



Република Србија  
МИНИСТАРСТВО ФИНАНСИЈА  
Управа за спречавање  
прања новца

**ANNUAL REPORT OF THE ADMINISTRATION FOR THE PREVENTION OF MONEY  
LAUNDERING  
REPORTING PERIOD: 01.01.2009 - 31.12.2009.**

Administration for the Prevention of Money Laundering is a financial intelligence unit of the Republic of Serbia (hereinafter referred to as: the FIU), whose term of reference is defined by the Law on the Prevention of Money Laundering and Terrorism Financing (“Official Gazette of the Republic of Serbia”, nos. 20/09 and 72/09- hereinafter referred to as the Law). According to its legal powers, the Administration collects data on transactions, information and documentation received from obligors as defined by the Law and from other state authorities, and in case that there is suspicion of money laundering and/or terrorism financing, forwards such information to the competent state authorities (Tax Administration, Ministry of Interior, Foreign Currency Inspectorate, prosecutor’s office, courts, and other authorities) so that they could undertake actions and measures within their term of reference.

**Statistics of the work results of the Administration for the Prevention of Money  
Laundering in 2009.**

Pursuant to the provisions of the Law on the Prevention of Money Laundering and Terrorism Financing, the obligors provided the total amount of 281.522 reports, as follows :

- The total of 277.565 cash transaction reports on transactions amounting to or exceeding 15.000EUR (CTRs);
- The total of 3.957 suspicious transaction reports (STRs) regardless of the amount ;
- Customs authorities provided the total of 875 reports on cross-border declarations on transfer of cash, securities and other negotiable instruments.

According to the statistics on collected CTRs and STRs per obligor, most reports were sent by commercial banks (273.180 CTRs and 3.932 STRs), by broker-dealer companies and by the Serbia Public Enterprise for Postal Communications. One report, which the obligors provide through the system for recording and processing of transactions – *TMIS (Transaction Management Information System)* may contain a few dozens of transactions.

In order to assess whether there is suspicion of money laundering with regard to a person or transaction, the Administration is authorized to request additional data and documentation from the obligors, other state authorities and foreign financial intelligence units.

After processing all the collected data and establishing reasons to suspect money laundering, the Administration opened 61 cases in 2009. Very complex and huge cases result from specific analytical procedures applied by the Administration in order to establish all relevant facts that may indicate money laundering and terrorism financing, as well as new trends of criminality. In 2009 there was a significant increase in the exchange of data with the Ministry of Interior (hereinafter referred to as: the MoI) and with Tax Administration, as the Administration is very active in providing data within financial investigations. Also, in comparison to 2008, there were more frequent referrals of data to the prosecutor’s office, especially the Prosecutor’s Office for Organized Crime, and courts.

During 2009 the Administration referred requests for information mostly to the Prosecutor’s Office for Organized Crime (38), courts (17), Tax Administration (more than 200), MoI (approximately 300), Foreign Currency Inspectorate (16), Security and Information Agency (32), prosecutor’s office (19), Privatization Agency (19), Securities Commission (hereinafter referred to as: SEC) (9) and Central Register (6) – see image 1. In most situations, the cases which involved the same legal or natural persons were forwarded to different state authorities so that they undertake actions and measures from their term of reference and so that all relevant data for further action is collected.

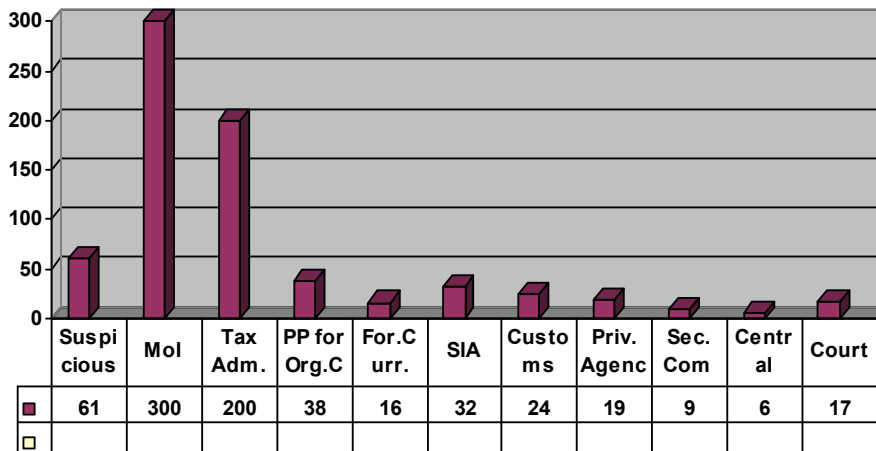


Image 1. Information exchange with other state authorities

In cooperation with Tax Administration, pursuant to its powers from Articles 57 and 56 of the Law, the Administration issued 147 orders to the banks to monitor or suspend transactions.

In addition, in dozens of cases, at the initiative of other state authorities, the Administration performed checks of natural and legal entities and forwarded analytical reports to those authorities.

Legislation and practice of the European Union for the combat against money laundering and terrorism financing imply constant high-quality exchange of information both

between the FIU and the obligors and among financial intelligence units, which is a precondition for efficient international cooperation.

Within the remits of international cooperation, the Administration received one hundred and two (102) requests for information, and sent eighty-four (84) requests to foreign FIUs.

Since 2003 the Administration has been a member of the Egmont Group, a relevant international body which gathers financial-intelligence units from 116 countries worldwide. The representatives of the Administration are the members of the Legal Working Group and Operational Working Group, and as such played an active role in finalization and adoption of the Book for Operational Procedures for the Operational Working Group. Proposals of our delegation pertaining to the process of selection of Chair of Egmont Committee were accepted as whole at the Working Groups Meeting in Malaysia, Kuala Lumpur in October 2009, and are expected to be adopted at the Plenary Meeting in Colombia in late June 2010

The Administration has signed Memoranda of Understanding (MOUs) with nineteen (19) financial intelligence units, including the FIUs of most countries in the region. In 2009 MOUs were signed with the FIUs of the United States of America, United Arab Emirates, Russian Federation, Greece and San Marino. MOUs with FIUs of Mexico, France and Italy are to be signed soon.

The Administration was invited to participate as the observer in the Eurasian Group for the Combat against Money Laundering and Terrorism Financing, the central point of which is the Russian Federation. In this respect the Administration will provide advisory and logistical support, that is, it will act as a sponsor for the admission of Uzbekistan FIU into the Egmont Group.

During 2009 there was a regular annual meeting of the regional Heads of FIUs with the aim of improving operational cooperation and exchange of relevant information in the combat against money laundering and terrorism financing. Pursuant to the Regional Protocol on Cooperation among the FIUs of Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Serbia, Macedonia and Albania, at the meeting of the Heads of FIUs that was held in Zagreb, Croatia on 30/10/2009 it was agreed that the parties to the Protocol would jointly act before international fora (Council of Europe, Egmont Group), that they would work together on money laundering and terrorism financing typologies, as well as on the cases of common interest. There was a plan to organize study visits and exchange visits for analysts. At the end of the Meeting it was agreed that the next meeting would be organized in Serbia, in October 2010.

During 2009, there were three regular plenary meetings of MoneyVAL Committee, namely, 16-20 March, 21-26 September and 7-11 December, at which the Serbian delegation also participated. At each MoneyVAL Plenary there is a tour de table when the countries advise on actions and measures currently undertaken in the combat against money laundering and terrorism financing.

In May 2009 the Administration entered a process of mutual evaluation conducted by the representatives of MoneyVAL Committee, and it is the third round of evaluation of measures and actions undertaken by Serbia against money laundering and terrorism financing. Although the evaluation includes the entire system for the combat against money laundering and terrorism financing, and the system comprises both state authorities and

obligors as defined by the Law, the Administration was a central institution for collecting responses, comments and remarks of the state authorities, as well as for translating and forwarding of the written materials to the evaluators. In September and December 2009 pre-meetings were held for the Serbian delegation and the evaluation team, at which clarifications and explanations were offered for all debatable and insufficiently clear parts of the Draft Mutual Assessment Report, so that the final version of the Report was adopted at the Plenary Meeting of MoneyVAL on 09 December 2009. The Report provides ratings for compliance with international standards, based on which one can say that the ratings are objective. The last part of the Report contains plan of action that Serbia needs to undertake, and to advise of it the MoneyVAL Committee in December 2010 at the plenary meeting in Strasbourg. The proposed plan of action will be a part of the Action Plan Paper for the implementation of the recommendations, whose adoption is pending. The content of this Action Plan will be an integral part of a Government Conclusion and which will as such be part of the existing Action Plan for the Implementation of the National Strategy against Money Laundering and Terrorism Financing.

In relation to national cooperation in anti-money laundering and terrorism financing among relevant authorities, the Government of Serbia issued a Decision on Establishing Standing Coordination Group for the Implementation of the National Strategy against Money Laundering and Terrorism Financing („Official Gazette of RS”, no.26/09 of 22 April 2009). Permanent Coordination Group has so far held five meetings, and developed the Action Plan for the Implementation of the National Strategy against Money Laundering and Terrorism Financing, which was adopted by the Government on 16 October 2010.

#### **Legislative activity of the Administration for the Prevention of Money Laundering in the year 2009**

Administration for the Prevention of Money Laundering in 2009 was very active in drafting regulations related to the prevention of money laundering and terrorism financing by either being directly involved in drafting acts of law, or by giving expert opinions on draft regulations developed by other relevant authorities. Law on the Prevention of Money Laundering and Terrorism Financing was adopted in March 2009, and was amended in August 2009.

The Administration drafted the Rulebook on Amendments to the Rulebook on Establishing Methodology of Requirements and Actions to Comply with the Law on the Prevention of Money Laundering and Terrorism Financing.

The Administration developed new lists of indicators for recognizing suspicious transactions for entities engaging in factoring, for investment fund management companies, for voluntary pension fund management companies, and for casinos, which were published on the Administration website in the Serbian and English language.

By its active and expert participation in developing the regulations above, Administration for the Prevention of Money Laundering created conditions for a more efficient implementation of anti-money laundering and terrorism financing regulations, as well as for its own strengthening in terms of a financial intelligence unit, which is a national strategic priority.

## **Improvement in information technologies in 2009**

Since late 2009 workflows in the Administration have been channelled through a web application for case and document management, which has significantly increased efficiency and work productivity, and has enabled a better organization of work. This software is based on the principles of document management system – DMS, which provides for possibilities to store, version, start a workflow, define and maintain meta data, comprehensively search for stored documents – full text search. This process has enabled a full automation of the Administration's work. The application was designed in line with work flows applied by financial intelligence units worldwide

## **Projects and training in 2009**

Administration for the Prevention of Money Laundering intensely works not only on enhancing its own capacities and potentials, but also on strengthening and developing the entire system for combat against money laundering and terrorism financing in the Republic of Serbia. As a key stakeholder of a comprehensive project for anti-money laundering and terrorism financing in the country, the Administration in 2009 made preparations for the implementation of this Project, whose key beneficiary is the budget of the Republic of Serbia, that is, people in Serbia. The project has 2,37 mil worth and is in most part financed by the European Union, through the instrument for pre-accession assistance IPA (2 million EUR), with the participation of the Council of Europe (200.000 EUR) and the budget of the Republic of Serbia.

In cooperation for the Organization for Security and Cooperation in Europe (OSCE) in April 2009 a two-day seminar was held on risk-based approach in the implementation of the Law on the Prevention of Money Laundering, designed for the representatives of the National Bank of Serbia, Securities Commission, Tax Administration and Sector for Market Inspection, all of which exercise supervision of the obligors from the Law. In November 2009 there was a seminar organized by OSCE and Italian Guardia di Finanza on financial investigations with a special emphasis on tax fraud. The seminar was attended by the representatives of the Administration, National Bank of Serbia, Tax Administration, Foreign Currency Inspectorate, as well as by police officers and judges.

In 2009 the Administration intensely used resources of TAIEX (Technical Assistance and Information Exchange), so in early June 2009 it organized a seminar on risk-based approach for AML compliance officers of commercial banks. In early November 2009 three representatives of the Administration went for a study visit to the FIU of Slovakia in order to learn of the role that a FIU can play in the transposition and translation of the EU legislation. The third TAIEX project was a study visit to a foreign FIU, which took place in January 2010, the objective of which was terrorism financing and analysis of transactions suspected of being linked with the phenomenon.

A representative of the Administration attended a seminar on ML/FT typologies in the organization of IMF in Siracusa, Italy, in June 2009. Another seminar organized by IMF was a seminar in Joint Vienna Institute, Vienna, in a form of a workshop on the prevention of money laundering and terrorism financing, from the perspective of information technology. The two APML representatives who attended the seminar had a role of a mentor, which

means they had to deliver several presentations on techniques used for prioritizing among reported transactions, on analytical process and on management of large amounts of data.

Representatives of the Administration participated at the World Bank seminar in Belgrade in September 2009, as lecturers and listeners, It was a seminar on trade-based money laundering, intended also for Customs Administration officers and prosecutors.

During 2009 United States Agency for International Development (USAID) organized a dozen seminars in Belgrade, Novi Sad, Niš and Kragujevac for the representatives of Tax Administration, accountants, brokers, as well as journalists, which is a part of campaign launched by the Administration in public relations area, with the main objective of creating the true and adequate media image of the Administration, as well as the combat against money laundering and terrorism financing itself. Regular presentors at these seminars were representatives of the Administration, as well as a USAID consultant, Kenneth Volandes.

In 2010 the Administration will seek to intensify cooperation with other state authorities which are a part of AML/CFT system, prevalently through the engagement in Standing Coordination Group, and to coordinate activities leading to the Progress Report, which is to be submitted to the MoneyVAL Committee in December . The Administration will also seek to sign memoranda of understanding with FIUs for which such an agreement is a pre-condition for information exchange.