concerned.
- Measures should also be taken to ensure that the range of administrative and criminal sanctions fully meets all FATF requirements (ensuring, inter alia, that those sanctions may be imposed against both the financial and non-financial institutions subject to reporting obligations and their leaders), and that those sanctions are effectively applied in the situations which so require, in order to guarantee their deterrent effect.
- The resources deployed in the sphere of international co-operation, particularly the processing of requests for mutual judicial assistance – including assistance with respect to the confiscation of assets –, as well as the development of useful case-law relating to the application of the offence of laundering, should be emphasised positively.

Legal Systems and Related Institutional Measures

2. Since the 3rd round evaluation, the amendments made to the provisions of the Criminal Code and Code of Criminal Procedure should be positively noted, particularly the amendment of the offence of laundering, with a broadening of the previously overly restrictive list of predicate offences, clarification of the offence of financing of terrorism – particularly of "act of terrorism" and "terrorist" –, and the introduction into the Criminal Code of the concept of confiscation of equivalent value and of the principle of criminal liability for legal persons. Where case-law is concerned, the Court of Revision stated in 2008 that prior conviction abroad was unnecessary for there to be conviction and confiscation for money laundering in Monaco. Act 1349 of 25 June 2008 introduced into the Criminal Code the principle of the criminal liability of legal persons. Although, at the time of the on-site visit, these provisions had not yet been applied in laundering cases, their deterrent effect is credible. New provisions on special investigation techniques have also been introduced.

3. The number of investigations, prosecutions, convictions and confiscations relating to money laundering has risen since the previous evaluation. Since 2006, there have been five convictions for laundering. Nevertheless, in view of Monaco's size, the number of money laundering convictions does not necessarily appear to be proportional to what might be expected from the scale of Monaco's financial activities, especially now that self-laundering has been made a criminal offence. Although encouraging, these results do not allow us to conclude that the current system is fully effective, given both the number and the types of cases analysed, which cannot be deemed significant where laundering is concerned.

4. Given the size of Monaco and the transnational nature of organised crime activities, the country's law enforcement authorities usually have to resort to international co-operation, and Monaco remains dependent on other countries' active support and on information about the predicate offence held by foreign authorities, in order to prosecute such offences effectively. The perpetrators of offences are often not in the country. The extended time necessary to obtain information from abroad has a definite impact on the length of Monegasque proceedings in such cases. Although the evaluation team understands that these types of cases are closely linked with placements of funds by non-residents, complicating local prosecution for laundering, it is important for Monaco to continue to develop well-established case-law with respect to autonomous prosecutions of laundering offences.

5. The seizure and confiscation system has a rather sound legal basis. In the event of a conviction for the offence of laundering or for designated predicate offences, a court may order the confiscation of any instrument, proceeds, direct or indirect profits, or the equivalent value of the proceeds. The intentional nature of an offence may be inferred from objective factual circumstances. Some deficiencies remain, however, for Monegasque legislation does not explicitly cover all aspects of the FATF Methodology's definition of "assets", and assets of equivalent value can only be confiscated when there is money laundering. Since the previous evaluation, while the number of confiscations is not large and such confiscations result mainly from requests made by other countries, the total value of the assets concerned has reached a significant amount. The recent trend towards a greater number of seizures and confiscations must be continued.

6. The legal framework and procedures allowing the freezing of funds or other assets belonging to terrorists, those who finance terrorism and terrorist organisations targeted by the Sanctions Committee under S/RES/1267(1999) or by other authorities (S/RES/1373(2001)) are not fully compliant with the requirements of Special Recommendation III.

7. The Financial Information and Monitoring Department (SICCFIN) was established in 1994. Act 1362 of 3 August 2009 on combating money laundering, the financing of terrorism and corruption and Sovereign Order 2318 of 3 August 2009 implementing that Act confirmed and strengthened the tasks initially assigned to SICCFIN by Act 1162 of 7 July 1993. SICCFIN is an administrative unit that forms part of the Ministry of Finance and Economy. As such, it has its own budget and follows the administrative rules applicable to government agencies. SICCFIN is the central national authority responsible for gathering, analysing and disseminating information in connection with the fight against money laundering, terrorist financing and corruption. The unit is also in charge of supervising the implementation of Act 1362 and of the application measures taken by all the institutions subject to the Act. Furthermore, under Sovereign Order 2318, SICCFIN can also suggest any statutory or regulatory amendment it considers necessary to combat money laundering, terrorist financing or corruption, and issue any instruction or recommendation that it deems appropriate with regard to the application of existing measures. In addition, SICCFIN contributes to raising AML/CFT and corruption awareness among all professions governed by the Act, provides the secretariat of the Liaison Committee since 2008, records and processes declarations concerning the cross-border transportation of cash and bearer instruments collected by the police (Directorate of Public Safety) in connection with checks carried out at the Principality's borders. Sovereign Order 2318 designated SICCFIN as an authority that specialises in combating corruption within the meaning of the Council of Europe Criminal Law Convention on Corruption of 27 January 1999 (ETS 173). At the time of the visit, SICCFIN had eleven staff members out of a total complement of thirteen posts, which represents a slight increase since the date of the 3rd evaluation, when it had nine posts.

8. Concerning the main functions of an FIU, insufficiencies have been observed with regards to the analysis of suspicious transaction reports (STRs), linked to an absence of formal procedures to conduct such analyses, of criteria for prioritising analyses (apart from the risk involved, whether the transaction has or has not been carried out), and of internal deadlines for dealing with cases. An increase of the FIU's staff remains necessary and these new recruits should receive adequate material means, training, up-to-date information and the appropriate tools to strengthen the analysis capacity. Further improvements can be made to the annual report, including by developing information on the typologies and methods of money laundering relevant to the specifics of the Principality; trends, in order to better contribute to the training of those concerned with the detection of indications of money laundering and the identification of risks; as well as more detailed statistics.

9. Since the last evaluation, the obligation to report suspicious transactions has been reformulated and covers all amounts recorded in the books and all persons concerned to the operations that could be related to money laundering, terrorist financing or corruption, as well as the facts that could be an indication of an offense of money laundering, terrorist financing or corruption. Similarly, a declaration form was developed by SICCFIN and technical communiques, aimed at explaining the use of this form, have been issued to the attention of professionals. The numerous

controls made by SICCFIN, both on-site and based on documents, and the large number of STRs submitted by financial institutions help to ensure the proper implementation of measures relating to suspicious transactions. It should also be noted that a conviction was imposed on three individuals for failure to report.

10. In terms of efficiency of STRs, statistics received reveal that the total number of statements remains constant and at a level which could correspond to what we should expect from a financial centre of the importance of the Principality. It is worth noting a rather reactive attitude of some financial institutions in the implementation of the reporting requirements, and a large number of statements relate to refusal of entry into a business relationship. The number of statements made by the non-banking sector is significant, although it should be noted that the number of STRs from the casino is dropping. In some non-financial sectors, there was inadequate knowledge of the scope of the obligation to report when a transaction is refused or cannot be completed by the customer's fault. A significant number of statements stem from Company Service Providers (CSPs). The contribution of other categories of professionals subject to the detection of suspicious transactions appears very limited, and generally in decrease since 2011. As for reports of suspected terrorist financing, SICCFIN has so far received no returns. In terms of terrorist financing, the requirement seems to have been understood by entities as only implying, in practice, a declaration of operations by listed individuals. Therefore, additional efforts are needed to analyse the possible reasons related to the limited implementation of the obligation to report suspicions, particularly in terms of terrorist financing, and to ensure, when necessary through awareness-raising, that reporting entities adequately understand the scope of this obligation and implement it effectively.

11. Between 2007 and 2011, the number of cases submitted to the Prosecutor's Office has not increased, although the number of STRs has increased significantly. The number of transmissions to the prosecution appears to be relatively modest in comparison to other financial places, despite a significant expansion of the scope of the offense of money laundering. At the time of the on-site visit, three transmissions had resulted in convictions for money laundering.

12. As for the actions of law enforcement authorities, the vast majority of investigations is initiated following a SICCFIN report. There were very few procedures following the activities of the Prosecution or the DPS. This is why previous conclusions and recommendations were reiterated. The law enforcement system is essentially reactive, the police or the prosecution failing to engage investigations related to money laundering and terrorist financing of their own accord. The authorities shall take the necessary measures to analyse the reasons for this practice and find solutions adapted to the Monegasque context. Consideration should be given to develop guidelines to assist the authorities in their investigations in order to increase the results in terms of effectiveness of investigations and prosecutions.

13. Since the last evaluation, the system for monitoring cross-border movements of currency and bearer instruments has been modified and made more precise by Act 1362 of 3 August 2009 on combating money laundering, the financing of terrorism and corruption and by Sovereign Order 2318 of 3 August 2009, as amended, laying down the conditions for the application of Act 1362. Any natural person entering or leaving the territory of the Principality in possession of cash or bearer instruments with a total value exceeding an amount fixed by sovereign order shall, at the request of the supervisory authority, make a declaration using the form provided for this purpose. The amount beyond which the declaration must be made is set at 10 000 euros (Article 49 of Sovereign Order 2318 of 3 August 2009, as amended). Since the introduction of the declaration system, no retention decisions have been taken, nor has any failure to comply with the obligation to file a declaration been observed. The implementation measures seem insufficient to ensure an effective implementation of this system.

Preventive Measures – Financial Institutions

14. Since the 3rd evaluation, the Principality of Monaco has adopted a number of measures to remedy the shortcomings previously identified, and the on-site visit in connection with the 4th evaluation

round revealed that the Monegasque authorities had taken some significant steps in this context, which had reinforced the AML/CFT measures.

15. The Monegasque legislation and regulations setting out the obligations incumbent on financial institutions and designated non-financial businesses and professions with respect to the combating of money laundering and the financing of terrorism have been reformed in depth by a law and a sovereign order dated 3 August 2009, the sovereign order having been further improved on several points by a sovereign order of 26 October 2012.

16. These numerous amendments have resulted in significant changes that constitute a response to the great majority of the observations set out during the 3rd round evaluation, particularly with respect to Recommendations 5 (customer due diligence), 7 (correspondent banking), 9 (reliance upon third parties), 10 (record keeping), 11 (unusual transactions), 21 (countries posing risks and counter-measures) 15 (internal controls) and 22 (foreign branches and subsidiaries), as well as Special Recommendation VII (funds transfers). The 4th evaluation, in contrast, did not cover Recommendations 6 (new technologies) and 8 (politically exposed persons), rated LC at the time of the 3rd round evaluation.

17. The new legal and regulatory texts significantly improved the clarity and quality of the definition of due diligence requirements imposed on financial institutions. They have provided a satisfactory response to most of the numerous instances of lack of precision highlighted in this area by the 3rd evaluation of Monaco. Nevertheless, the evaluation team still found areas in which the rules could be improved, particularly with respect to the identification of beneficial owners. Similarly, taking account of the very significant development of wealth management activities in the Principality, the evaluation team feels that the Monegasque authorities should better ensure that financial institutions carrying out those activities take adequate account of the associated risks of money laundering in their risk-based approach. Subject to these reservations, the evaluators found that the level of conformity of the new legal and regulatory provisions in force with FATF Recommendation 5 is currently high.

18. The meetings with various Monegasque financial institutions and their professional associations also enabled the evaluators to consider that those institutions, generally speaking, have good knowledge of their duties and a high level of awareness of the risks that they face to their reputation and in legal terms. Furthermore, the quality of the supervision to which they are subjected has clearly increased since the 3rd evaluation. On this basis, the evaluators feel that the degree of effectiveness of implementation of due diligence requirements in the financial sector is generally satisfactory.

19. Similarly, the rules applicable to correspondent banking have been significantly improved where Recommendation 7 is concerned. While those rules could still be improved on certain points, it should be noted that correspondent banking seems to be a very limited, even marginal, activity in the Principality, as also verified by SICCFIN in the course of its checks. Furthermore, the representatives of financial institutions met by the evaluation team emphasised that most of these Monegasque institutions are subsidiaries or branches of major European bank groups, and that they benefit from their parent companies' support for the implementation of certain aspects of the AML/CFT measures.

20. Where Recommendation 9 is concerned, the statutory and regulatory provisions governing the employment of an introducer now meet most of the requirements of that Recommendation. The professionals met by the evaluators pointed out that the use of third parties remained limited, or was very rare, in the field of management activities, and that in practice they themselves undertook the work of establishing and verifying the identities of all their customers, even in cases where the latter were passed on to them by a third party.

21. Where the retention of documents and data on their customers is concerned (Recommendation 10), the few weaknesses identified during the 3rd evaluation have been rectified, so that the statutory framework now includes the relevant provisions. The authorities have, furthermore, all confirmed that they have no difficulty in speedily obtaining information and documents relating

to clients and transactions from the financial institutions. Nevertheless, the evaluation team expresses some reservations about effectiveness, because of the differing interpretations of the statutory and regulatory AML/CFT provisions by the different Monegasque authorities, as a result of apparent conflicts with the legislation on the protection of personal data (cf. below).

22. As to enhanced due diligence with regard to unusual transactions (Recommendation 11), it may be concluded, in general terms, that the systems and software which financial institutions are required to use do permit effective detection of unusual transactions requiring close examination. In terms of the checks carried out by SICCFIN in this context, particular attention is given to the way in which professionals carry out their due diligence obligations relating to complex or unusual transactions. It is nevertheless regrettable, as stated before, that the attention of financial institutions engaging in wealth management activities has not been sufficiently drawn to the need to define, in connection with these computing facilities, specific and appropriate risk criteria to take into account the particular risks associated with such activities.

23. Where relations with higher-risk countries (Recommendation 21) are concerned, it should be noted that, until recently (i.e. prior to the entry into force of a ministerial order of 4 October 2012), no foreign court had been designated by the authorities as requiring the application of enhanced diligence measures. In this respect, the evaluators take the view that the effectiveness of the implementation of enhanced diligence measures, for which Article 11 of the Act provides, cannot yet be guaranteed. SICCFIN has nevertheless indicated that it satisfies itself, during its checks, that the internal procedures of entities subject to reporting obligations do include the provisions of the relevant ministerial orders, and that those transactions which involve a counterpart established in one of the listed countries have actually been the subject of a special examination report and, where appropriate, of the required declaration.

24. The internal control and organisation obligations are in conformity with Recommendation 15, with the exception of the absence of a requirement for financial institutions to ensure the integrity of their employees when hiring.

25. With respect to Recommendation 22, the Monegasque system does not require financial institutions to apply enhanced due diligence vis-à-vis their subsidiaries and branches located in countries which do not, or insufficiently, apply FATF Recommendations. It should nevertheless be noted that most Monegasque banking institutions are subsidiaries or branches of foreign financial institutions (mostly European or Swiss). Consequently, they not only apply monitoring measures for which Monegasque regulations provide but also, complementarily, measures introduced at group level. Furthermore, there are very few Monegasque financial institutions operating abroad, and none of these are located in one of the countries considered to be not, or insufficiently, applying FATF Recommendations.

26. Lastly, with respect to the rules applicable to wire transfers, these seemed to be in conformity with the requirements of Special Recommendation VII, with the exception of a relaxation, justified by the specific characteristics of the Principality and of its relations with France, concerning the payment of salaries, annuities or pensions.

Preventive measures – Designated Non-Financial Businesses and Professions (DNFBP)

27. Customer due diligence obligations imposed on designated non-financial businesses and professions have also been supplemented since 2006 and seem, for the most part, to meet the requirements of Recommendation 12. For most of these professions the relevant statutory and regulatory obligations are identical in scope to those of financial institutions. The improvements made to the statutory and regulatory framework since the 3rd round evaluation accordingly also concern designated non-financial businesses and professions.

28. As regards the implementation of ALM/CFT obligations by designated non-financial businesses and professions, the evaluation team noted that the situation varied greatly from one sub-sector to another.

29. Concerning Company Service Providers, which have long been regarded as financial institutions under Monegasque law and which, in that capacity, have been effectively applying preventive measures for a very long time, the level of compliance with their obligations and the effectiveness of preventive measures can be considered similar to the findings made regarding the finance sector as a whole.

30. The casino (which enjoys a monopoly in Monaco) has also made significant efforts since 2007, with a view to better meeting the anti-money laundering objectives. The evaluators nonetheless consider that further efforts are still necessary, in particular to prevent customers from escaping the identification process, given the lack of a system permitting the systematic aggregation of transactions carried out by the same customer that fall below the identification thresholds, and to guarantee the application of enhanced customer due diligence with respect to high risk customers or those qualifying as politically exposed persons.

31. However, in the case of certain newly designated professions, the full effective application of their obligations cannot yet be guaranteed. This applies in particular to legal advisors, real estate agents and jewellers.

32. The position adopted by lawyers is specific, in that, at the time of the on-site visit, they continued to maintain that they should be excluded from the scope of the Act. Therefore, as compared with 2006, no positive trend in the effectiveness of compliance with their ALM/CFT obligations could be noted.

Supervision, guidance and sanctions applicable to financial institutions and DNFBPs

33. Under the law, SICCFIN is competent for supervising compliance with the prevention obligations by financial institutions and most categories of DNFBPs. However, in the case of lawyers, notaries and bailiffs this competence is assigned to the State Prosecutor.

34. As regards SICCFIN, the evaluators noted that the human and technical resources at its disposal specifically to enable it to fulfil its role as supervisory authority had been considerably reinforced since 2006. As a result, both documentary checks (principally based on an examination of the annual reports submitted by the persons responsible for AML/CFT in financial institutions, of their auditors' annual reports and of the ALM/CFT questionnaire they must complete on an annual basis) and on-site inspections have been significantly stepped up since 2006. Discussions with financial institutions' and CSPs' representatives confirmed that such supervision is regular, intensive and effective.

35. The monitoring measures applied to most of the non-financial professions coming under SICCFIN's supervision seem to have been comparable with those carried out in the case of financial institutions. Although the evaluators found that real estate agents showed a relatively low degree of awareness and understanding, SICCFIN has taken action to reinforce its supervision towards them, which should help improve the effectiveness of prevention in this sector. Conversely, SICCFIN has not yet exercised its supervisory powers with what could be regarded as sufficient intensity with respect to the most recently designated professions, in particular legal advisors and jewellers, nor with respect to chartered and other accountants.

36. Concerning the State Prosecutor's supervisory competence with respect to notaries, bailiffs and lawyers, the evaluation team noted that a first on-site inspection had been carried out with regard to a notary. At the time of the on-site evaluation visit, the human and technical resources necessary to the exercise of this competence and the methods to be used had not yet been determined. This being the case, the level of effectiveness of supervision of these professions is inadequate.

37. As regards guidance issued by SICCFIN, the evaluation team considers that it does not cover all the obligations placed on financial institutions. Nonetheless, those institutions' representatives informed the evaluators that their frequent contacts with SICCFIN, in particular at meetings of the Liaison Committee, and the regular informal exchanges with that body usefully supplement the published guidance. It was nonetheless recommended that SICCFIN gradually expand and

structure this guidance. The Monegasque authorities should also issue guidance for the legal professions coming under the State Prosecutor's supervision, since no such guidance exists at present.

38. The range of sanctions that may be applied to financial institutions and DNFBPs which fail to comply with their prevention obligations has been extended since 2006 so as to include the possibility of imposing fines, as recommended in the 3rd round evaluation report. However, it was found that the law and regulations needed to be clarified regarding certain aspects of the procedure for applying such sanctions. In addition, in view of the short time since the adoption of the anti-money laundering legislation, it is still not possible to fully assess the effectiveness of sanctions. Furthermore, the administrative sanctions provided for cannot yet be imposed on either financial or non-financial institutions, nor on their managers and directors. The situation is therefore still unsatisfactory from this perspective.

Legal persons and arrangements and non-profit organisations (NPO)

39. The legal rules governing the constitution of trusts in, or their transfer to, Monaco impose stricter constraints than other legal systems which recognise trusts. It appears that these constraints may be such as to limit the use that can be made of trusts in the Principality and make them less attractive to persons who might potentially have recourse to them. These constraints may explain the relatively small number of trusts registered in Monaco (46). There is no "fiducie" in Monegasque law. The method employed by the Monegasque authorities to obtain relevant information on trusts and their beneficial owners is based on a combination of lists and individual files kept by the Court of Appeal and recourse to the information held by professionals subject to Act 1362 (notably trustees) in accordance with the Act's due diligence requirements. Improvements remain necessary, especially to provide a basis in law or regulations to the trust-related files kept by the Court of Appeal, to guarantee that the information contained in them is comprehensive, accurate and up to date, and to ensure the implementation of the obligation by the professionals concerned to report adequate and complete information to the authorities.

40. The legislation on associations and federations, which passed in 2008, has led to an expansion of the non-profit sector. Despite the legislative changes, there are still numerous shortcomings in the implementation of Special Recommendation VIII concerning the NPO sector. The authorities indicated that there were virtually no risks associated with the potential misuse of this sector, but have conducted no review of the adequacy of their legislation and regulations and no assessment of the risks or the potential for misuse of such organisations for terrorist financing purposes.

National and international co-operation

41. There is effective co-operation between the various authorities at national level. It should also be noted that, until late 2012, there was no institutionalised co-operation and coordination mechanism consisting solely of the senior government officials involved, the FIU, the prosecution authorities, the supervisory authorities and the other competent authorities. It was recommended that the Monegasque authorities fully implement the new co-operation mechanism. They should also reinforce the coordination mechanism bringing together the senior government officials involved, the FIU, the prosecution authorities, the supervisory authorities and the other competent authorities in order to permit joint reviews of the risks in ML/FT matters to which the Principality is exposed, to carry out regular assessments of the effectiveness of the various bodies playing a role in combating ML/FT on the basis of well-defined qualitative and quantitative criteria, to develop an AML/CFT strategy, etc.

42. In the 3rd round the evaluation team noted certain weaknesses in the field of mutual legal assistance regarding both the implementation of the international conventions and the possibility of acting on all requests for mutual assistance in connection with money laundering investigations. This no longer seems to apply in view of the broadening of the range of predicate offences. In addition, the number of requests for mutual assistance executed (including requests seeking freezing or confiscation measures), the time needed to execute them and the resources available for the related investigations and procedures lead to the conclusion that there is quite

clearly effective compliance in this field. The possibility of direct relations between judicial authorities remains incomplete in some respects, but the ratification of the European Convention on Mutual Assistance in Criminal Matters of 1959 and of other relevant conventions has helped to improve the situation in these matters. Concerning the capacity for mutual assistance regarding terrorism, no requests of this kind have been received so far, but quite comprehensive assistance would be possible in this area.

43. Overall, international co-operation at the level of the police and with foreign FIUs seems to be functioning in a satisfactory manner. However, it was noted that the number of requests made by the Monegasque FIU was relatively low in the light of the international diversity of the foreign clientele using the Monegasque financial system. Requests are dealt with within an appropriate timeframe. Neither the police nor the FIU have ever received or made any request relating to the financing of terrorism.

Other aspects

44. The report raises concerns about the consequences of the application of the Act of 1 April 2009 concerning personal data protection. The publications and decisions made by the data protection authority (Commission de Contrôle des Informations Nominatives) pursuant to this new legislation could impede the effective implementation of a number of, sometimes essential, statutory and regulatory AML/CFT obligations by the persons subject to them. This fear was confirmed by discussions with representatives of the various categories of professionals concerned. It is therefore necessary that all relevant authorities initiate a constructive dialogue aimed at identifying, as soon as possible, appropriate solutions for eradicating the legal uncertainty with which these professionals currently have to contend, so as to enable them to comply fully and simultaneously with both their personal data protection obligations and obligations in AML/CFT matters.

Table of ratings of Compliance by the Principality of Monaco with the FATF Recommendations

The rating of compliance vis-à-vis the FATF 40+ 9 Recommendations is made according to the four levels of compliance mentioned in the AML/CFT assessment Methodology 2004 (Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC)), or could, in exceptional cases, be marked as not applicable (N/A). These ratings, which relate only to essential criteria, is defined as follows:

Compliant	The Recommendation is entirely respected with regards all essential criteria.
Largely Compliant	The regime only has minor shortcomings, the vast majority of the essential criteria being fully met.
Partially Compliant	The State or territory has taken substantive action and complies with a number of essential criteria.
Non-Compliant	The regime has significant shortcomings, the majority of criteria not being met.

The following table sets out the ratings of Compliance with FATF Recommendations which apply to the Principality of Monaco. *It includes ratings for FATF Recommendations from the 3rd round evaluation report that were not considered during the 4th assessment visit. These ratings are set out in italics and shaded.*

Forty Recommendations	Rating	Summary of factors underlying rating[1]
Legal systems		
1. Money laundering offence	**LC**	• Effectiveness: (1) disparity between the number of investigations and the number of prosecutions/convictions leading to numerous proceedings being discontinued; (2) results seem to indicate difficulties in conducting investigations and indictments for money laundering as an autonomous offence.
2. Money laundering offence Mental element and corporate liability	**LC**	• Effectiveness: (1) although the applicable penalties are likely to be dissuasive, the number of convictions of natural persons to date remains low; (2) for lack of money laundering cases involving the criminal liability of legal persons, it is impossible to assess the measure's effectiveness.
3. Confiscation and provisional measures	**LC**	• The Monesgasque legislation does not explicitly cover all the aspects of the definition of "assets". • Assets of equivalent value can only be confiscated where there has been money laundering. • Effectiveness: small number of confiscations in

[1] These factors are only required to be set out when the rating is less than Compliant.

		comparison to the number of investigations.
Preventive measures		
4. Secrecy laws consistent with the Recommendations	**LC**	• Uncertainty as to whether implementation of the FATF recommendations is fully effective owing to the diverging interpretations of the statutory and regulatory AML/CTF provisions by the various Monegasque authorities, resulting from apparent conflicts with the legislation on protecting personal data.
5. Customer due diligence	**LC**	• The obligation to identify beneficial owners contains a number of instances of imprecise wording, especially concerning: – the obligation to ensure under all circumstances that customers who are natural persons act on their own account or that of the beneficial owner, including in the case of occasional customers; – the ambiguity concerning the identification of beneficial owners of occasional clients; – the possibility to have a restrictive interpretation concerning the identification of beneficial owners of legal persons that own less that 25% of the latter; – some imprecise wording and ambiguities concerning the identification of beneficial owners in the case of life insurance contracts. • The exemption to the due diligence obligations in Article 8 of Act 1362 cannot be considered a reduction in the intensity of these measures in accordance with Recommendation 5. • The measures regulating business relationships pending the verification of the identity of customers identified through remote channels need to be strengthened. • The execution of transactions for the account of occasional customers is not explicitly prohibited in the event of inability to discharge the duties of due diligence. • The statutory obligation to identify beneficial owners in accordance with the new statutory and regulatory provisions is not extended to existing customers. • Effectiveness: (1) In connection with the risk-based approach, no recommendation from the authorities to financial institutions seeks to take account of the risks specifically associated with asset management, which is a key activity of the financial sector. (2) Strict interpretation of the statutory provisions on the protection of

		privacy is likely to constitute an obstacle to the effective implementation of the due diligence obligations.
6. Politically exposed persons	*LC*	• *Mandatory provisions are too recent to be able to fully assess their effectiveness;* • *General problem of effectiveness related to SICCFIN's insufficient means of control.*
7. Correspondent banking	**LC**	• The obligations concerning correspondent banking relationships (including those involving the maintenance of payable-through accounts) do not apply to relations with credit or financial institutions established in a state whose legislation contains provisions considered equivalent to Monegasque law. • The term "appropriate management level" has not been formally explained to financial institutions so as to guarantee that it is interpreted as covering "senior management".
8. New technologies and non face-to-face business	*LC*	• *Existing measures do not include the requirement for financial institutions to put in place policies or measures necessary to prevent the misuse of new technologies for the purposes of money laundering or terrorist financing (although France's regulatory framework, which is also applicable, appears to limit risks).*
9. Third parties and introducers	**LC**	• No instruction or recommendation aimed at helping professionals to implement these provisions has been issued by the competent authorities, apart from the details provided in Article 19 of SO 2318 with regard to assessing the equivalence of the AML/CFT legislation and controls applied in the country where the third party is based.
10. Record keeping	**LC**	• Reservations concerning the effectiveness of the retention of identification data owing to the diverging interpretations of the statutory and regulatory AML/CTF provisions by the various Monegasque authorities resulting from apparent conflicts with the legislation on protecting personal data.
11. Unusual transactions	**LC**	• Lack of any specific recommendation concerning the detection of atypical transactions in the context of asset management, which is one of the main activities pursued in the Monegasque finance market, and of activities involving large cash transactions.

12. DNFBPs – R.5, 6, 8-11[2]	**PC**	*Formal scope,* rationæ personæ • Application of the rules to lawyers does not cover situations in which they act to prepare or perform on a customer's behalf transactions connected with the management of capital, securities or other assets belonging to that customer, or transactions relating to the management of his bank, savings or securities accounts. *Application of Recommendation 5 (summary and cf. section 3.2):* • The obligation to identify beneficial owners is vague on a number of points.. • The statutory obligation to identify beneficial owners under the new statutory and regulatory provisions should be extended to existing customers. • The measures required for business relationships pending verification of the identity of customers identified remotely should be tightened up. • The performance of transactions on behalf of occasional customers should be prohibited if the requirements of due diligence cannot be met. • The statutory obligation to identify beneficial owners under the new statutory and regulatory provisions should be extended to existing customers. • Strict interpretation of the statutory provisions on privacy protection is likely to inhibit the effective enforcement of due diligence obligations. *Application of Recommendation 10 (summary and cf. section 3.5)* • Reservations concerning effectiveness due to (1) continuing doubts about implementation of the rules by DNFBPs, *inter alia* because the various Monegasque authorities interpret the statutory and regulatory AML/CFT provisions differently in the wake of apparent conflicts with the personal data protection laws, and (2) the comments made about the lack of effective scrutiny procedures for certain categories of DNFBPs and the absence of penalties in this

[2] The review of R.12 has taken into account the recommendations which are evaluated in the present report. Furthermore, it has also taken into account the conclusions of the third round mutual evaluation report concerning R. 6 and 8.

		context. *Application of Recommendation 11 (summary and cf. section 3.6)* • The authorities have not given DNFBPs examples, in a manner appropriate to the diversity of activities engaged in by these professionals, of transactions which are particularly likely to be linked to money laundering or terrorism financing and which require enhanced due diligence. *Effectiveness of the Monegasque rules on AML/CFT in the DNFBP sector* • It cannot be said that the rules on AML/CFT are effectively applied by lawyers. • Application by casinos of customer identification thresholds is imperfect given that there is no efficient system for calculating the total value of successive transactions by one customer, each of which is for a value lower than the identification threshold. • The level of understanding of the risks by professionals is relatively poor, so that the rules are likely to be less effective. • Full compliance with AML/CFT obligations cannot as yet be guaranteed in many sectors which include DNFBPs, firstly because of the continuing inadequacy of awareness and understanding of their obligations and secondly because of the practical difficulties which some categories of professionals experience in discharging their new obligations.
13. Suspicious transaction reporting	**LC**	• Effectiveness: (1) No guidelines on reporting of suspicious transactions. (2) There are doubts as to the quality and exploitability of STRs; (3) There are reservations on the effective implementation of the obligation, as some financial institutions have a rather reactive approach in the implementation of the reporting obligation and some believe that if SICCFIN has decided to take no further action on a report, the business relationship is then put on a normal footing and it is no longer necessary to report subsequent suspicions.
14. Protection and no tipping-off	*C*	
15. Internal controls, compliance and audit	**LC**	• Financial institutions are not required to introduce appropriate procedures for hiring employees, in order to ensure that this is done on the basis of high standards.

16. DNFBPs – R.13-15 & 21[3]	**PC**	• Ambiguities exist in the non-financial sector as to whether or not all cases of attempted transactions (including before the beginning of the business relationship) are covered. • The insufficiencies identified in regard to Recommendations 15 and 21 apply to the non-financial professions. • Effectiveness: (1) doubts exist as to the quality of suspicious transaction reports and their usefulness; (2) the number of reports from sectors other than that of CSPs is too small; (3) insufficient awareness of the scope of the requirement to report suspicious transactions in some financial sectors regarding the obligation to report cases where a transaction is refused or cannot be completed due to fault on the customer's part.
17. Sanctions	**PC**	• The legislation and regulations do not describe the procedure for imposing sanctions clearly and in sufficient detail, which could lead to judicial challenges to the penalties imposed. • In the absence of clear and detailed provisions, the authority to impose sanctions vested in the Minister of State could be interpreted as a strictly discretionary power, which could reduce the effectiveness of the administrative penalties. • The administrative penalties prescribed in the legislation cannot be imposed on the managers of financial institutions. • The criminal penalties prescribed by the legislation that may be ordered against the managers of financial institutions do not cover all the breaches of their AML/CFT obligations. • The complexity of the scope of the various criminal provisions in the legislation and the lack of clarity in their intrinsic logic could have a detrimental impact on their deterrent effect. • The sanctions system appears to be relatively ineffective.
18. Shell banks	*LC*	• *Mandatory provisions relating to the criteria R. 18.2 and 18.3 are too recent to assess their effectiveness.*
19. Other forms of reporting	*C*	

[3] The review of R.16 has taken into account the recommendations which are evaluated in the present report. Furthermore, it has also taken into account the conclusions of the third round mutual evaluation report concerning R. 14.

20. Other DNFBPs and secure transaction techniques	*C*	
21. Special attention for higher risk countries	**LC**	• Serious reservation as regards the effectiveness and the stability of the mechanism allowing the authorities to ensure that financial institutions take due account of the regular updates of the results of the analyses conducted by the FATF at each of its plenary meetings. • Implementation of the increased diligence requirement too recent to permit an evaluation of its effectiveness.
22. Foreign branches and subsidiaries	**LC**	• Monegasque legislation does not place a requirement on financial institutions to apply enhanced diligence vis-à-vis their subsidiaries and branches located in all countries which do not or insufficiently apply the FATF Recommendations, so as to ensure that these subsidiaries and branches comply with the AML/CFT measures laid down in Monegasque legislation. However, the number of subsidiaries and branches is very limited and all these offices are located in other European countries.
23. Regulation, supervision and monitoring	**LC**	• There are shortcomings in the legislation and regulations governing the monitoring of shareholder profiles in the non-bank financial sector. • There are shortcomings in the legislation and regulations governing the monitoring of managerial integrity in the non-bank financial sector. • There is still an insufficient number of on-site inspections of insurance intermediaries. • There are no written procedures for documentary checking and on-site inspections to ensure the continuity of supervision in all circumstances.
24. DNFBPs - Regulation, supervision and monitoring	**PC**	• As regards professionals covered by the FATF, there are serious concerns as regards current the application of an effective form of monitoring of all legal councils and chartered accountants. • Lawyers and bailiffs cannot be considered as being subject to effective monitoring of compliance with their obligations. • The administrative sanctions foreseen by the law cannot be imposed against the managers of DNFBPs. • The criminal sanctions foreseen by the law with respect to the managers of financial institutions

		do not cover all violations of their AML-CFT obligations; the same is true of the DNFBPs referred to in Article 2 of the Act. • The complexity of the criminal provisions foreseen by the law, due to a scope of application ratione personae and an intrinsic logic that is difficult to grasp, reduces their deterrent effect. *Effectiveness of Monaco's system of sanctions in the DNFBP sector* • In the absence of any effective monitoring of lawyers, bailiffs and accountants that could lead to disciplinary action against these professionals in the event of non-compliance with their AML-CFT obligations, these sanctions regimes cannot for the moment be considered to be effective in the context of AML-CFT. • The degree of effectiveness of the system of sanctions appears, overall, to be relatively weak.
25. Guidelines and Feedback	**PC (consolidated rating)**	• The guidelines issued by SICCFIN do not cover all the issues covered by the FATF Recommendations and remain very brief and fragmentary. • Lack of guidelines sent by the State Prosecutor to bailiffs, notaries and lawyers under his authority. • Annual reports SICCFIN contain little information about the methods and techniques of money laundering and the evolution of the phenomenon.
Institutional and other measures		
26. The FIU	**PC**	• Absence of a written procedure for analysing STRs. • Effectiveness: (1) the FIU performs a number of functions leading to a finding of a lack of focus on its principal role. (2) Lack of in-depth analysis of STRs. (3) The human resources allocated to the FIU for its main function of carrying out financial analyses do not enable it to discharge that function properly.
27. Law enforcement authorities	**PC**	• The law enforcement system remains primarily response based. The vast majority of money laundering or terrorist financing cases opened by the prosecuting authorities are initiated following notifications by SICCFIN.

		• The effectiveness of the system has not been established owing to the limited number of money laundering investigations and proceedings.
28. Powers of competent authorities	*C*	
29. Supervisors	**LC**	• SICCFIN's authority to impose or advise the Minister of State to impose the administrative penalties laid down in the legislation does not include that of imposing them or recommending their imposition on the managers of financial institutions. • It cannot be concluded from the number of penalties imposed on financial institutions in recent years that these powers are being used in a fully effective manner.
30. Resources, integrity and training[4]	**PC (consolidated rating)**	<u>FIU</u> • The human resources allocated to the FIU for financial analysis are not adequate. • Need to supplement the training of financial analysts and to provide them with technical means enabling them to strengthen the analysis. <u>Prosecution authorities</u> • Regular participation in specialised training is necessary so as to strengthen the authorities' knowledge and expertise in respect of investigations and the prosecution of ML and FT offences and also of economic and financial misconduct. <u>Directorate for Public Security (the department responsible for controlling cross-border movements of currency and bearer instruments</u> • It has not been demonstrated that the Directorate for Public Security (the department responsible for controlling cross-border movements of currency and bearer instruments) is suitably structured or financed or that it has the staff and technical resources to implement in full its role under SR. IX. • It has not been demonstrated that its staff has appropriate abilities, or that they have received appropriate training relevant to combating money laundering and the financing of terrorism.

[4] The review of Recommendation 30 has taken into account the Recommendations that are rated in this report. In addition, it also took into account the findings of the third mutual evaluation report on Recommendation 27.

		Supervisory authorities • In 2011 the resources allocated by SICCFIN to documentary checks appeared to be insufficient to ensure the exhaustive processing of information received within a reasonable time. • The means of control necessary for the exercise by the State Prosecutor of his powers vis-à-vis lawyers, bailiffs and notaries had not yet been determined at the time of the on-site visit.
31. National co-operation	**LC**	• Effectiveness: formalised coordination between the FIU and the police remains to be implemented.
32. Statistics[5]	**PC (consolidated rating)**	• The Principality of Monaco has not put in place an efficient and regular mechanism to measure the overall efficiency of its AML/CFT system. • More detailed statistics on the persons and transactions concerned by STRs are lacking. • The statistics held by the authorities do not enable declarations relating to the physical cross-border transportation of currency to be distinguished from those relating to negotiable bearer instruments. • Absence of detailed, clear and complete statistics relating to requests made by Monaco.
33. Legal persons – beneficial owners	**LC**	• *Assessment in the light of previous comments on the need to perfect the existing framework with regards to the identification of beneficial owners of corporations and trusts and the control of legal persons.*
34. Legal arrangements – beneficial owners	**PC**	• The files on trusts kept by the Court of Appeal have no basis in law or regulations ensuring the lasting provision of comprehensive, accurate and up-to-date information. • The rectification of the imperfection in SO 2318 as to the concept of beneficial owner is too recent to be able to say that there is no longer any risk of inadequate or incomplete information being provided to the authorities by the professionals concerned. • In the absence of relevant information, the evaluators were unable to satisfy themselves that, in practice, the competent authorities can actually obtain timely information on the beneficial owners of trusts.

[5] The review of Recommendation 32 has taken into account the Recommendations that are rated in this report. In addition, it also took into account the findings of the third mutual evaluation report on Recommendation 39.

International Co-operation		
35. Conventions	**LC**	*Implementation of the Vienna and Palermo Conventions* • Monaco has ratified but not fully implemented certain provisions of the Vienna and Palermo Conventions as indicated in the report.
36. Mutual legal assistance (MLA)[6]	**LC**	• An advance payment of costs may be required from the requesting country as a condition of execution.
37. Dual criminality	*LC*	• *Due to the restrictive wording of art.218 of the Penal Code as introduced by Law No. 1161.*
38. MLA on confiscation and freezing	**LC**	• Certain obstacles to mutual assistance remain, however, notably with respect to the confiscation of property of corresponding value. • An advance payment of costs on the part of the requesting country may be demanded as a condition for the execution of a request for mutual assistance. • The shortcomings identified in regard to SR. III may limit the possibilities for Monaco to carry out the subsequent confiscation of property.
39. Extradition	*LC*	• *Due to the restrictive wording of art.218 of the Penal Code as introduced by Law No. 1161 and the lack of information on the processing time.*
40. Other forms of co-operation	**PC**	• Co-operation between FIUs: provisions of Article 28 of Act 1362 too restrictive as regards the scope of exchanges. • The police is not able to provide the widest range of international co-operation as regards their functions relation to the detection of physical cross-border transportation of currency or bearer instruments since they retain no data in these matters. • Effectiveness: (1) the statistical data give the impression that the FIU has a non-proactive approach to international co-operation; (2) significant decline in requests sent to other FIUs; (3) the information provided did not enable the evaluation team to verify the effectiveness of police co-operation with foreign counterparts.
Nine Special Recommendations		

[6] The review of Recommendation 36 has taken into account the Recommendations that are rated in this report. In addition, it also took into account the findings of the third mutual evaluation report on Recommendation 28.

SR.I Implement UN instruments	**LC**	• Some insufficiencies remain in the implementation of certain provisions of the Terrorist Financing Convention as indicated in the report (e.g. as regards controls on cross-border transportation of cash). • Shortcomings remain in the implementation of UN Resolutions 1267 and 1373.
SR.II Criminalise terrorist financing	**C**	
SR.III Freeze and confiscate terrorist assets	**PC**	• The existing legal framework does not cover assets held jointly by designated persons, terrorists, those who finance terrorism or terrorist organisations, on one hand, or a third party or third parties, on the other hand. • The procedure for freezing funds occurs late and is not implemented without delay. • Lack of clear instructions or guidance to non-financial institutions and other persons or entities that may be holding funds or other assets. • Lack of legislation and effective procedures for examining actions taken under other countries' freezing mechanism (apart from France) and for giving effect thereto if appropriate. • The public cannot easily obtain information on the listing/delisting and freezing/unfreezing procedures. • The system's effectiveness has not been established.
SR.IV Suspicious transaction reporting	**LC**	• Effectiveness: There are question marks over the level of effectiveness (cf. the analysis of Rec. 13), including with regard to the requirement to report suspicions of TF.
SR.V International co-operation[7]	**LC (consoli-dated rating)**	• Certain reservations are noted in relation to the rapid freezing of assets linked to terrorism. • Impossibility of confiscating property of corresponding value in certain situations connected with terrorism. • Co-operation between FIUs: provisions of Article 28 of Act 1362 too restrictive as regards the scope of exchanges. • Effectiveness: effectiveness of co-operation in matters relating to the financing of terrorism cannot be evaluated as no such co-operation

[7] The review of Special Recommendation V took into account the recommendations that are rated in this report. In addition, it took into account the findings of the third mutual evaluation report for Recommendations 37 and 39.

		exists.
SR.VI AML requirements for money/value transfer services	*LC*	• *Beyond the legal provisions of general application relating to the exercise of economic and commercial activities in the Principality, there are no specific provisions under Monegasque law that set the conditions for the exercise of the activity of transmitter of funds.* • *The previous observations made for Recommendation 17 are also applicable here.*
SR.VII Wire transfer rules	**LC**	• The relaxation of the obligations to forward information on the originator in the case of electronic funds transfers of a permanent nature in respect of salaries, annuities or pensions does not comply with Special Recommendation VII.
SR.VIII Non-profit organisations	**PC**	• The authorities have not carried out a review of the adequacy of their legislation and regulations concerning non-profit organisations or regular reviews of any weaknesses in the sector which might give rise to terrorist activities. • Failure to raise awareness in the NPO sector of the risks of being misused for terrorist purposes or to provide information about the protective measures available. • The system of sanctions applicable to associations is neither complete nor deterrent: (1) the sanctions applicable for failure to keep registers up to date are very weak; (2) there are no sanctions in respect of the obligation to declare any changes relating to constitutions and articles of association. • NPOs are not required to keep, for a period of at least five years, records of their domestic and international transactions. • Effectiveness: reservations about whether the authorities have the ability or possibility to obtain complete and up-to-date information about NPOs' activities, and about the quality and effectiveness of the monitoring of NPOs.
SR.IX Cross Border declaration and disclosure	**PC**	• It has not been shown that there is proper co-ordination between the competent authorities with respect to issues concerning the implementation of SR.IX. • International co-operation at police level is insufficient. • The shortcomings identified in connection with Recommendation 3 and Special Recommendation III apply in the context of Special Recommendation IX.

		• There do not appear to be training programmes or targeted programmes, nor do appropriate implementation measures appear to have been developed. • Effectiveness: implementation of the obligation to make a declaration is seriously lacking in effectiveness, especially owing to (1) the lack of sufficiently systematic information for travellers at the entry/exit of the Monegasque territory, (2) no instance of discovery of a false declaration, (3) no case of retention, (4) no penalty applied, (5) lack of adequate resources, (6) the absence of demonstrated implementation of controls at the heliport.