What kind of funds does the Financial Intelligence Unit freeze





One of the main areas of Financial intelligence activities is financial intelligence.

Financial intelligence is collection and analysis of data on the financial transactions performed by persons (both physical and legal). The goal of financial intelligence is to understand the essence of financial transactions to identify illegal activities, for example, money laundering, tax evasion, corruption, or other criminal offences.

The Financial Intelligence Unit has the right to freeze funds, which is prohibition — usually for a definite, short period — of any movement and transactions of funds, as a result of which the scope, amount, location, owner, possessor of these funds might change in any way.



Process from freezing of possibly criminally acquired funds until their confiscation and return to their beneficial owner:



Report of the subject of the law (for example, credit institution) to the Financial Intelligence Unit on suspicious transaction with or without refraining from execution of the customer's transaction.

An order of the Financial Intelligence Unit regarding the freezing of funds/material of the Financial Intelligence Unit – information to a pre-trial investigation institution or prosecutor's office.

The subject of the Law has a duty to immediately notify the Financial Intelligence Unit of each suspicious transaction. The reporting obligation also applies to funds that raise suspicions that they have been directly or indirectly acquired as a result of a criminal offence or are related to terrorism and proliferation financing or an attempt to carry out such activities, but are not yet involved in a transaction or its attempt, as well as cases when there was sufficient grounds to establish a suspicious transaction, but due to insufficient attention or negligence the reporting obligation has not been carried out. carried out.

The Financial Intelligence Unit has the right to issue an order on the freezing of funds, if there is a justified suspicion that a criminal offence is taking place or has been committed, including money laundering, terrorism and proliferation financing or an attempt to commit these criminal offences.

Decision of the pre-trial investigation institution or prosecutor's office on the arrest of property.

Recognition of property as criminally acquired and its confiscation or return to its true owners.

The decision of the responsible pre-trial investigation institution (law enforcement institutions or State security institutions) or prosecutor's office regarding initiation of criminal proceedings and decision on imposition of attachment on property (in pre-trial proceedings, an attachment shall be imposed on property with a decision of the person directing the proceedings, which has been approved by an investigating judge, but during prosecution the decision shall be taken by a court).

Property may be recognised as criminally acquired by a court ruling entered into force or a decision of a public prosecutor regarding the completion of criminal proceedings.

After the final ruling in the criminal proceedings has entered into effect, the proceeds obtained as a result of confiscation of criminally acquired property shall be first used for ensuring and paying for the reimbursement of damages requested.

The final decision on confiscation of property or return thereof to its true owners shall be taken by the judge in a written process. The decision shall not be subject to appeal.

* This is only one example. In reality, processes may differ, for example, some of the described phases may not exist.

In 2020, the Financial Intelligence Unit issued



freezing orders by freezing in total





of all frozen funds have been frozen in credit institutions to be liquidated



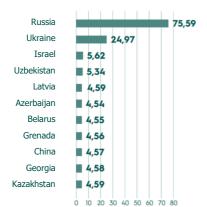
81.30% — credit institutions to be liquidated, 17.82% — credit institutions

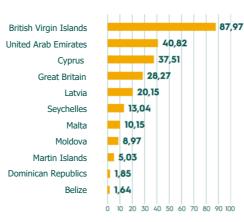
0.88% — Other financial institutions and other service providers

Breakdown of frozen funds by institution type in 2020

Amount of funds frozen for natural persons by passport country (million EUR)

Amount of funds frozen for legal persons by registration country (million EUR)





According to the data of the Bank of Latvia, the largest foreign direct investments in Latvia are from neighbouring countries:

- > Sweden,
- > Estonia,
- > Lithuania,
- > Netherlands,
- > Cyprus,
- > Germany,
- > Russia.

Foreign financial resources of legal entities, which are frozen by the Financial Intelligence Unit, are not foreign investments, but transit cash flows.

More information on www.fid.gov.lv

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