

# 2022



Financial Intelligence  
Unit of Latvia

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**ANNUAL REPORT**



Financial Intelligence  
Unit of Latvia

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## INTRODUCTION

# 01



On 24 February 2022, Russia's unprovoked and unjustified military aggression against Ukraine began, completely changing the world we live in. The war, one of the greatest tragedies of humanity, reached each one of us on a personal level, witnessing the heroic struggles of Ukrainians and engaging in support and assistance. In the case of the Financial Intelligence Unit, the war also brought significant and practical changes to our day-to-day work on sanctions circumvention.

In response to Russia's military invasion of Ukraine, the EU has adopted a total of nine sanctions packages in 2022, with the aim of weakening Russia's economic base, preventing it from accessing critical technologies and markets, and severely limiting its ability to wage war. Sanctions are also imposed on Belarus and Iran. These sanctions are unprecedented in scope and scale, obliging everyone to respect and implement them.

Under the law, the Financial Intelligence Unit (FIU) is the competent institution for combating circumvention or attempted circumvention of international and national sanctions in the enforcement of financial restrictions. From day one of the war, we have been actively engaged at all levels, both locally and internationally, to ensure that sanctions are imposed as precisely and fully as possible and to prevent attempts to evade them. We have made changes to the internal work organisation of the unit to ensure that any report of possible sanctions circumvention is treated with the highest possible priority. We have actively participated in both local and international forums and working groups, and have brought together the most powerful experts from Europe and the US to discuss the most effective ways to impose sanctions. We intend to continue in this way in 2023 and for as long as sanctions against aggressors are in effect.

## OVERALL, 2022 HAS BEEN A TIME OF CHANGE FOR THE UNIT

After long and thorough planning and preparation, at the beginning of the year we were able to start work in new premises with the right infrastructure to fulfil our ambitions in the field of information technology and innovation, as well as to meet the specific needs of the working environment and staff. We have further developed our well-established public-private sector partnership by setting up an Operational Performance Centre, conducted important strategic analysis studies and strengthened our international cooperation.

And finally. This summer, we welcomed colleagues from more than 120 countries' intelligence units for a week of the annual Egmont Plenary in Riga. We are delighted that we were not only able to host our colleagues and strengthen our national image, but also to win the annual BECA Award for exceptional work in the field of financial intelligence.

Looking to the future, we have set out our vision in the FIU Development Strategy 2023-2027.

We see Latvia as an international leader in the fight against financial crime and sanctions circumvention, we will protect our country and our citizens from criminal exploitation of the financial system and we will do so in line with our institution's core values –

**COOPERATION,  
EXCELLENCE, RELIABILITY  
AND REASONABILITY.**



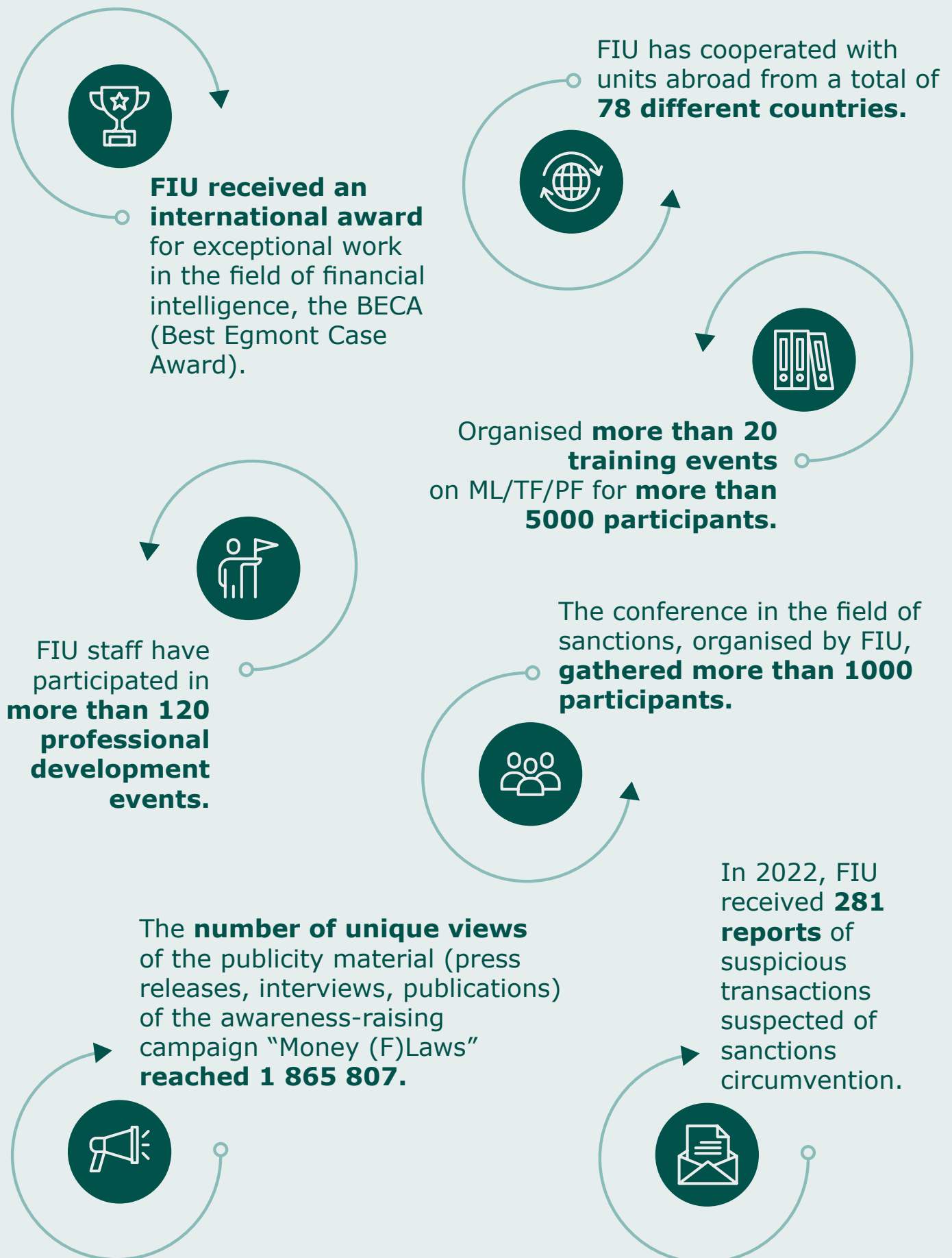
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# **FIU OPERATIONS IN 2022 SUMMARY**

# 02





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# GENERAL DESCRIPTION OF FIU

# 03

## STATUS, LINES OF ACTION AND MAIN FUNCTIONS OF THE FIU

Since 1 January 2019, FIU has been an independent, direct administered authority under the supervision of the Cabinet. The Cabinet exercises institutional supervision through the Minister for the Interior. Supervision does not apply to the performance of tasks and exercise rights assigned to the FIU, neither does it cover the internal organisation matters of the FIU, including the issuance of internal rules and regulations, the preparation of reports and decisions relating to staff.

The principles of independence and decision-making autonomy of the FIU are enshrined in the regulatory framework in accordance with the Financial Action Task Force (FATF) Recommendations on the Autonomy and Independence of Financial Intelligence Units, which stipulate that the state should ensure that the institution is functionally autonomous and independent, i.e. the institution has the right to perform its functions independently, without political interference, including making decisions, analysing, requesting and/or transferring information to other competent authorities. The importance of operational independence and autonomy is also mentioned in the Charter of the Egmont Group (an international organisation of financial intelligence services), in the principles of information exchange and in the Egmont Group's membership criteria.

Since 29 June 2019, FIU has been the lead authority for preventing the use of the financial system of the Republic of Latvia for ML/TF/PF.

The **MAIN FUNCTIONS** of the FIU under the Law on Prevention of Money Laundering, Terrorism and Proliferation Financing (Prevention Law) are to monitor suspicious transactions and other information received and to obtain, receive, record, process, collect, store, analyse and provide to investigative authorities, prosecutors and courts information that may be used for the prevention, detection, criminal prosecution or trial of ML/TF/PF or attempted ML/TF/PF, or any other related criminal offence. The FIU ensures the functioning of the Private-Public Coordination Group (PPCG) and conducts the national risk assessment on ML/TF/PF financing.

According to the FIU Strategy 2023-2027, the FIU's **MISSION** is to protect the country and its citizens from criminal exploitation of the financial system (for more details, see the section Developments of the FIU and Plans).



### FIU MISSION

FIU protects the country and its citizens from criminal abuse of the financial system.



### FIU VISION

Latvia is an international leader in the fight against ML/TF/PF, ensuring the security and integrity of the financial system.



### FIU VALUES

Cooperation, excellence, trustworthiness, proportionality.



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# CHANGES TO THE REGULATORY FRAMEWORK FOR PREVENTING ML/TF/PF

# 04



**ON 8 NOVEMBER  
2022**

**AMENDMENTS TO THE PREVENTION  
LAW ENTERED INTO FORCE,**

whereby Article 55.<sup>1</sup> was added to the Law, establishing the competence of the Ministry of Finance to coordinate cooperation between supervisory and control bodies by convening meetings of the Cooperation Platform.



**IN 13 DECEMBER  
2022,**

**THE ACTION PLAN**

to Prevent Money Laundering,  
Terrorism and Proliferation  
Financing 2023-2025 (Action Plan)  
was adopted.



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# KEY PERFORMANCE INDICATORS FOR THE FIU IN 2022

# 05

## FINANCIAL INTELLIGENCE – TACTICAL AND OPERATIONAL ANALYSIS

According to the first Paragraph of Section 50 of the Prevention Law, the main task of the FIU under the Prevention Law is to control suspicious transactions and other information received and to obtain, receive, record, process, collect, store, analyse and provide to investigative authorities, prosecutors and courts information that can be used for the prevention, detection, pre-trial criminal proceedings or trial of an ML/TF/PF or attempted ML/TF/PF or other related criminal offence. In other words, conduct financial intelligence. Financial intelligence is based on three main elements:

- high quality information provided by subjects of the Prevention Law – suspicious transaction reports and threshold declarations, as well as other information provided by subjects of the Prevention Law and cooperation authorities;
- effective monitoring and analysis of suspicious transaction reports and threshold transactions and other related information, as well as measures taken by the FIU to prevent ML, such as freezing of funds, monitoring of transactions, cooperation with subjects of Prevention Law, law enforcement authorities and supervisory and control authorities;
- high-quality financial intelligence (analysed, fact-based information) to law enforcement authorities as a basis for criminal proceedings against identified cases of ML and other criminal offences.

## SUSPICIOUS TRANSACTION REPORTS AND THRESHOLD DECLARATIONS

The objective of the FIU is to receive the highest quality reports on suspicious transactions, including by facilitating the compliance of the reports with the Latvia's money laundering risk profile. Accordingly, in 2022, the FIU developed typologies and indicator lists to identify sanctions circumvention against Russia, human trafficking-related ML and trade-based money laundering, and started developing typologies and indicators on tax evasion-related ML. An updated 2nd version of the Guidelines on "Suspicious Transaction Reporting and Abstention from Transactions" has been developed. These guidelines pay particular attention to the reporting of cases of violation/circumvention of sanctions, fraud.

In 2022, the FIU received 6384 suspicious transaction reports (11.4 % more than in 2021) and 91 382 threshold declarations (46 % more than in 2021). In 2022, the most reported offences were stand-alone ML and related offences, such as misrepresentation of the owner or beneficial owner of a transaction/funds. The next most reported type of crime is tax crime. The increase in suspicious transaction reports continues to be attributed to an increase in the number of abstention reports from credit institutions in liquidation, as well as more proactive reporting of possible ML related to national predicate offences such as corruption, fraud by subjects of the law. Particularly in the context of 2022, the increase in suspicious transaction reports of possible circumvention of European Union (EU) sanctions against Russia and Belarus is of particular concern. In 2022, 281 suspicious transaction reports (12 in 2021) were received from subjects of the law for possible sanctions circumvention. This is due to the fact that, despite the significant EU sanctions imposed against Russia in 2022, a number of legal and natural persons are attempting to continue their previous cooperation with sanctioned persons or to facilitate the illicit movement of sanctioned goods.

YEAR	NUMBER OF SUSPICIOUS TRANSACTION REPORTS	NUMBER OF THRESHOLD DECLARATIONS	NUMBER OF UNUSUAL TRANSACTION REPORTS
2018	6617	-	25198
2019	5264	1208	26764
2020	4833	64635	-
2021	5729	62420	-
2022	6384	91382	-

In 2022, FIU received 1037 reports in which a Prevention Law subject initiated a transaction abstention (an increase of 15.4 % compared to 2021). The continued increase in the number of suspicious transaction reports, and in particular reports in which the subject of the Prevention Law has initiated abstention from transactions, is attributable to customer inspections carried out during the process of liquidating the credit institutions subject to liquidation. The analysis of these reports was also the focus of the majority of financial intelligence resources in 2022.

## NUMBER OF SUSPICIOUS TRANSACTION REPORTS AND ABSTENTION REPORTS BY YEAR

YEAR	NUMBER OF SUSPICIOUS TRANSACTION REPORTS	INCL. NUMBER OF ABSTENTION REPORTS
2018	6617	222
2019	5264	251
2020	4833	422
2021	5729	933
2022	6384	1037

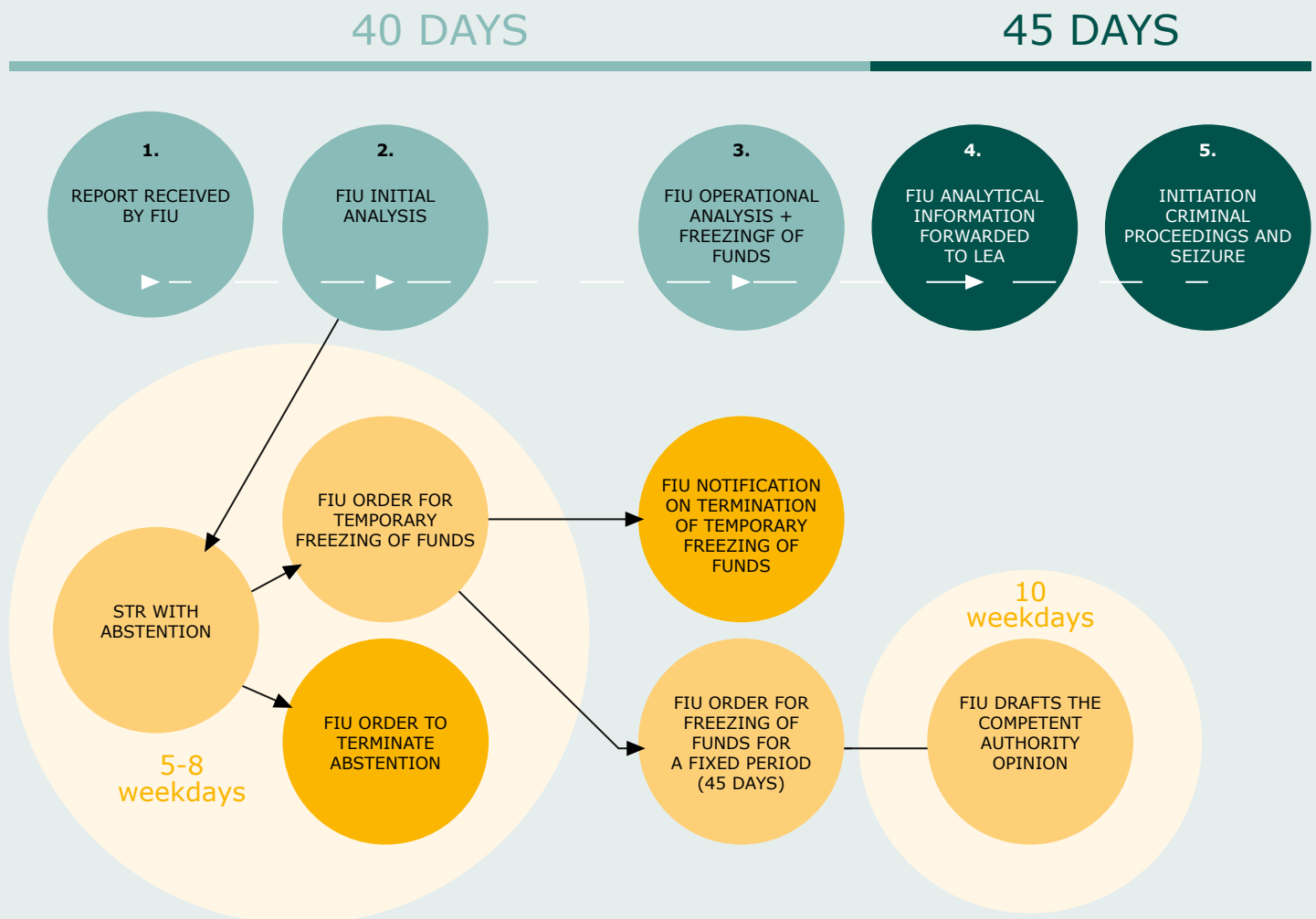
## OPERATIONAL ANALYSIS AND MEASURES TO PREVENT MONEY LAUNDERING

Upon receipt of a suspicious transaction report from a subject of the Prevention Law initiating the abstention from transactions, the FIU shall, within five working days or, if additional information is required, within eight working days, assess, through an analysis, whether the subject of the Prevention Law has commenced abstention from transactions in accordance with the Law, and whether the impairment on the rights of the person concerned is proportionate. Also, during this period, the FIU, combining information of the subject of the Prevention Law, other information in the possession of the FIU, in case of reasonable suspicion that a criminal offence, including ML/TF/PF, is being or has been committed or attempted, shall decide on the initiation of a temporary freezing of funds by issuing an appropriate order. The FIU may also decide to terminate an abstention from transactions if, at the time of the analysis, the assessment of the available material facts and relevant circumstances does not warrant the FIU to exercise its right under the Prevention Law to order the freezing of funds.

During the period of a temporary freezing order, FIU shall carry out an in-depth operational analysis and continue to obtain additional information from other subjects of the Prevention Law, foreign services, national information systems, state administration authorities, public sources, in order to obtain additional facts that will either eliminate the suspicions raised or provide additional confirmation of the possible criminal origin of the ML and the funds.

If, in the course of its operational analysis, it is established that the information in its possession gives rise to a reasonable suspicion that ML has taken place and that the funds are of criminal origin, and if the investigation has not revealed facts which would eliminate this suspicion, the FIU shall issue the an order to freeze the funds for a fixed period and shall forward the information in the form of an opinion of the competent authority to the investigating authority or the public prosecutor's office.

**A SCHEMATIC REPRESENTATION OF FINANCIAL INTELLIGENCE ACTIVITIES INITIATED AFTER AN ABSTENTION REPORT BY THE PREVENTION LAW IS PROVIDED BELOW.**



In addition to the financial intelligence initiated by the subject of the Prevention Law, the FIU initiates and carries out financial intelligence upon its own initiative, which may be based on a set of suspicious transactions and threshold declarations of the subjects of the Law, information provided by law enforcement authorities, information from public sources or a whistleblower report. Financial intelligence can also be carried out at the request of units abroad or on the basis of information received. There is no time limit for the analysis of such information under external laws and regulations, except in the case of a temporary freezing of funds or a freezing of funds for a specified period of time ordered upon the initiative of the FIU or at the request of a foreign service.

In 2022, the FIU has taken decisions to freeze funds for a fixed period (both at the discretion of the subject of the Prevention Law and on its own initiative or at the request of an analogue unit abroad) amounting to € 357.25 million.<sup>1</sup> The increase in the amount of funds frozen in 2022 is attributable to the increase in the number of reports from credit institutions in liquidation and the FIU's focus on assessing and analysing these reports, identifying a significant number of autonomous cases of money laundering. It should also be noted that the total amount frozen in 2022 does not include the value of frozen financial instruments and immovable property, as this is not always precisely measurable at the time of freezing and can change significantly over time, leading to significant discrepancies between the amount frozen and the estimated amount of funds and property seized and confiscated at later stages of the proceedings. Below is a comparison of the amount of frozen funds sent to law enforcement authorities compared to previous years.

<sup>1</sup> The amount is limited to freezing orders for a fixed period, for which information has been passed to law enforcement authorities for the purpose of deciding whether to initiate criminal proceedings and seize the funds.

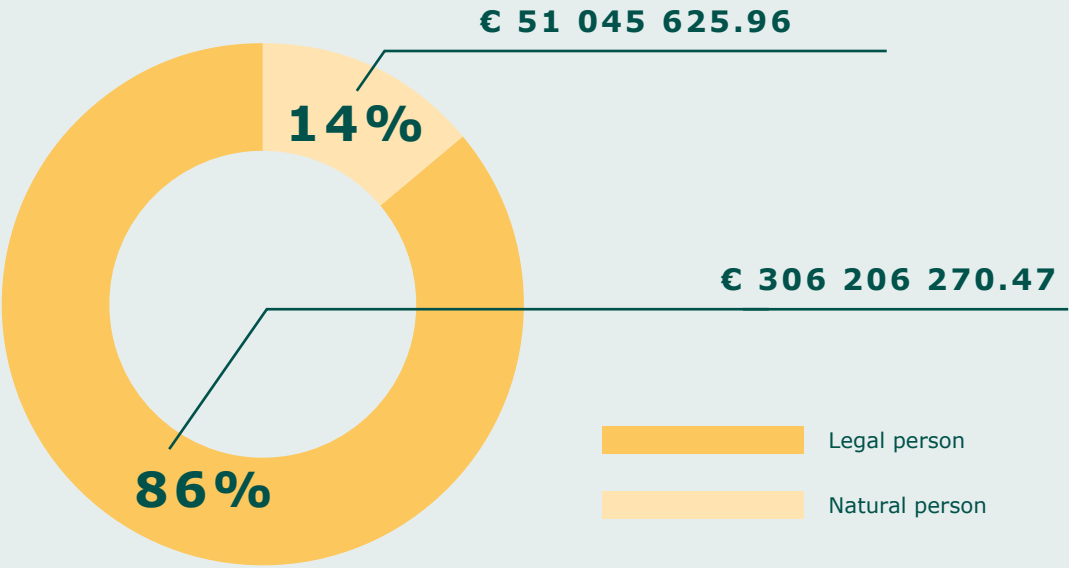
FROZEN FUNDS AND VALUABLES

YEAR	AMOUNT OF FROZEN FUNDS (IN EUR MILLION)	REAL ESTATE	BANK SAFES	VEHICLES
2018	101.48	2	4	8
2019	345.98	16	4	1
2020	429.41	45	4	0
2021	209.63*	30	1	0
2022	357.25*	18	0	0

\*Excluding the value of securities and real estate

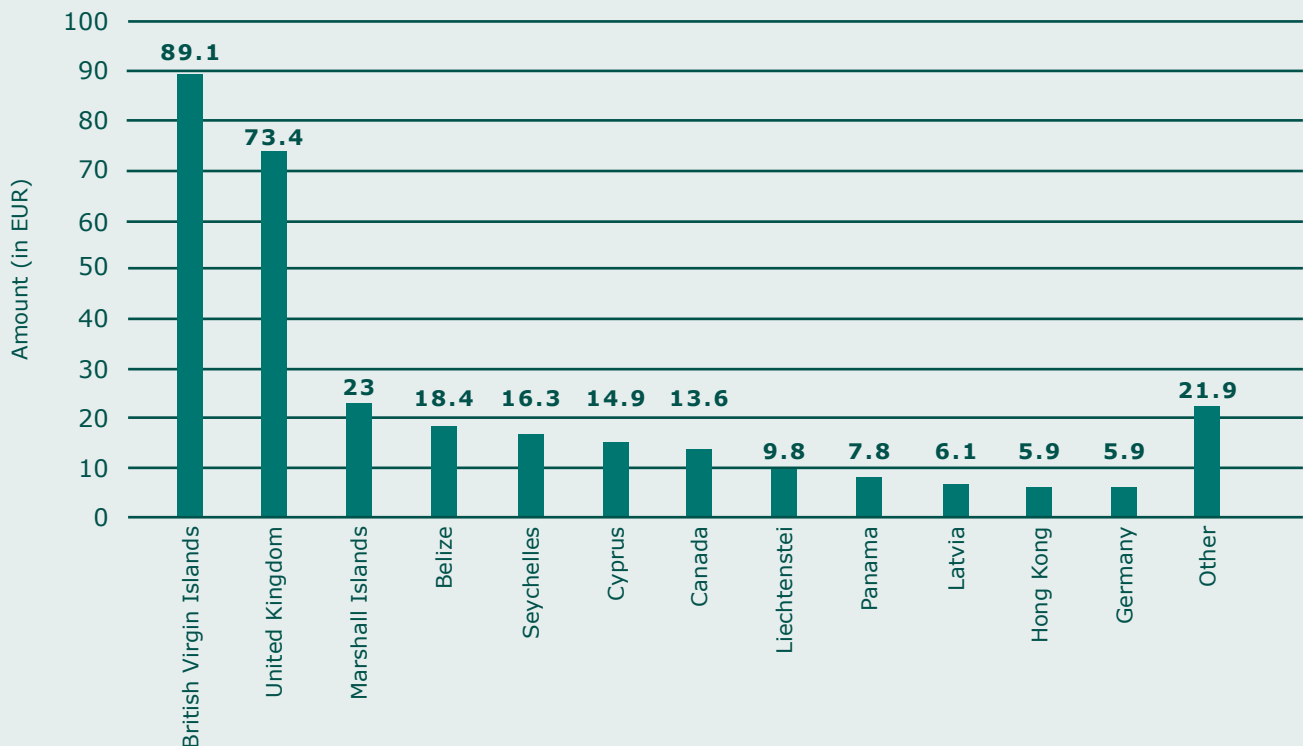
In 2022, as in previous years, the majority of funds have been frozen for legal persons – 86 %, and for natural persons – 14 %. It is notable that, as in previous years, some of the frozen funds have been assigned to a third party (a legal person registered in Latvia), but the calculations in this and subsequent breakdowns are based on the original owner of the funds (before the assignment).

BREAKDOWN OF THE AMOUNT OF FROZEN FUNDS BY TYPE OF PERSON IN 2022 (IN EUR MILLION)



For legal persons, the British Virgin Islands and the United Kingdom dominate the breakdown of frozen funds by country of registration.

### BREAKDOWN BY COUNTRY OF REGISTRATION OF THE AMOUNT OF FUNDS FROZEN FOR LEGAL PERSONS IN 2022



It is significant that in the vast majority of the FIU orders, the State of the legal person does not coincide with the real beneficiary of the funds. This is also reflected in the breakdown of the amount of frozen funds by the country of alleged origin, where only € 5.2 million, or 1.5 %, is attributable to the funds of a Latvian natural person and the funds of a legal person where the beneficial owner is a Latvian natural person. Most of the frozen funds originate from the Commonwealth of Independent States (CIS) or former CIS countries, in particular Russia, Ukraine, Belarus, Azerbaijan and Uzbekistan.

### BREAKDOWN OF THE AMOUNT OF FUNDS FROZEN IN 2022 BY COUNTRY OF POSSIBLE ORIGIN

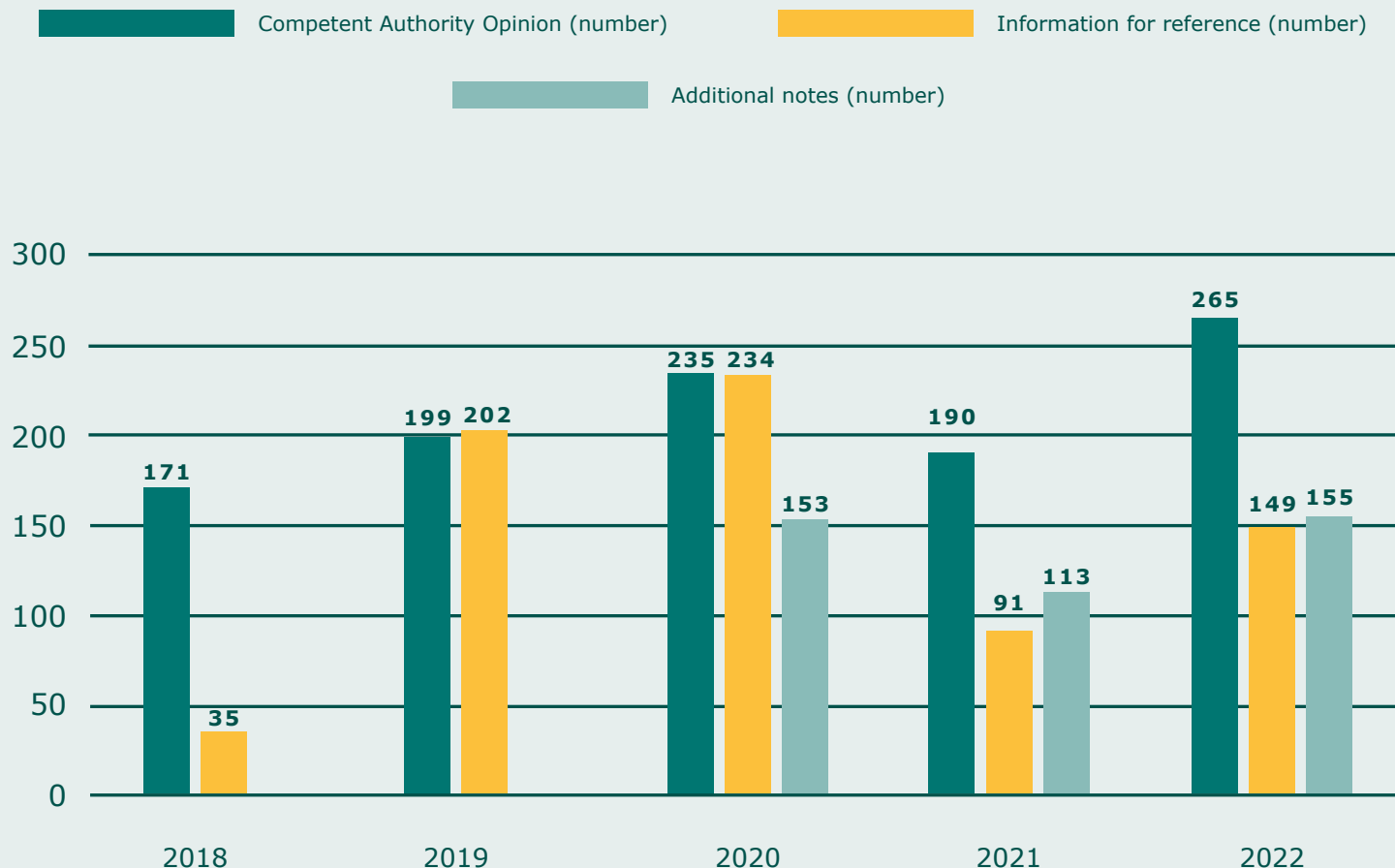


## INFORMATION PASSED TO LAW ENFORCEMENT AUTHORITIES

As a result of the financial intelligence carried out in 2022, FIU forwarded 569 reports to law enforcement authorities, including 265 competent authority opinions, 155 items of information providing additional facts related to information previously transmitted by the FIU, and 149 items of information for reference. The competent authority's opinions are sent when there are reasonable grounds to suspect a person of possible criminal offences, mainly ML. After receiving the competent authority's opinion, the law enforcement authority assesses whether to initiate criminal proceedings. In turn, the information is passed on to law enforcement authorities or for control and supervision bodies of the subjects of the Prevention Law for the exercise of their functions (e.g. operational activity, supervisory function, etc.).

The number of materials sent to law enforcement authorities by year can be seen in the graph below. The increase in the number of reports sent to law enforcement authorities is attributable to the identification of criminal offences and other offences committed by customers of credit institutions in liquidation. In addition, as the FIU devotes increasing resources to identifying money laundering in Risk Profile 2 (domestic crime followed by ML), the number of referrals to law enforcement authorities related to offences committed by public officials, including corruption, tax crimes, fraud and possible sanction violation, has increased.

### INFORMATION SENT TO LAW ENFORCEMENT AUTHORITIES



In 2022, the FIU sent the most material to the State Police (73.7 %), the Corruption Prevention and Combating Bureau (10.7 %) and the State Security Service (8.9 %). Indicated below is the number of materials sent to law enforcement authorities.

### NUMBER OF MATERIALS SENT TO LAW ENFORCEMENT AUTHORITIES BY INSTITUTION IN 2022

ADDRESS	OPINION OF THE COMPETENT AUTHORITY	INFORMATION FOR REFERENCE	ADDITIONAL NOTES	TOTAL
State Police	243	56	122	421
Corruption Prevention and Combating Bureau	15	27	19	61
State Security Service	5	38	8	51
Tax and Customs Police Directorate of the State Revenue Service	1	23	2	26
Prosecutor's Office	1	3	4	8
Internal Security Bureau	0	2	0	2
<b>Total</b>	<b>265</b>	<b>149</b>	<b>155</b>	<b>569</b>



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# FIU'S WORK AND ROLE IN THE FIELD OF SANCTIONS

# 06

Russia's sustained aggression against Ukraine, in particular the invasion of Ukrainian territory by Russian forces on 24 February 2022, has triggered a wide-ranging response from a number of countries around the world, resulting in the fastest-ever deployment of EU sanctions. In this dynamic period of sanctions enforcement, Latvia's competent authorities, including FIU, had to react immediately and devote adequate resources to ensure compliance with sanctions.

The role of FIU in the system of enforcement of international and national sanctions is defined in Section 13 (41) of the Law on International Sanctions and National Sanctions of the Republic of Latvia (Sanctions Law), i.e. FIU is the competent authority for combating circumvention or attempted circumvention of international and national sanctions in the enforcement of financial restrictions in accordance with the procedure set out in the Prevention Law.

The FIU receives information on suspected circumvention or attempted circumvention of international and national sanctions in the implementation of financial restrictions from persons under the supervision of competent bodies in accordance with the second paragraph of Section 17 of the Sanctions Law. The number of such reports received by FIUs has increased significantly since the invasion of Ukraine by Russian forces in February 2022. As of 24 February 2022, 276 suspicious transaction reports have been received, with a total of 281 reports received in 2022.<sup>2</sup> The highest number of suspicious transaction reports for possible circumvention of sanctions imposed in connection with Russia's hostilities in Ukraine were received by the FIU in November and December 2022.

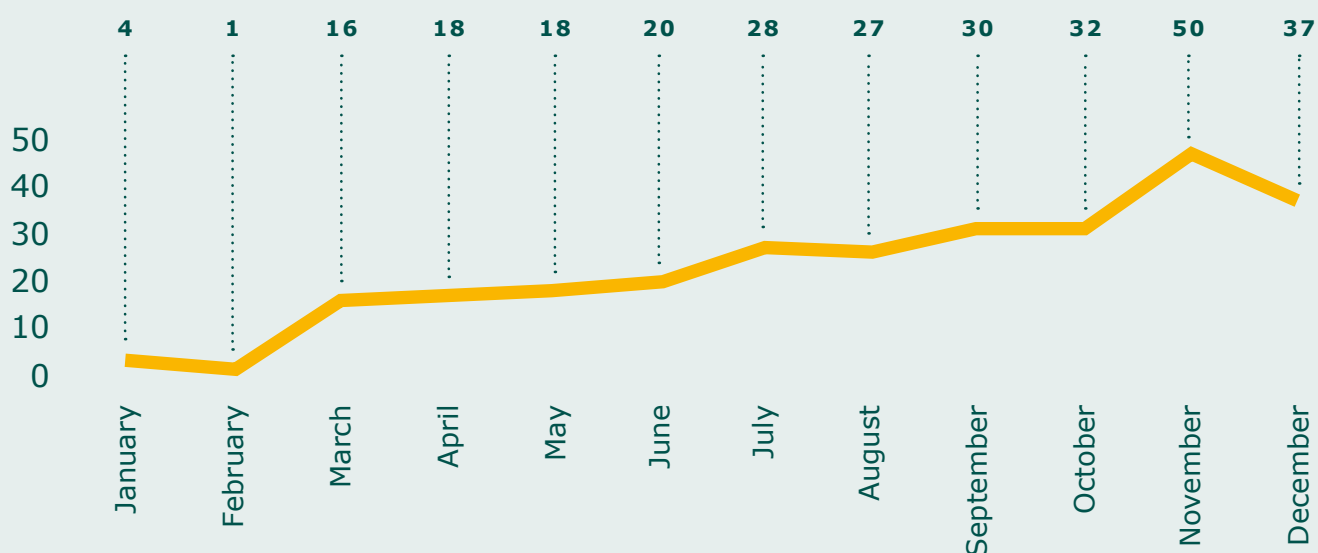
**Examples of sanctions circumvention cases are attached in Annex 1.**

### REPORTS OF SANCTIONS CIRCUMVENTION RECEIVED BY FIU IN 2020-2022



<sup>2</sup> In 2022, 4 reports of suspected or attempted circumvention of sanctions in the implementation of financial restrictions, unrelated to the Russian hostilities in Ukraine but related to other sanctions regimes.

## REPORTS OF SANCTIONS CIRCUMVENTION RECEIVED BY FIU IN 2022-2022



In addition to its obligation to analyse and provide investigative authorities with information on the circumvention of international and national sanctions, the FIU actively engages in and initiates other activities and processes designed to streamline communication, unify understanding and promote solutions to ambiguous sanctions enforcement issues.

For example, the FIU maintains lists of sanctioned natural or legal persons or other identifiable entities subject to international and national sanctions on its website <https://sankcijas.fid.gov.lv/>. This list is regularly updated and ensures that information on sanctioned persons is available in one place. The FIU also transfers the updated sanctions list to the competent authorities immediately after the entry into force of new sanctions.

An important forum for cooperation, established in March 2022, is the Sanctions Task Force, led by FIU and set up under the CCG regulated by Section 55 of the Prevention Law. The Sanctions Task Force includes experts from the competent institutions in the field of sanctions, i.e. the FIU, the FCMC (as of 01.01.2023 – the LB), the Prosecutor's Office of the Republic of Latvia, the SSS, the SRS and five Latvian credit institutions – Swedbank AS, Luminor Bank AS Latvian Branch, SEB banka AS, Citadele banka AS, BluOr Bank AS.

Since last March, the Sanctions Task Force has held 15 meetings, which have significantly contributed to a regular and proactive exchange of information between the institutions represented. The work and cooperation of the Sanctions Task Force has resulted in the publication "Indicators of sanctions circumvention against Russia", which combines information from suspicious transaction reports received by FIU, research and findings discussed in the Sanctions Task Force and other Latvian and international institutions.<sup>3</sup> Based on the results of the FIU survey, this material has been recognised by national institutions and the subjects of the Prevention Law as a useful and practicable tool for identifying suspicious transactions. The material also received positive feedback from international partners when it was presented to the EFIPP plenary, which brings together major European financial institutions, financial intelligence units from EU Member States and law enforcement authorities.

FIU also provides active representation in other national and international cooperation formats, thereby actively engaging in information exchange processes and sharing good practices in sanctions compliance and enforcement. At the national level, FIU representatives participate in regular meetings of the Sanctions Coordination Board, as well as in other cooperation projects related to sanctions issues, which are organised when necessary. However, at the international level, FIU is a member of the Russia-Related Illicit Finance and Sanctions FIU Working Group (RRIFS), which was established for the purpose of international exchange of information on sanctions against Russia by financial intelligence units.<sup>4</sup>

In order to clarify ambiguities in the application of the regulatory framework for sanctions, i.e. to clarify the reporting obligation under Section 17 of the Sanctions Law and the role of competent authorities in processing them, FIU has developed draft guidelines "Suspicious Transaction Reporting and Abstention from Transactions" 2nd updated version at the end of 2022, which is expected to be published on the FIU website in February 2023. The Guidelines provide guidance and practical examples on how to distinguish between sanctions violations and sanctions circumvention, which are the subject of competent authority reports, as well as descriptions and analysis of specific cases of sanctions circumvention.

<sup>3</sup> Material "Indicators of Russia".

Available at: [https://fid.gov.lv/uploads/files/2022/Pret\\_Krieviju\\_noteikto\\_sankciju\\_apiesanas\\_indikatori.pdf](https://fid.gov.lv/uploads/files/2022/Pret_Krieviju_noteikto_sankciju_apiesanas_indikatori.pdf)  
<sup>4</sup> <https://www.fincen.gov/news/news-releases/russia-related-illicit-finance-and-sanctions-fiu-working-group-statement-intent>



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# COOPERATION WITH PARTNER INSTITUTIONS ABROAD

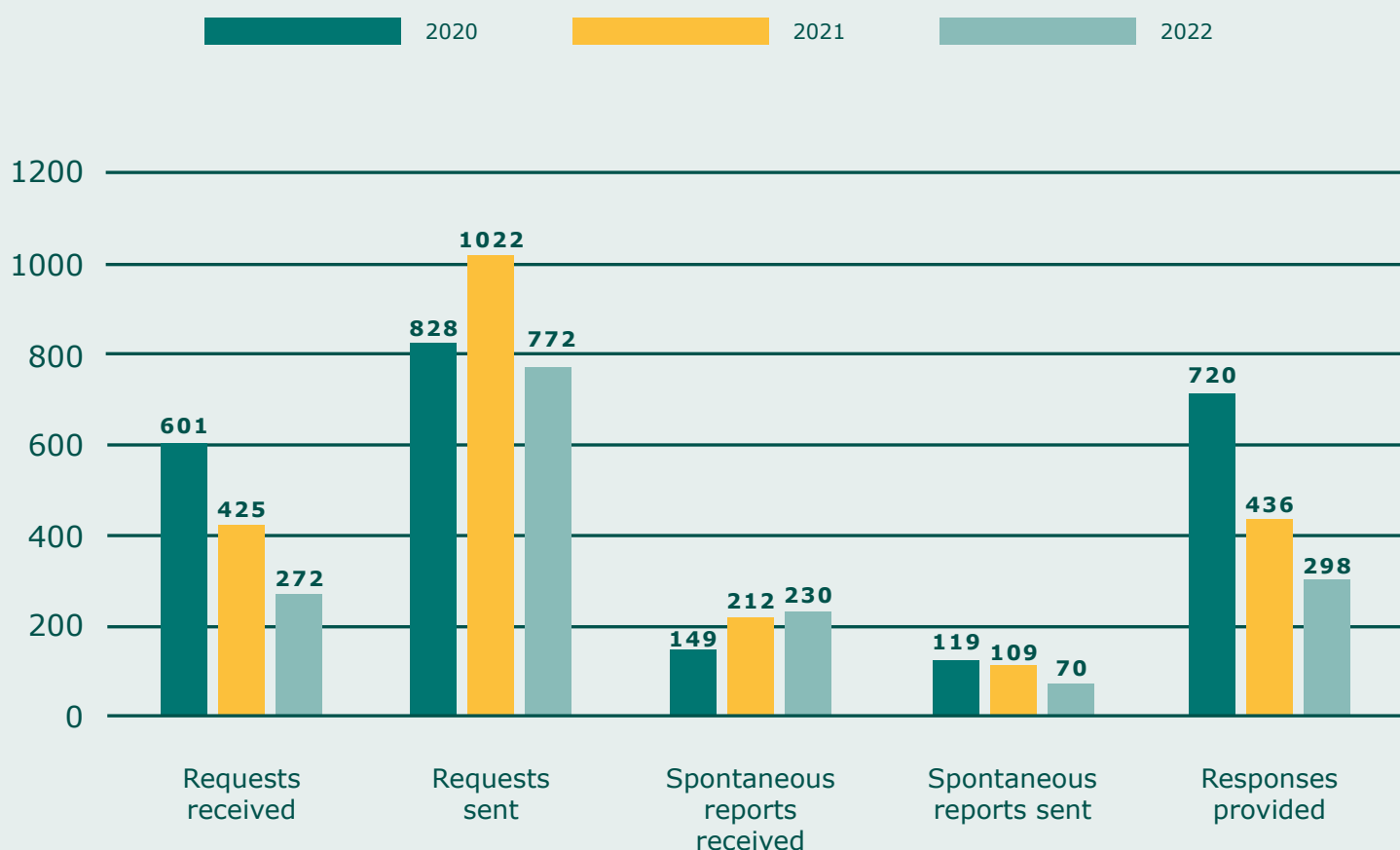
# 07

FIU is a member of the Egmont Group, an international organisation of financial intelligence units. Membership in the Egmont Group enables FIU to communicate and exchange information with members in all 165 other countries through a secure and protected information exchange channel. One of the most important international cooperation functions of the FIU is the preparation of responses to requests from financial intelligence units abroad, as well as the preparation of FIU requests to units abroad. Therefore, the FIU has actively used the Egmont Group's capabilities to obtain information for financial analysis purposes also in 2022.

In 2022, the number of foreign requests received by the FIU decreased, which could be due to both the impact of the Covid-19 pandemic at the beginning of the year, when a large part of the financial intelligence units were working under reduced capacity, and the fact that the risks inherent in regional financial centres are now much less associated with Latvia than before, and consequently there are significantly fewer cash flows in the Latvian financial system that reflect these risks. As a result, the number of suspicious transactions that could be of interest to units abroad has been reduced.

The number of requests made by FIU to counterparts abroad has also decreased in 2022, which is attributable to a shift in FIU's priorities from risk profile 1 (risks related to Latvia as a regional financial centre) to risk profile 2 (domestic crime followed by money laundering). FIU also continues to provide extensive support to law enforcement authorities in obtaining information from abroad.

## DYNAMICS OF INTERNATIONAL COOPERATION OVER 3-YEAR PERIOD



In 2022, requests from foreign financial intelligence units were received mainly for the following alleged criminal offenses:

- stand-alone money laundering;
- fraud;
- circumvention of international sanctions;
- misappropriation;
- tax evasion or avoidance;
- corruption.

The most important countries for cooperation with the FIU in 2022, in terms of the number of requests sent, were Lithuania, Estonia, Switzerland, Cyprus, the Czech Republic, Ukraine, Poland and Germany. The most important FIU cooperation countries in terms of number of reports sent are summarised below.

1	Lithuanian FIU	119
2	Estonian FIU	63
3	Swiss FIU	43
4	Cyprus FIU	41
5	Czech FIU	39
6	Ukrainian FIU	36
7	Polish FIU	32
8	German FIU	31

At the end of 2022, FIU conducted a survey of financial intelligence units abroad, its closest cooperation partners, to assess FIU's international cooperation in 2022. The aggregated responses from the foreign financial intelligence units show that overall cooperation with the FIU is rated excellent, with a score of 9.56 out of 10.

In describing the cooperation with the FIU, the foreign colleagues highlighted the quality of the information provided, the completeness of the replies, the short turnaround time for requests and the high usefulness of the information for further analysis and investigations as the most important aspects.

## INTERNATIONAL FINANCIAL INTELLIGENCE TASKFORCE (IFIT)

In 2019, the FIU established and chaired a specialised IFIT, which brought together representatives from 22 countries whose financial institutions had dealt most with a particular Latvian credit institution. The main mission of the FIU in this task force was not only to provide international partners with a new perspective on how to investigate financial crime, but also to promote multilateral cooperation, especially given the global nature of financial crime. The Task Force grew to 25 member countries and remained active in the first half of 2022, with regular exchanges of operational and strategic information, as well as a final face-to-face meeting in July. During the meeting, the results and conclusions of the group's three years of work were presented, the benefits and importance of such cooperation were discussed, and the very practical and operational results of the group's work were discussed not only in Latvia but also in the other countries involved. In addition, a best practice document for the establishment and operation of similar working groups, based on the experience and lessons learned from the IFIT led by FIU, was presented at the meeting. The document and the work of the task force were generally highly appreciated by their counterparts abroad.

## **FIU PARTICIPATION IN THE INTERNATIONAL EGMONT GROUP AND THE EU FINANCIAL INTELLIGENCE UNIT PLATFORM**

In 2022, the FIU was represented at four meetings of the EU Financial Intelligence Unit Platform, as well as at the Egmont Group Working Group Meeting and the Egmont Group Plenary Meeting. Participation in these forums not only provides an opportunity to learn about the latest global trends and developments, including the latest EU legislation in the area of AML/CTF/PFT, but also gives FIU the opportunity to participate in discussions and working groups, as well as to establish and maintain contacts with counterparts abroad. At meetings of the EU Financial Intelligence Unit Platform, as well as at the Egmont Group plenary meetings, FIU representatives have actively participated in discussions and shared their experience and best practices in analysing cases, identifying new typologies and coordinating cooperation with other authorities.

## **EXCHANGE OF EXPERIENCE WITH FINANCIAL INTELLIGENCE UNITS ABROAD**

In 2022, one of the objectives of the FIU in the field of international cooperation was to strengthen cooperation with partners abroad and to exchange experience and best practice information with selected financial intelligence units abroad in the areas of operational analysis, data automation, strategic analysis solutions, statistical data compilation, international cooperation, public-private partnerships, IT solution design and development, and others. To achieve this goal, in 2022, FIU representatives met and discussed bilaterally, both remotely and in person, with counterparts from financial intelligence units from 12 countries, thus not only gaining valuable experience and knowledge and strengthening mutual cooperation, but also gaining new ideas for improving the efficiency of the Unit.

## **PARTICIPATION IN THE EUROPOL FINANCIAL INTELLIGENCE PUBLIC-PRIVATE PARTNERSHIP**

The FIU is actively involved in the work of the Europol Financial Intelligence Public-Private Partnership (EFIPPP). EFIPPP is a project established in 2017 to promote and develop cross-border cooperation and information exchange between Europol, competent authorities (including financial intelligence units and law enforcement authorities) and financial institutions from within and outside the EU.

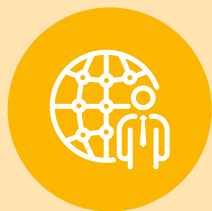
The Head of FIU's Strategic Analysis Unit is a member of the EFIPPP Management Group. The FIU attended all EFIPPP plenary meetings in 2022. The focus of EFIPPP work in 2022 was on corruption, sanctions and digital fraud.



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# INTERNATIONAL EVENTS AND AWARDS ORGANISED BY FIU

# 08



## 7. FEBRUARY

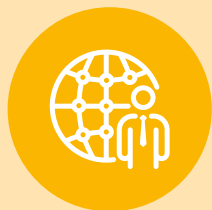
### INTERNATIONAL FORUM ON THE AUTONOMY AND INDEPENDENCE OF FINANCIAL INTELLIGENCE UNITS

The FIU is an essential part of any country's system for preventing AML/CTF/PFT. By providing financial information and intelligence to law enforcement and other relevant authorities, as well as to partners abroad, the FIU plays an important role in the country's efforts to combat crimes that threaten national security.

A lack of autonomy or functional independence may not only undermine the effectiveness of the FIU, but also have a negative impact on the quality of the AML/CTF/PFT investigations. It is therefore essential for the FIUs to operate in an environment that ensures their functional independence and autonomy, both financially and operationally.

To raise the issue of the autonomy and independence of financial intelligence units, an international forum was organised where high-level experts discussed the role of financial intelligence units in the development of an effective AML/CFT/PFT system, the prerequisites for an independent financial intelligence unit, challenges, the role of innovation in financial intelligence and other topical issues. A special discussion was devoted to the experience in the Baltic States.

**MORE THAN 200 VIEWERS FROM AT LEAST 22 COUNTRIES PARTICIPATED IN THE EVENT ONLINE.**



## 8. FEBRUARY

### INTERNATIONAL SEMINAR ON HUMAN SECTOR IN LATVIA AND NEIGHBOURING COUNTRIES

Modern slavery and human trafficking affects countries around the world, with an estimated annual illicit profit of \$ 150 billion. The financial sector has a key role to play in the fight against modern slavery and human trafficking, as it is often the active involvement of the financial sector that makes it possible to detect and stop these crimes. The Latvian Government's Human Trafficking Prevention Plan 2021-2023 recognises that the number of people affected by this hidden crime is growing rapidly, both globally and nationally.

Therefore, the aim of the seminar was to encourage discussion and raise awareness of the role of the financial sector in the context of the detection of human trafficking-related crimes. At the event, experts discussed the risks of modern slavery and trafficking in human beings in the financial sector and the industry's contribution to the detection of trafficking-related crimes.

The event was organised in partnership with FAST (Finance Against Slavery and Trafficking), a global initiative of the United Nations University Centre for Policy Research to mobilise the financial sector against modern slavery and human trafficking.

**MORE THAN 200 VIEWERS FROM AT LEAST 13 COUNTRIES PARTICIPATED IN THE EVENT ONLINE.**



## 10 – 15 JULY

### 28<sup>TH</sup> EGMONT GROUP PLENARY MEETING "NEW APPROACHES TO DRIVE THE FINANCIAL INTELLIGENCE UNITS EFFECTIVENESS IN A RISK-BASED ENVIRONMENT" IN RIGA

For the first time, Riga hosted several hundred of the world's financial intelligence experts at the 28th Egmont Group Plenary Meeting

"New Approaches to Drive the Financial Intelligence Units Effectiveness in a Risk-Based Environment". The plenary discussed progress made during the year and defined objectives for the coming periods. It was the first face-to-face plenary session since 2019 and therefore played an important role in the practical operation of the Egmont Group.

The Egmont Group was founded in 1995 and brings together 166 financial intelligence units from around the world to promote information sharing and crime detection.

**THE PLENARY MEETING IN RIGA BROUGHT TOGETHER ALMOST 400 PARTICIPANTS FROM MORE THAN 120 COUNTRIES' FINANCIAL INTELLIGENCE UNITS AND INTERNATIONAL ORGANISATIONS.**



## 1. DECEMBER

### INTERNATIONAL CONFERENCE "EU SANCTIONS AGAINST RUSSIA: IMPLEMENTATION, EFFECTIVENESS AND THE FUTURE"

The aim of the conference was to bring together the competent national authorities and high-level national and international experts to share information and experience on the effective application of sanctions against Russia.

The conference brought together high-level national and international speakers (Estonia, Norway, the UK and the US) as well as representatives of international organisations (European Commission, US Department of Justice, Office of Foreign Assets Control (OFAC), US Department of the Treasury, Europol).

The event was organised in cooperation with the Ministry of Foreign Affairs of the Republic of Latvia and is being held for the fourth consecutive year.

**IN 2022, THE CONFERENCE GATHERED 60 GUESTS IN PERSON AND MORE THAN 1000 ONLINE LISTENERS.**



### INTERNATIONAL AWARD FOR EXCEPTIONAL WORK IN THE FIELD OF FINANCIAL INTELLIGENCE

**DURING THE 28<sup>TH</sup> EGMONT GROUP PLENARY MEETING, FIU WON THE INTERNATIONAL BEST EGMONT CASE AWARD (BECA) FOR EXCEPTIONAL WORK IN THE FIELD OF FINANCIAL INTELLIGENCE AMONG A COMPETITION OF 32 CASES.**

The number of cases submitted to the Egmont Award increases every year – in 2022, 32 cases were submitted from 19 financial intelligence units around the world, the highest number of submissions in the history of the award. The Latvian and Italian financial intelligence services made it to the final. Latvia's case was recognised for its size, complexity, the innovative methods used in the intelligence and the international cooperation developed.

The initiative is designed to encourage Egmont Group members to contribute to the analysis of ML/TF cases and to assist financial intelligence services and cooperation organisations in the fight against financial crime. It is an opportunity for financial intelligence units to share their experience and knowledge internationally.

To enter the competition, financial intelligence units must submit an application outlining the most significant case or cases they have handled, reflecting the complexity of the process, the financial intelligence unit's expertise in investigating the case, and providing insight into the financial intelligence process.



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# STRATEGIC ANALYSIS AND RESEARCH

# 09

Strategic analysis is one of the key activities carried out by FIU, which includes an analysis of trends and current developments in the field of ML/TF/PF, as well as an examination of the impact of different circumstances on approaches and methods for addressing AML/CFT/PFT. The findings of the strategic analysis help to define not only the lines of action of the FIU as the lead authority in the field of ML/TF/PF, but also inform other competent authorities and the subjects of the Law on Prevention about priorities and risk issues.

## THE WORK OF THE FIU ON STRATEGIC ANALYSIS IN 2022 FALLS INTO THE FOLLOWING CATEGORIES:



## NATIONAL ML/TF/PF RISK ASSESSMENT REPORT

The National ML/TF/PF Risk Assessment Report (RAR) plays an important role in the development of ML/TF/PF policy. In this process, the most significant ML/TF/PF risks in Latvia are identified, analysed and understood, their consequences assessed and the necessary measures to mitigate, prevent or manage them defined. The Risk Assessment Report contributes to a common understanding among competent authorities and serves as a basis for the development of the AML/CFT/PFT action plan, identifying priority actions to be taken.

Given that a country's ML/TF/PF risk profile is variable, influenced inter alia by various factors such as geopolitical issues, technological developments, etc., an RAR should be carried out with some regularity (in Latvia an RAR is carried out every three years). FIU, with the support of the co-responsible institutions, has started work on the RAR 2023 for the period 2020-2022. In total, work is being carried out in 11 working groups, assessing threats and vulnerabilities for sectors, legal persons and non-governmental organisations, defining high-risk ML services and mitigating measures, and studying trends in terrorism and proliferation financing. In accordance with Paragraph 1.2 of the Action Plan approved by Cabinet Order No 940, RAR 2023 will be published by 30 September 2023.

## Strategic analysis studies

In 2022, a number of major strategic analysis studies were produced, published on the website of the FIU and presented to the target audience and competent authorities at various educational and awareness-raising events and meetings.



### Human trafficking and associated money laundering

The study, developed in cooperation with FAST<sup>5</sup>, the Ministry of the Interior, the Organised Crime Combating Directorate of the State Police, the Prosecutor's Office of the Republic of Latvia, identifies trends in human trafficking in Latvia and includes signs that may indicate money laundering as a result of human trafficking, thus facilitating the detection of human trafficking cases in Latvia. At the end of the study, in the light of the escalation of the geopolitical situation in the world, information is also included on the risks of the Russian-induced war in Ukraine for human trafficking in Latvia.



### Money laundering, terrorism and proliferation financing and sanctions evasion risks in the public sector

<sup>5</sup> Finance Against Slavery and Trafficking is a global initiative by the UN University Centre for Policy Research to mobilise the financial sector against modern slavery and human trafficking.

The FIU, taking into account the findings of the National Audit Office,<sup>6</sup> has summarised the most significant risks of ML/TF/PF as well as sanctions violations in the public sector, in line with the risk assessment. The risk identification and assessment exercise was carried out with the aim of raising awareness among public sector persons of the risks of the ML/TF/PF as well as the risks of sanctions violations related to public sector activities. To provide methodological support, the risk assessment also includes recommendations to address risks, including guidance for public entities on compliance with and enforcement of sanctions.



### **Indicators of Russia-Related Sanctions Evasion**

See “FIU’s Work and Role in Sanctions”.



### **Strategic analysis study Money laundering, terrorism and proliferation financing risks of NFTs**

This ML/TF/PF risk assessment, developed by the FIU, assesses the risks arising from the use and characteristics of a specific type of virtual asset – NFTs. The development of NFTs has been extremely rapid and their popularity has grown significantly, making it particularly important to anticipate ML/TF/PF trends and assess the risks associated with this virtual solution. Regulatory gaps, lack of “know your customer” and transaction monitoring requirements, opportunities for self-legalisation, fictitious trading to artificially inflate the value of NFTs and tax evasion are just some of the risks identified in this ML/TF/PF risk assessment.



### **Strategic analysis study Trade-Based Money Laundering**

The dynamic nature of trade transactions, the variety of goods and services involved, the involvement of multiple goods, services, counterparties in trade transactions and other aspects increase the risks that trade transactions may be used to commit or conceal ML, tax fraud schemes and other criminal offences. This study has been developed sequentially, focusing on the techniques that can be used in trade transaction schemes, as well as compiling indicators of possible ML/TF/PF activities through trade transactions in Latvia.



### **Virtual currencies: Money Laundering and Terrorism and Proliferation Financing Risk Assessment**

The policy planning documents, including Paragraph 1.2 of the Action Plan, define the assessment of the risks of virtual currencies for ML/TF/PF as an annual process, for which the FIU is the responsible authority. Given that the relevance and popularity of a particular “new technology” – virtual currencies – remains high, new technical solutions and trends are being introduced, and its use in crime continues unabated, regular assessment of the risks of ML/TF/PF is an essential process.

This risk assessment, developed by the FIU by analysing the information at its disposal, studies developed by international organisations, as well as using information provided by the MoF, the SRS, the CPD of the SP and the FCMC, has been developed to supplement and update the information for the 2021 version.

In addition, in 2022, FIU launched the first joint cross-border strategic analysis study with the Financial Intelligence Units of Lithuania and Estonia. The study is about cash movements through Estonia, Latvia and Lithuania. The study involves in-depth and first-hand research and analysis of qualitative and quantitative data, while working with central banks, tax administrations and law enforcement authorities. The strategic analysis work in this area is planned to continue in 2023.

In January 2023, the FIU distributed a questionnaire to cooperation bodies, including supervisory and control bodies, as well as to subjects of the Prevention Law under their supervision, asking for feedback on the published strategic analysis studies. More than 66 % of respondents indicated that the studies and materials were highly relevant and useful. Overall, the average score for FIU studies is 8.4 out of 10.

<sup>6</sup> In October 2021, the SAO approved an Audit Report assessing the public sector’s preparedness to identify and prevent ML and the risks of sanctions violations. The SAO concluded that in order to ensure timely detection of suspicious transactions and avoid cooperation with sanctioned persons, the public sector needs to raise awareness of ML/TF/PF and sanctions risks, improve methodological support and access to information resources, and improve the ICS through a risk-based approach.

## STRATEGIC ANALYSIS ON REQUEST

One of the strategic analysis areas of the FIU is the strategic analysis carried out at the request of supervisory and control bodies or law enforcement authorities on a specific issue, such as the subject of the Prevention Law, a sector, etc. Also in 2022, the FIU prepared and provided strategic analysis information upon request. These documents have restricted status.

## PROVIDING FEEDBACK

The FIU provides annual feedback on the number and quality of suspicious transaction reports to the supervisory and control bodies, as well as to the subjects of the Preventive Law, by organising one-to-one meetings.

In 2022, the FIU organised 10 feedback meetings with all 11 supervisory and control bodies defined in Section 45 of the Prevention Law. The meetings provided the FIU's assessment of the number and quality of reports provided by each sector or sectors monitored by the supervisory and control bodies in 2022. The monitoring activities and other topical issues were also discussed, including sanctions, past and future cooperation with the FIU, planned educational activities, etc.

In 2022, feedback meetings were also held with 11 different subjects of the Prevention Law, of which 10 were with credit institutions (as the sector from which most suspicious transaction reports are received). The FIU provides feedback to the subjects of the Prevention Law on their reports on suspicious transactions and threshold declarations since 01.10.2021, when the new FIU system for receiving and analyzing financial intelligence data goAML was introduced. The meetings discussed and analysed the qualitative and quantitative indicators of the reports, as well as examples of individual suspicious transaction reports, including their content, technical deficiencies (if any), timeliness of reporting, etc. A particular focus of the meetings was on developing a common understanding on reporting sanctions circumvention and attempted circumvention to the FIU.



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# INTERNATIONAL EVALUATIONS OF LATVIA

# 10

One of FIU's functions is to ensure Latvia's representation in various international evaluation processes related to the prevention of ML/TF/PF. Several international evaluations continued in 2022, with FIU providing the necessary information and representation.

In 2022, international experts have highly appreciated Latvia's achievements in improving the area of ML/TF/PF, thus strengthening Latvia's international reputation in the area of ML/TF/PF as meeting the highest international standards.

## **MONEYVAL PHASE 5 ENHANCED SURVEILLANCE PROCESS**

In July 2018, the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Moneyval), at its 56th Plenary Meeting, adopted a decision to apply the enhanced supervision procedure to Latvia by endorsing Latvia's fifth-round mutual evaluation report. Under this procedure, Latvia was required to submit three follow-up reports on its compliance with the 40 FATF recommendations.

At its 59th plenary meeting in December 2019, Moneyval approved Latvia's first published follow-up report, which found that Latvia's legal framework complies with all 40 FATF recommendations. Despite the compliance achieved, Latvia continued to be subject to enhanced surveillance under the Moneyval fifth-round mutual evaluation procedure and was obliged to submit follow-up reports.

On 30 September 2022, FIU submitted its third and final follow-up report to Moneyval, which is due under Moneyval's fifth-round enhanced surveillance procedure. The report was prepared under the guidance of FIU and this extensive report (147 pages) Latvia provided an update on progress and results achieved in implementing ML/TF/PF measures in line with Moneyval's recommendations in 2018. The adoption of this report at the 64th Plenary Meeting of Moneyval in December 2022 marks the end of Latvia's enhanced surveillance process with Moneyval and there are no further reports to be submitted by Latvia in accordance with the procedure.

Given that the Moneyval fifth-round mutual evaluation process is gradually drawing to a close (it is expected that the last Moneyval fifth-round mutual evaluation reports from Member States could be adopted in 2024), discussions on the next stage, sixth-round, were held during the 64th Moneyval Plenary Meeting (December 2022). Moneyval is expected to start work on the design of the fifth-round mutual evaluation procedure in early 2023 and the draft will be reviewed by Member States at the Moneyval Plenary in May 2023. The first on-site visits of the sixth-round mutual evaluation to Moneyval Member States are foreseen for October 2024, while the first evaluation reports will be adopted at the end of 2025.

## **EVALUATION VISIT BY THE UN COUNTER-TERRORISM COMMITTEE EXECUTIVE DIRECTORATE**

In 2022, the United Nations Security Council Counter-Terrorism Committee Executive Directorate (UN CTED) continued to assess Latvia's progress in implementing UN Security Council resolutions related to the prevention of terrorism and the financing of terrorism. From 13 to 14 October 2022, Riga hosted a UN CTED expert visit to assess Latvia's progress in combating the financing of terrorism and the effectiveness of the AML/CFT/PFT system. UN CTED experts assessed the legal framework and its compliance with international obligations, FIU's capacity and effectiveness in preventing and combating ML/TF/PF, including cooperation with other relevant authorities as well as with partners abroad, and FIU's ability to ensure full implementation of UN Security Council resolutions.

During the visit, UN CTED experts commended FIU for winning the BECA International Award for exceptional work in the field of financial intelligence at the 2022 Egmont 28th Plenary Meeting in Riga. The UN CTED experts also commended FIU for the progress made since the 2018 Moneyval assessment, stressing that Latvia has made significant improvements in the overall AML/CFT/PFT system, ensuring effectively functioning mechanisms to prevent the abuse of Latvia's financial system for financial crimes.

The UN CTED's initial summary of the experts' conclusions highlights that Latvia has made significant efforts to improve the legal framework in a very short period of time since the 2018 Moneyval-approved fifth-round mutual evaluation report. The measures taken have significantly reduced the vulnerability of the Latvian financial system to abuse for terrorist financing.

The UN CTED experts highly commended Latvia's ML/TF/PF system and its effectiveness. In particular, the UN CTED experts highlight the cooperation platforms that have been created (CCG, Monitor Platform, Sanctions Coordination Board, AMLIH), commending inter-institutional cooperation and cooperation with the private sector. The feedback mechanisms introduced by the FIU, both in international cooperation, in cooperation with supervisory and control bodies and subjects of the Prevention Law, and in cooperation with law enforcement authorities, are also highly valued. The UN CTED experts consider all of the above to be good practice, which they recommend other UN Member States to adopt.

In the above-mentioned summary of their preliminary findings, the UN CTED experts particularly highlight that Latvia has implemented a national funds freezing mechanism in accordance with the requirements of UN Security Council Resolution 1373 (2001), ensuring good practice. At the same time, the sanctions list search developed and maintained by FIU – <https://sankcijas.fid.gov.lv/> – is highly appreciated and cited as a good practice.

## INTERNATIONAL MONETARY FUND ARTICLE IV ASSESSMENT FOR LATVIA

The International Monetary Fund (IMF) conducts annual reviews of countries' macroeconomic and financial stability. These assessments also focus on the field of AML/CFT/PFT. In August 2022, the IMF published its Article IV consultation report with Latvia.

As part of the IMF's Article IV consultations with Latvia, a hybrid (remote and face-to-face) meeting with IMF experts was held in 2022 chaired by the Latvijas Banka, after which the IMF's Article IV report was adopted. The IMF experts emphasise in their report that Latvia has made significant progress in strengthening its AML/CFT/PFT system. It is appreciated that the AML/CFT/PFT system correctly focuses on emerging threats, including the risk of sanctions circumvention.

## IMF ASSESSMENT OF THE FINANCIAL SECTOR IN THE NORDIC-BALTIC REGION IN THE FIELD OF AML/CFT

In 2022, work continued on the IMF's Nordic-Baltic Financial Sector Assessment in the field of AML/CFT, which assesses the analysis of financial flows (banks and other financial institutions) with/between countries in the region, the impact of these flows on AML/CFT risks, as well as the cooperation of supervisory and control bodies in this area. In May and June 2022, several face-to-face meetings were held with IMF experts, chaired by the Latvijas Banka, at which the FIU provided extensive information and supporting statistics, including on the FIU's resources and capacity, suspicious transaction reporting practices and indicators, developed supporting materials and guidelines for Prevention Law subjects and counterparties, strategic analysis products and their contribution.



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# FIU COOPERATION PLATFORMS

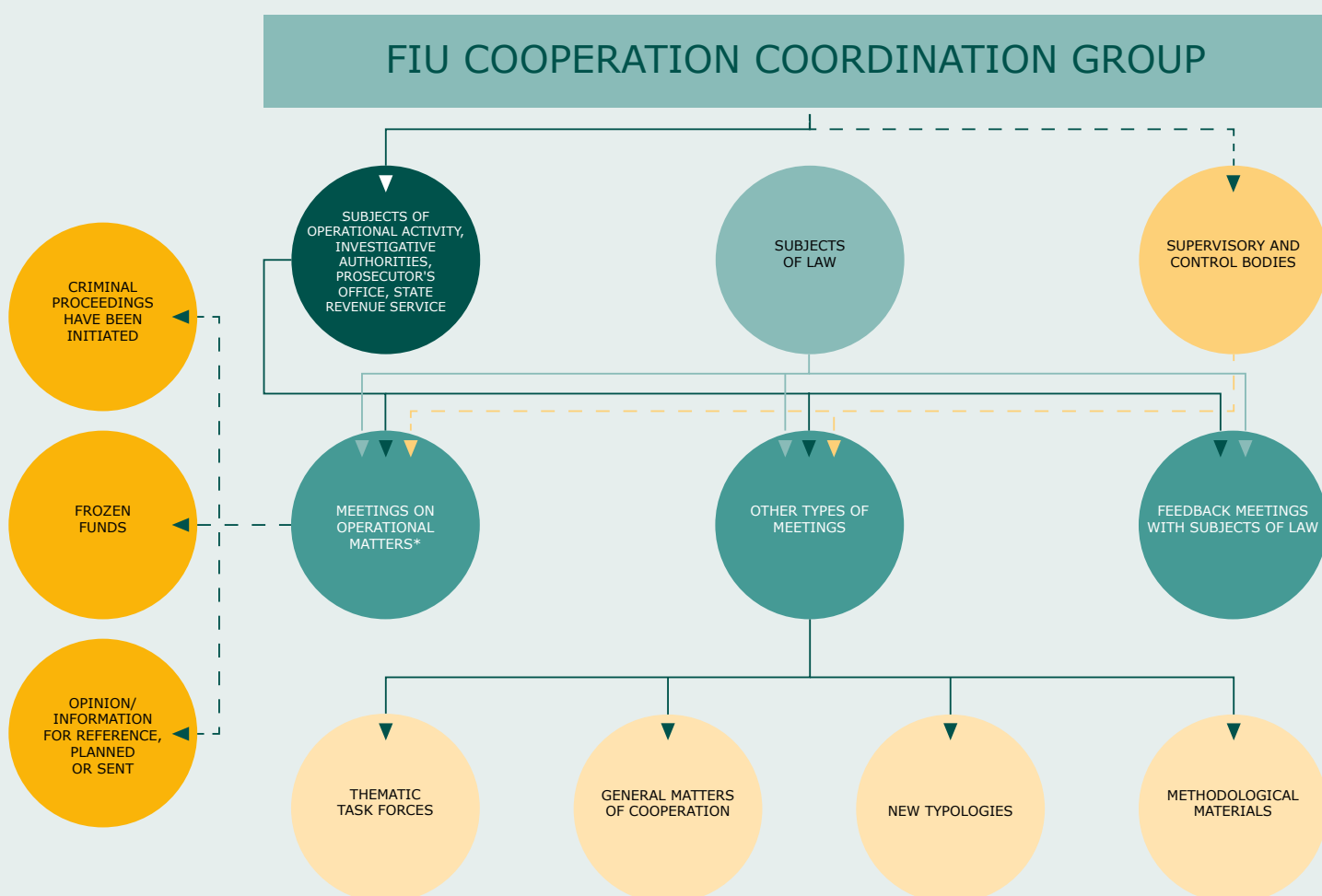
# 11

## THE OPERATION OF A COOPERATION COORDINATION GROUP AS A FORM OF PUBLIC-PRIVATE PARTNERSHIP

The performance of FIU's functions is not possible without effective cooperation with law enforcement authorities and prosecutors, as well as with the subjects of the Prevention Law and their supervisory and control bodies. According to Article 55 of the Prevention Law, the purpose of such cooperation is to facilitate the effective performance of the tasks assigned to the participating institutions, the subjects of the Prevention Law and the supervisory and control bodies by the regulatory enactments.

The Prevention Law provides that the FIU coordinates the cooperation of the institutions involved (subjects of operational activities, investigative authorities, prosecutor's office, SRS), as well as the subjects of the Prevention Law, and that the cooperation is coordinated by convening the CCG. The CCG is convened by the FIU on its own initiative or if proposed by at least one of the institutions involved.

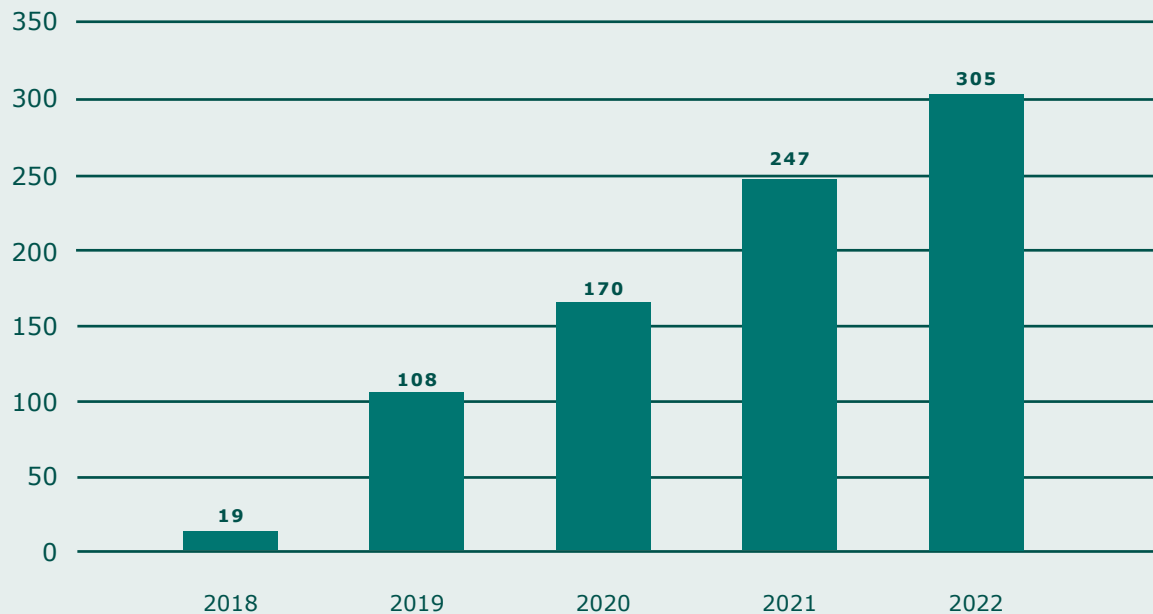
### CCG OPERATING SCHEME



*\*Exchange information relating to ML/TF/PF, attempted at such actions or other related CO or suspicious transaction.  
May consider specific situations involving review or investigation, and exchange information.*

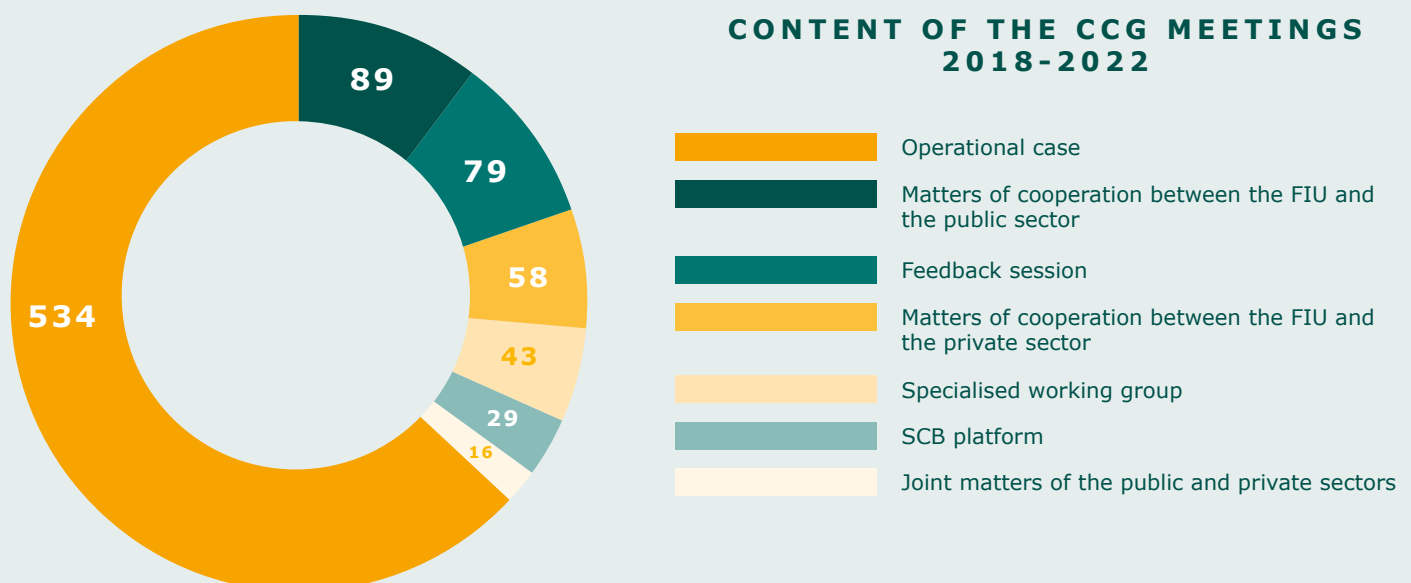
The CCG is an effective, flexible and operational instrument for coordinating cooperation, as demonstrated by the rapidly growing number of CCG meetings convened. 108 meetings were convened in 2019, 170 in 2020, 247 in 2021 and 305 in 2022 (most of which were reconvened to continue consideration of specific cooperation matters).

### DYNAMICS OF THE CCG MEETINGS 2018-2022



The most frequent CCG meetings in 2022 were on operational matters – 216.

### CONTENT OF THE CCG MEETINGS 2018-2022



## LEA PARTICIPATION IN CCG MEETINGS (MOST ACTIVE PARTICIPANTS)

INSTITUTION	2018	2019	2020	2021	2022	TOTAL
State Police	10	46	46	69	78	249
including ENAP (ECD)	10	35	27	42	39	153
including ONAP (OCD)/ONSSNAP (SOCA)	-	9	11	12	19	51
CPCB	3	7	9	37	69	125
TCPD of the SRS	2	10	13	21	21	67
SSS	1	3	12	17	34	67

In 2018-2022, the Public Prosecutor's Office participated in 127 meetings of the CCG.

By year: 1 in 2018, 19 in 2019, 23 in 2020, 33 in 2021 and 51 in 2022, including 7 meetings with the EPPO in 2022.

## INITIATORS OF CCG MEETINGS

INITIATOR	2018	2019	2020	2021	2022	TOTAL
LEA and prosecutor's office together	8	25	30	25	67	155
CPCB	1	3	2	10	26	42
State Police	6	12	12	9	25	64
TCPD of the SRS		5	3	1	1	10
Prosecutor's Office		2	6	1	6	15
FIU	6	64	99	195	216	580
Subjects of the Law	4	13	32	18	20	87
Of which credit institutions	3	11	27	16	20	77
SCB		6	9	9	2	26
Of which FCMC			4	7	2	13

For the first time, a survey was carried out among the participants of the CCG meetings in order to assess the cooperation between the LEA and the prosecution within the CCG. 88 participants responded, giving an overall score for such cooperation of 8.9 (on a scale from 1 to 10).

## SPECIALISED CCG WORKING GROUPS

The establishment and operation of several specialised working groups of the CCG continued in 2022. 2 new inter-institutional “sustainable” project-oriented working groups were established - the Sanctions Task Force (see section “FIU’s Work and Role in the Field of Sanctions”) and the Tax Crime and AML CCG with a permanent membership of representatives from 4 major Latvian credit institutions, FIU, SRS and the Prosecutor General’s Office. During the year, 5 meetings of this group were held, resulting in a document on indicators and case studies of tax offences. The document is expected to be published on the FIU website in 2023.

## COOPERATION AND COORDINATION PLATFORM FOR SUPERVISION AND CONTROL BODIES

In 2022, 9 meetings of the Cooperation and Coordination Platform of the Supervisory and Control Bodies (SCBs) were held, where more than 20 SCBs discussed and debated issues related to the AML/CFT/PFT. The main objectives of this platform remain the exchange of information and best practices on AML/CFT/PFT monitoring practices; to promote a common understanding of ML/TF/PF risks; to provide the SCBs with information on current ML/TF/PF risks (including analysing and discussing the latest trends). One of the key issues at the 2022 SCBs meetings was the methodology for the development of RAR 2023, discussing the role and involvement of SCBs in the development of RAR 2023.

Based on the amendments to the Prevention Law<sup>7</sup>, the cooperation of SCBs will be further coordinated by the Ministry of Finance. FIU will continue to participate in the SCBs cooperation platform meetings and exchange information with the SCBs in accordance with the requirements of the laws and regulations.

<sup>7</sup> See <https://likumi.lv/ta/id/336675-grozījumi-noziedzīgi-iegutu-līdzekļu-legalizācijas-un-terorisma-un-proliferācijas-finansēšanas-novēršanas-likuma>

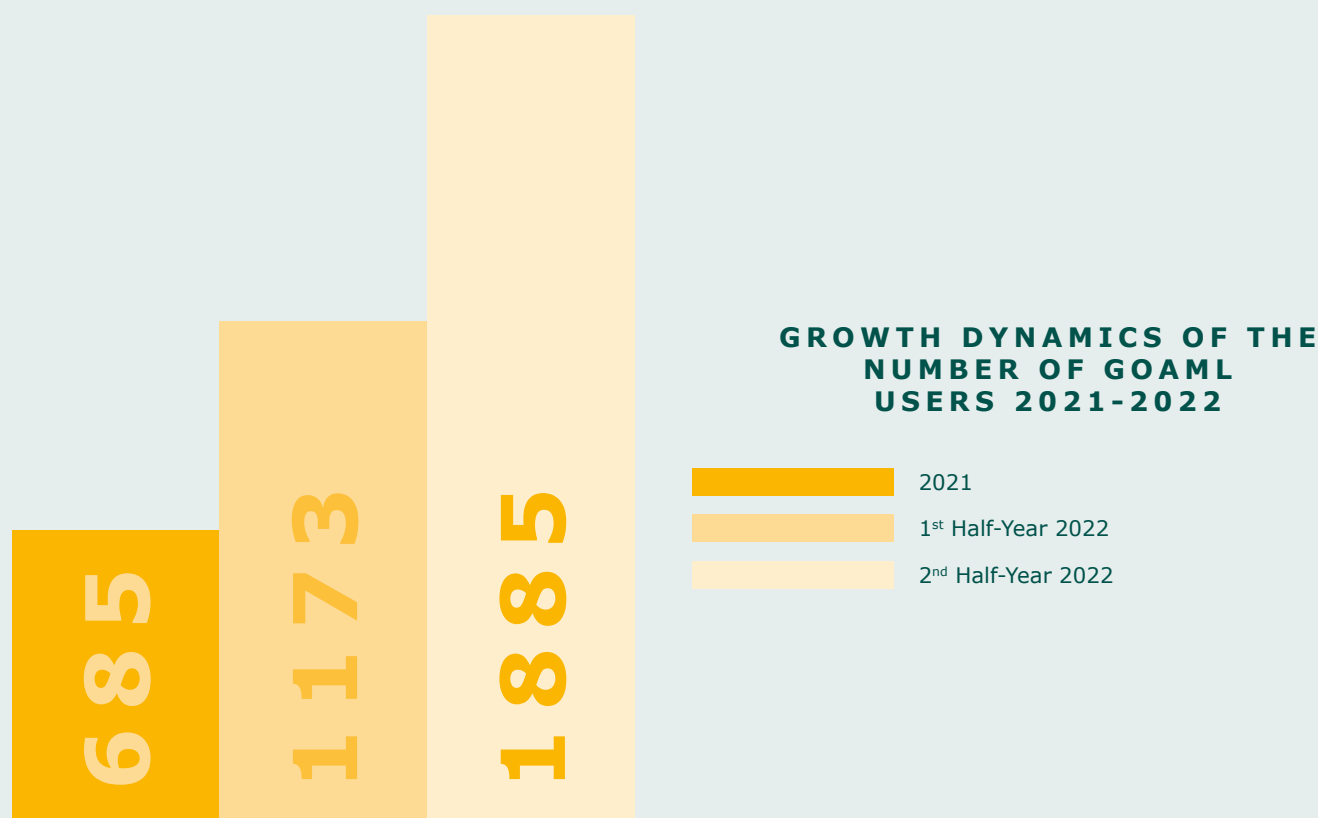


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# INNOVATIONS AND TECHNOLOGICAL SUPPORT SOLUTIONS

# 12

One of the main challenges for technological development in 2022 was to revitalise and develop the goAML reporting system, laying the foundations for sophisticated and multi-level financial intelligence solutions, which has been successfully achieved. For example, through the goAML reporting system, the FIU transmitted 3071 suspicious tax transaction reports to the State Revenue Service in 2022 in an automated way, thus removing this administrative burden from the subjects of the Prevention Law who previously had to submit such reports to both authorities. The goAML reporting system also has 1885 accounts for institutions and enables both the receipt and further analysis of reports from the subjects of the Prevention Law and the exchange of information with law enforcement authorities.



In April 2022, FIU, together with the system developers, the United Nations Office on Drugs and Crime (UNODC), organised a large-scale goAML user meeting in Riga, where representatives from units of more than 20 countries shared their experience in using goAML and discussed future development strategies with the system developers.

In February 2022, the training website <https://training.fid.gov.lv> was launched, which, in addition to the information publicly available on the FIU website, offers a number of AML/CFT/PFT training courses in video format for listening and in-depth learning. Access to the training website is granted to the subjects of the Law on Prevention, law enforcement authorities and supervisory and control bodies of the subjects of the Prevention Law. The training website currently has more than 1000 registered users.

The development of the list of sanctions search functionality of <https://sankcijas.fid.gov.lv/> has ensured the availability of critical information on sanctioned persons. At the same time, FIU actively cooperated with several national information system holders by electronically transmitting lists of sanctioned persons and supporting the development of matching queries.

The move to the new premises has upgraded the infrastructure of the State Electronic Communications Service Centre and increased the computing and data storage capacity needed for FIU's analytical work. The database auditing and protection solution has also been improved, providing additional traceability of database access, as well as user rights management and enhanced information protection. Strengthened monitoring of data exchange channels.

In 2022, FIU introduced a number of technological solutions that extend the functionality of existing technological solutions and improve data quality, laying the foundations for future developments in the field of artificial intelligence.

## AMLIH (AML INNOVATION HUB)

In order to promote law enforcement cooperation and the use of innovative technologies for financial crime intelligence and prevention, the first Financial Intelligence and Anti-Money Laundering Centre in the Baltics was opened in early 2022 under the auspices of the FIU.

The establishment of AMLIH was made possible due to the investment of the Recovery and Resilience Facility (RRF) and its objective is to strengthen Latvia's information technology sector, which is critical for combating financial crime, and to increase the capacity for cooperation in crime detection at national and international level.

The AMLIH will also serve the purpose of knowledge transfer, allowing the organisation of training for financial intelligence professionals through cooperation between representatives of different countries, sectors and institutions.

As the volume of data flows and types of payments increase, manual analysis is no longer feasible, so AMLIH will promote the deployment of artificial intelligence (AI) and machine learning solutions to identify typologies and trends in ML/TF/PF and automate routine, low-intelligence manual activities, allowing resources to be redirected to more in-depth analysis.



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# FINANCE INTELLIGENCE OFFICERS

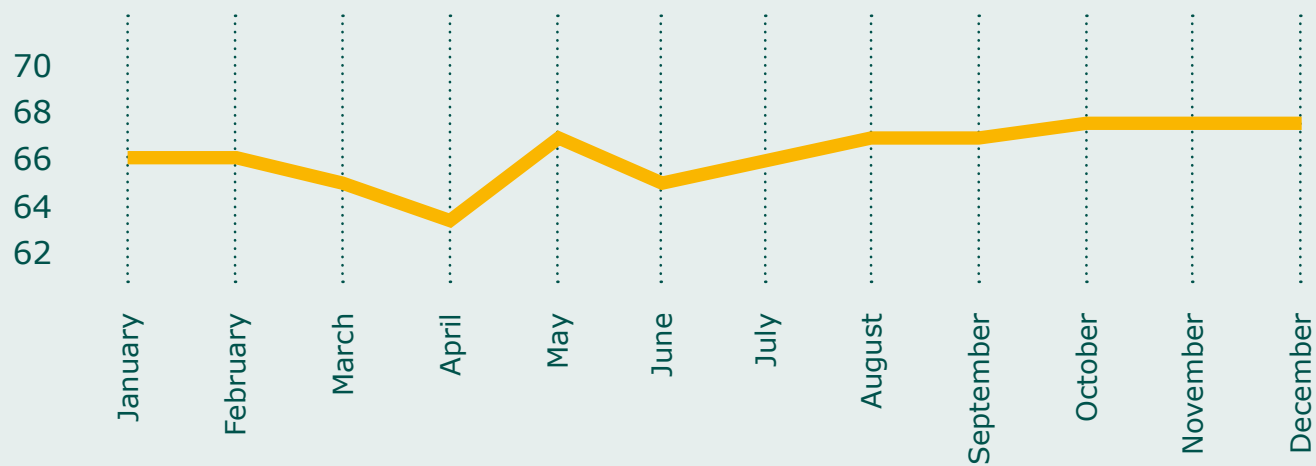
# 13

The FIU’s Human Resources Policy is based on the interplay between selection, remuneration, performance, training and the working environment and aims to support the achievement of the strategic objectives of the institution by attracting suitably qualified staff and officials and creating a working environment that fosters staff professionalism, development and loyalty, based on the core values of the institution.

Under the 2020-2022 Action Plan, four additional positions were allocated to the FIU from 1 January 2022. The total number of the FIU positions in January 2022 was 72, including 14 officials and 58 staff positions.

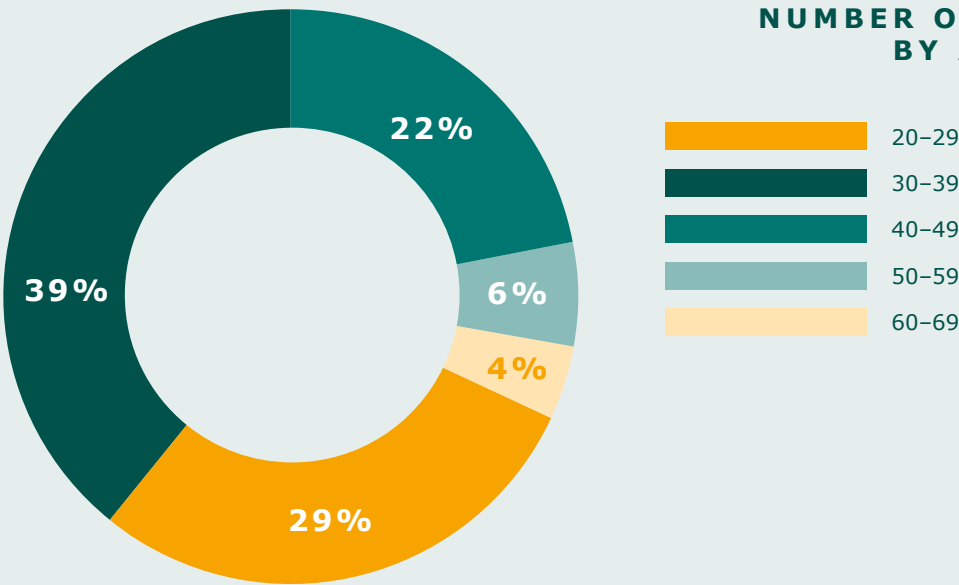
On 1 January 2022, FIU had 66 filled positions, but as the number of staff increased, FIU had 68 filled positions at the end of the year. In 2022, 13 new staff members joined the FIU and an average of 66 positions were filled in the reporting year.

NUMBER OF PEOPLE EMPLOYED IN 2022 BY MONTH

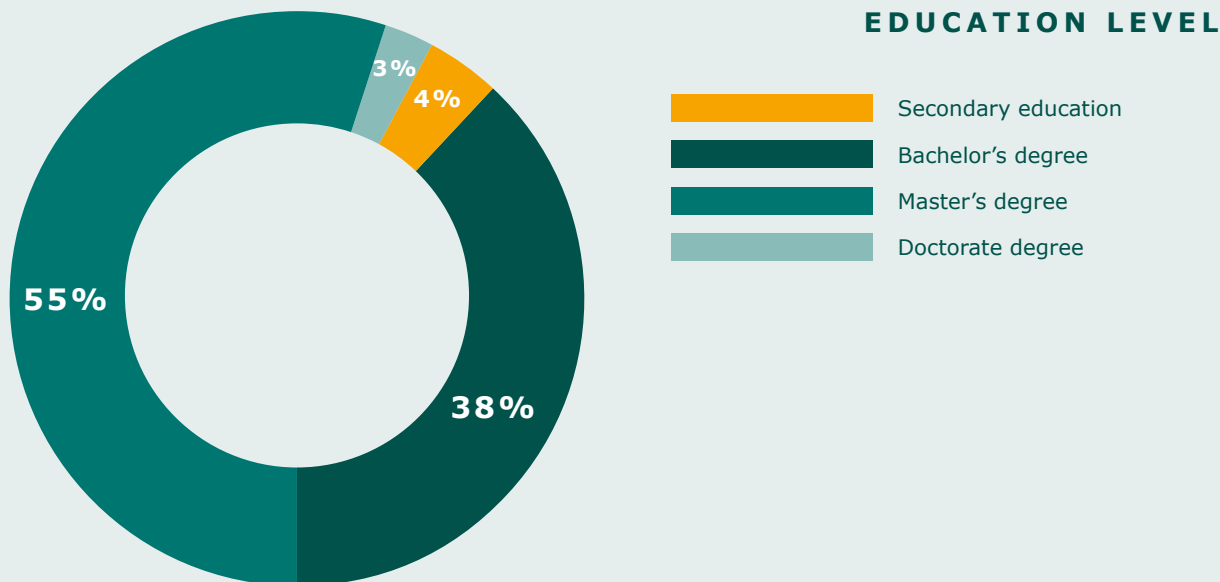


The average age of FIU staff member is 37. 69 % of FIU staff are women, 31 % men.

NUMBER OF STAFF MEMBERS BY AGE GROUP



96% of FIU staff have at least one bachelor's degree, 55 % have a master's degree and 3 % have a doctorate, while 4% are currently studying for a bachelor's degree and are working towards a doctorate. The FIU staff are mostly university graduates in law, finance and business administration or other social sciences.



In order to strengthen their knowledge and improve their qualification in the field of AML, the FIU staff have continued their studies in the Association of Certified AML Professionals (ACAMS) certified training programme and qualified for the Certified AML Specialist (CAMS) examination, as well as in various training courses organised by local and international cooperation bodies.

## PROFESSIONAL DEVELOPMENT OF STAFF

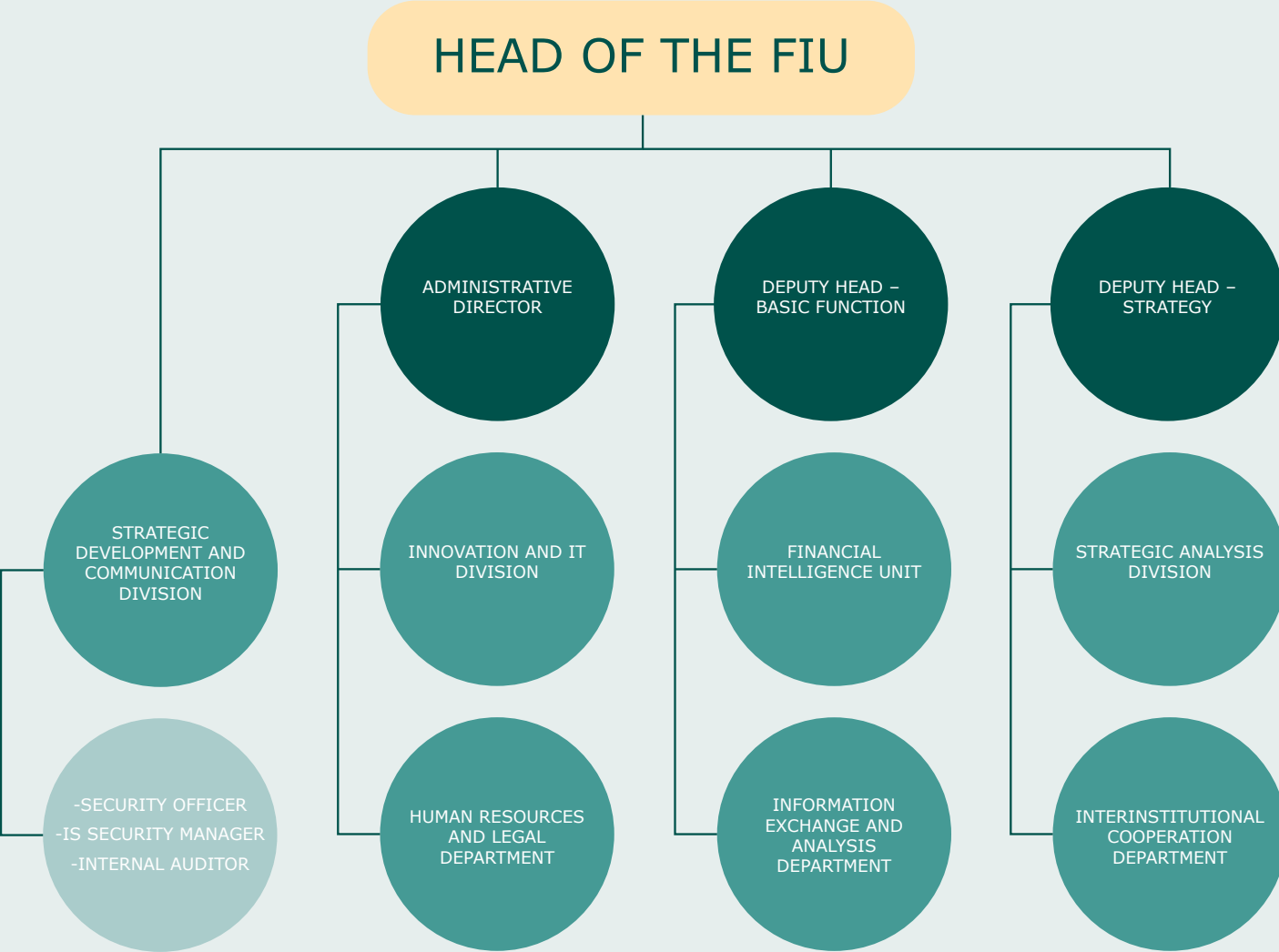
The FIU staff regularly improve their professional competences through face-to-face and online training, courses, lectures, seminars, conferences and bilateral exchange events. Staff members have the opportunity to develop their competences at professional development events organised by Latvian institutions (e.g. training courses at the School of Public Administration), as well as at international events organised by the Egmont Centre of Financial Intelligence Unit Excellence and Leadership "ECOFEL", the European Union Agency for Law Enforcement Training CEPOL LEEd, the Basel Institute for Governance "Basel LEARN" and other organisations.

In 2022, the FIU staff participated in a total of 121 professional development activities, including 11 staff members who obtained the prestigious certificate of the Certified Anti-Money Laundering Specialist (CAMS).

In 2022, FIU staff participated as lecturers in more than 30 trainings, educating subjects of the Prevention Law, representatives of supervisory and control bodies, law enforcement, prosecution and other cooperation authorities on issues related to the core business of the unit, with a focus on the risks of ML/TF/PF posed by virtual assets and their prevention, as well as issues related to the risks of sanctions violation and circumvention.

In the reporting year, the FIU provided the training website <https://training.fid.gov.lv/>, where it is possible to listen to and study in depth various AML/CFT/PFT training courses, such as Crime in Financial Instruments Markets, use of the goAML system, NRA Conclusions 2017-2019, as well as various lectures by foreign experts. Access to the training website is granted to the subjects of the Prevention Law, law enforcement authorities, as well as supervisory and control bodies. At the end of 2022, more than 1000 users are registered on the learning site.

STRUCTURE OF THE FIU





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# COMMUNICATION WITH THE PUBLIC

# 14

In 2022, the FIU communicated with the public through various communication channels to inform them about the FIU's activities and achievements, as well as new developments in the field of ML/TF/PF.

## COOPERATION WITH THE MEDIA

During the reporting period, the FIU has prepared and provided answers to media requests and proactively implemented publicity activities. The main topics were covered in the national media in the form of news stories, interviews, opinion pieces, educational and explanatory material. The views of the FIU have also been featured on international websites related to AML/CFT/PFT. Top media topics in 2022:

- financial intelligence as a national security issue;
- the number and dynamics of attempts to evade sanctions;
- results of financial intelligence activities, including the dynamics of the number of suspicious transaction reports received and analysed.

## COMMUNICATION ON SOCIAL NETWORKS AND WEBSITE

The FIU also uses social media to communicate with the public on a daily basis, keeping followers and other social media users up-to-date on work and developments in the area of AML/CFT/PFT.

The FIU has a growing following on social media platforms. In 2022, the number of followers on LinkedIn, the professional social platform, reached 6348 followers, Facebook – 923 followers and the microblogging platform Twitter – 469 followers.

One of the main communication channels of the FIU is its website <https://www.fid.gov.lv/lv>. In 2022, information on current events was also published, as well as updates to other sections of the FIU website. The total number of visitors to the website in 2022 exceeded 60 000 unique visitors.

## PARTICIPATION IN THE FESTIVAL "LAMPA"

In 2022, at the Conversation festival "Lampa", the FIU organised an expert panel discussion on "Money Roads and Off-Roads. Money Laundering and Human Trafficking". The discussion focused on current issues related to forced labour as a form of human trafficking, as well as on how to recognise the signs of forced labour, how to detect such crimes by tracing the proceeds of crime, and what the financial sector can do to prevent human trafficking crimes. The discussion was attended by representatives from the Ministry of the Interior, the FIU, the Ombudsman's Office, the State Police Anti-Human Trafficking and Pimping Unit, as well as the Financial Industry Association (FIA).

Iceland  
Liechtenstein  
Norway grants grants



The discussion was held with the support of the European Economic Area (EEA) grant-funded project "Improvement of employees' knowledge in combating money laundering in Latvia" [www.eeagrants.lv](http://www.eeagrants.lv).

## INFORMATION AND EDUCATION CAMPAIGN "MONEY (F)LAWS"

FIU, as the lead authority for AML/CFT/PFT, is obliged under Paragraph 1.3.2 of the Action Plan to organise Money Law Days as an educational campaign for businesses and the public to raise awareness of economic and financial crime and to warn people of the risks of being involved in it.

In 2022, FIU ran an awareness-raising campaign from 9 to 31 March on "Money (F)Laws". The aim was to educate the public about the types of ML and its negative impact on the country's economy as a whole, the links between money laundering and other crimes, and to reduce public tolerance of such offences.

The campaign strategy was based on messages to raise public awareness of the need to prevent ML for the benefit of all citizens, as financial crime hinders the country's economic growth and has a negative impact on economic development. The campaign focused on the most common financial crimes, how to identify them and what to do to avoid them. Particular attention was paid to educating young people.

In addition to publicity material (press releases, opinion pieces, interviews and publications in the media and on social media), five videos were produced to educate young people about financial crime and what to do to avoid it. Actors portrayed everyday situations to illustrate the most popular fraud cases. Methodological materials for teachers to use in teaching and thematic exercises to test young people's knowledge were developed in line with the themes of the video. The FIU website has published information material, including videos, in the "Money (F)Laws" section:

- What is money laundering? Crime with consequences.
- How not to become a "money mule"? Recruiting young people to commit fraud.
- How not to become a "money mule"? Spotting digital fraud.
- How to warn your relatives?
- The impact of financial crime on your career and private life – do not ruin your future!

A webinar for young people on "How to avoid becoming a financial criminal?" and for teachers "How to educate young people about money (f)laws?".

## Campaign results reflect the increasing adult public interest in financial crime



## PUBLIC OPINION SURVEY

In order to improve the situation and to be able to develop targeted activities to raise public awareness of AML, its links to specific criminal offences and the consequences of such offences for the economy and society as a whole, the FIU conducted a public opinion survey in 2022. The survey was carried out in September-November 2022 to obtain more accurate data on public opinion and the level of awareness of citizens in the context of ML. The results of the survey show that a large part of the public lacks understanding of what constitutes financial crime, as well as of the offences related to ML.

The FIU will use the results of the study in future public information and education campaigns, in the formulation of key messages, in the choice of communication channels and tools, and in the preparation of the FIU's products of strategic communication.



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## DEVELOPMENT OF THE FIU AND PLANS

# 15

The FIU has developed **an operational strategy for 2023-2027** which provides a roadmap for the FIU's activities by setting clear, predictable and measurable FIU strategic priorities, objectives, key performance indicators and their achievable numerical values.

The Strategy contributes to the objective of the Action Plan "to strengthen Latvia's capacity to combat ML, TF and PF and to monitor the implementation of the requirements of the AML/CFT/PFT regime, to reduce overall ML, TF and PF risks, thereby ensuring compliance with international obligations and standards in the area of AML/CFT/PFT and promoting public safety, economic competitiveness and confidence in Latvian jurisdiction" and in particular the implementation of Action Line 6 (Financial Intelligence).

The results of the evaluation of the previous period's strategy, including feedback from key partners on FIU's work in the previous period, are used as a basis for the development process, ensuring continuity of the institution's work. At the same time, it also takes into account future orientation – the ability to anticipate and adapt to future challenges and risks, the desire to improve performance results and efficiency. Given that the Strategy is closely linked to a number of the FIU's internal processes and documents (departmental work and procurement plans, staff training, individual process plans, etc.), the involvement of every FIU staff member in the development of the Strategy is important.

The publicly available Strategy reflects only part of the objectives and performance indicators: they are specific to the internal work of each unit. In total, there are dozens of performance indicators for the different departments of the institution, cascaded down to personal tasks and performance indicators at the level of each employee.

## The strategic priorities identified by the FIU for the period to the end of 2027, on which the FIU resources are focused, are:

- 1.** Promote the effective and efficient use of financial intelligence in the fight against ML/TF/PF by regularly evaluating and prioritising local and international risks and leading effective prevention and combating of ML/TF/PF.
- 2.** Lead innovative and proactive inter-institutional and private sector cooperation at national and international level to more effectively detect, prevent and combat financial crime.
- 3.** Raise awareness of the importance of combating ML/TF/PF and financial crime.
- 4.** Ensure that Latvia maintains and improves high compliance with international standards for the ML/TF/PF, which strengthens the country's reputation and international competitiveness.
- 5.** The FIU is a modern and safe workplace that values and respects environmental, social and governance (ESG) issues in its daily work. The FIU has predictable workflows and high efficiency of internal work processes.



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# FINANCIAL AND OPERATIONAL MANAGEMENT OF THE FINANCIAL INTELLIGENCE UNIT

# 16

The functions of the FIU are financed from the budget programme 43.00.00. "Financial Intelligence Unit Activities". As of 2022, the following additional projects co-financed by EU policy instruments and other foreign financial assistance are being implemented.

**"Intelligence and security professionals network with members of industry and academia".**

The project aims to develop methods and technologies to prevent cyber-attacks in the digital environment and to create an international network of security and intelligence practitioners.

The project involves 30 partners from 9 EU Member States and 6 associated countries.

Project implementation period is until 31 August 2026.

Funding for the budget sub-programme 70.19.00 "Implementation of projects and actions under the European Union's research and innovation programme Horizon 2020" (CESPI/IEM/19 "Implementation of projects and actions under the European Union's research and innovation programme Horizon 2020").

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**"Improvement of staff knowledge in combating money laundering in Latvia"** within the programme "International Police Cooperation and Combating Crime" in cooperation with the project partner – Financial and Capital Market Commission (as of 01.01.2023 – The Bank of Latvia).

The objective of the project is to improve the skills and knowledge of staff and strengthen the capacity of authorities responsible for the supervision of financial institutions, financial intelligence and investigations.

Project implementation period is until 30 April 2024.

Funding in the budget sub-programme 71.06.00 "Projects financed by the European Economic Area and the Norwegian Financial Instruments".

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**"Establishment of an AML Innovation Centre to improve the identification of money laundering"** under the EU Recovery and Resilience Mechanism Plan Component 6 "Rule of Law" Reform 6.2 and Investment Axis "Identification of money laundering, investigation of economic crime, modernisation of judicial processes and implementation of preventive actions" Reform 6.2.1 "Modernisation of money laundering identification, investigation and judicial processes of economic crime" Investment 6.2.1.1.i.

The objective of the project is to strengthen the capacity to identify ML/TF/PF.

Project implementation period is until 25 March 2025.

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In 2022, € 3.11 million was spent on core functions. In addition to the implementation of the institution's core functions, in 2022, the activities provided for in the budget programme by Cabinet Order No 122 of 22 February 2022 "On the Action Plan to Prevent Money Laundering, Terrorism and Proliferation Financing for 2022" (replacing Cabinet Order No 576 (29.09.2021) "Action Plan to Prevent Money Laundering and Terrorism Financing for the period from 2020 to 2022") with a total financial outlay of EUR 2.33 million were also implemented. An additional € 0.11 million of expenditure is made under projects co-financed by European Union policy instruments and other foreign financial assistance.

By decision of the Council of Crime Prevention of 29 September, the FIU project "Study on the use of machine learning methods to detect economic crime" with a total funding of € 100 000 was terminated without result and approved for re-implementation in 2023.

The total expenditure of the FIU in 2022 was € 5.55 million, 93.2% of the approved annual plan and 36.7 % or € 1.49 million higher than in 2021. The increase is based on one-off measures in accordance with the Cabinet Order No 122 of 22 February 2022 "On the 2022 Action Plan to Prevent Money Laundering, Terrorism and Proliferation Financing". Of the total expenditure, 51.0% is accounted for by remuneration, 42.5% by goods and services, 2.0% by project subsidies and 4.5% by capital expenditure.

In 2022, in order to fulfil the task included in the Action Plan, FIU has started working in new premises in 28, Valņu Street, Riga, which comply with the requirements set out in the Cabinet Regulation No 21 of 6 January 2004 "Regulation Regarding the Protection of Official Secrets and Classified Information of the North Atlantic Treaty Organisation, the European Union and Foreign Authorities" and the Cabinet Recommendation No 2 of 12 July 2016 "Common Requirements for Office Buildings and Office Space Groups of Public Administration Institutions".

The objective of the FIU's budget programme is to ensure the implementation of measures to prevent the ML/TF/PF, to fulfil the functions set out in the Prevention Law and to prevent the abuse of the financial system of the Republic of Latvia for the purpose of money laundering. The policy and performance indicators of the Budget Programme are presented in Table 1. 1.

### RESULTS AND PERFORMANCE INDICATORS FOR THE BUDGET PROGRAMME 43.00.00 "ACTIVITIES OF THE FINANCIAL INTELLIGENCE UNIT" IN 2022.

	2022 annual	2022 annual	Deviation from target value
<b>Policy performance indicators</b>			
Increase in the ratio of the amount of funds frozen by the FIU to the number of materials passed on to law enforcement authorities; increase (%)	3%	17,6%	486,67%
<b>Operational results</b>			
The ratio of the amount of abstention reports received to the amount of funds frozen by temporary freezing orders.	71.5%	62,3%	-12,87%
The ratio of the amount of abstention reports received to the amount of funds frozen for a fixed period by means of freezing orders.	56.5%	65,4%	15,75%
The ratio of the amount of transactions covered by temporary freezing orders to the amount of funds seized.	76.5%	81,8%	6,93%
The competent authority's opinions have been sent to law enforcement authorities, where the predicate offence indicated is in the field of corruption.	15	15	0
Risk information reports sent to law enforcement authorities where the predicate offence indicated is in the field of corruption.	15	27	80%
The competent authority's opinions have been sent to the law enforcement authorities, where the predicate offence is in the field of tax offence.	45	1	-97,78%
Risk information reports sent to law enforcement authorities, where the predicate offence indicated is in the field of tax offence.	18	26	44,4%



## ABBREVIATIONS

# 17

AI	Artificial Intelligence
AMLIH	Anti-Money Laundering Innovation Hub
UN CTED	United Nations Security Council Counter-Terrorism Committee Executive Directorate
BECA	Best Egmont Case Award
DELNA	Delna - Society for Transparency
EFIPP	Europol Financial Intelligence Public Private Partnership
Egmont	International organisation of financial intelligence units
ECCD	Economic Crime Combatting Department
CE	Council of Europe
ESG	Environmental, Social & Governance
FAST	Finance Against Slavery and Trafficking – a global initiative by the UN University Centre for Policy Research to mobilise the finance industry against modern slavery and human trafficking
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FCMC	Financial and Capital Market Commission, as of 01.01.2023 – the Bank of Latvia
MoF	Ministry of Finance
FIA	Financial Industry Association
KPI	Key Performance Indicators
IMF	International Monetary Fund
IT	Information Technologies
CPD of the SP	Cybercrime Prevention Directorate of the State Police
CPCB	The Corruption Prevention and Combating Bureau
LDDK	Employers' Confederation of Latvia
Subjects of law	Subjects of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
MK	Cabinet of Ministers
Moneyval	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
NFT	Non-fungible tokens
ML	Money Laundering
ML/TF/PF	Money Laundering and Terrorism and Proliferation Financing

AML/CFT/PFT	Prevention of Money Laundering and Terrorism and Proliferation Financing
Law on AML/CFT/CPT	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
CO	Criminal Offences
Prevention Law	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
NRA	National ML/TF/PF Risk Assessment Report
NRA 2023	2023 National ML/TF/PF Risk Assessment Report for the period 2020-2022
OECD	Organisation for Economic Co-operation and Development
OCCD	Organised Crime Combating Department
OpCen	Operations Centre
Action plan	Action Plan to Prevent Money Laundering, Terrorism and Proliferation Financing for 2023-2025
PF	Proliferation Financing
CCG	Cooperation Coordination Group
STR	Suspicious Transaction Report
Strategy	Financial Intelligence Unit Operational Strategy for 2023-2027
IMF	International Monetary Fund
LEA	Law Enforcement Authorities
TF	Terrorism Financing
UNODC	United Nations Office on Drugs and Crime
SCB	Supervisory and control bodies
UN	United Nations
SRS	State Revenue Service
SP	State Police

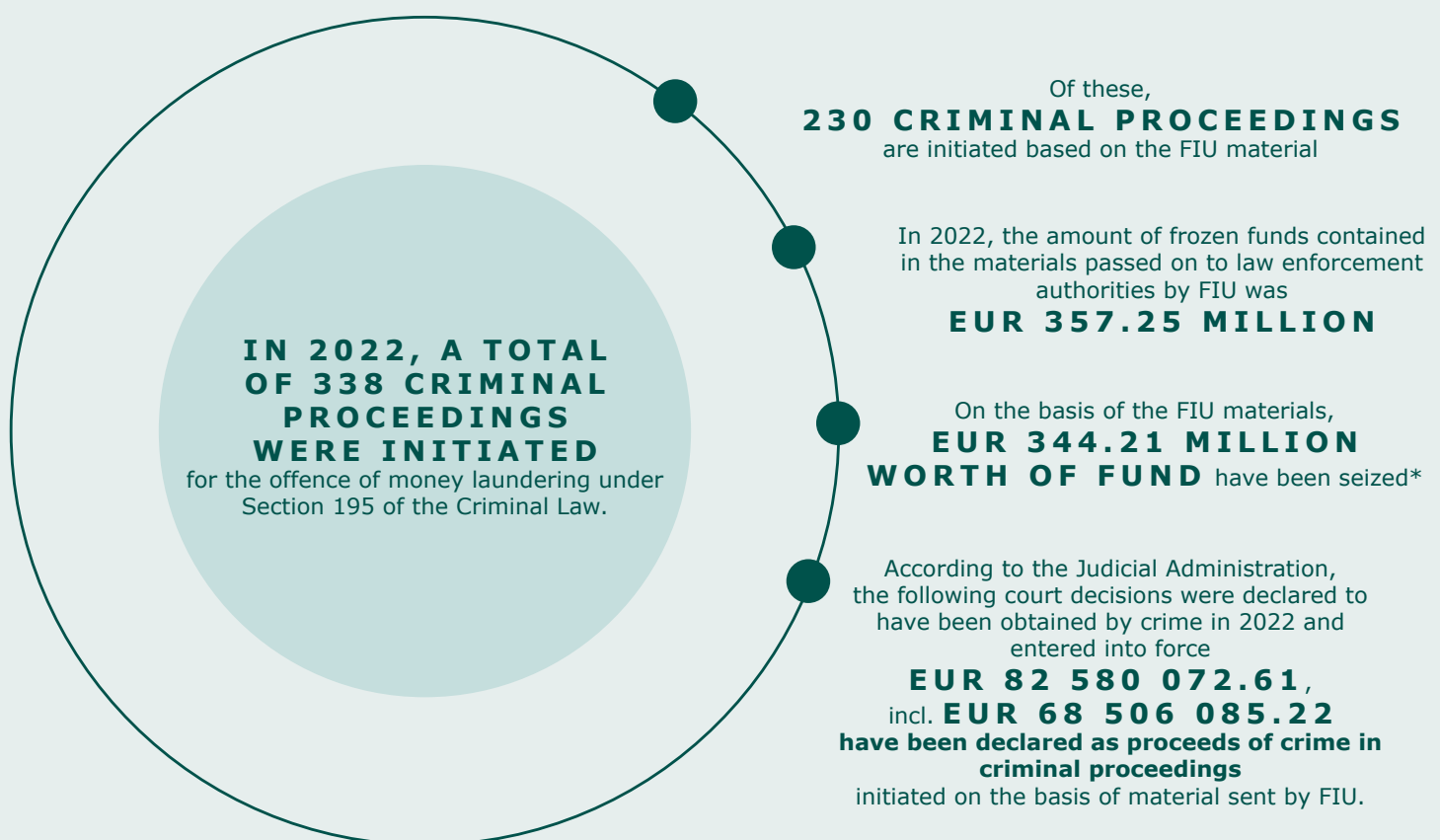


## ANNEXES

# 18

According to Section 51(1)(10) of the Prevention Law, the FIU is obliged, inter alia:

**“to compile and publish information on the results of the work of the Financial Intelligence Unit, including the number of cases investigated and persons referred for prosecution during the previous year, the number of persons convicted of money laundering or terrorism and proliferation financing offences, and the amount of funds seized and confiscated;”.**



In the reporting period, 184 persons were prosecuted in criminal proceedings initiated under Section 195 of the Criminal Law and, according to data provided by the Judicial Administration, 44 persons were convicted of money laundering in 2022.

*\*The amount of seized funds may still increase, given that at the time of the Annual Report, not all information from law enforcement authorities on seized funds frozen on the basis of the FIU 2022 referrals had yet been received*

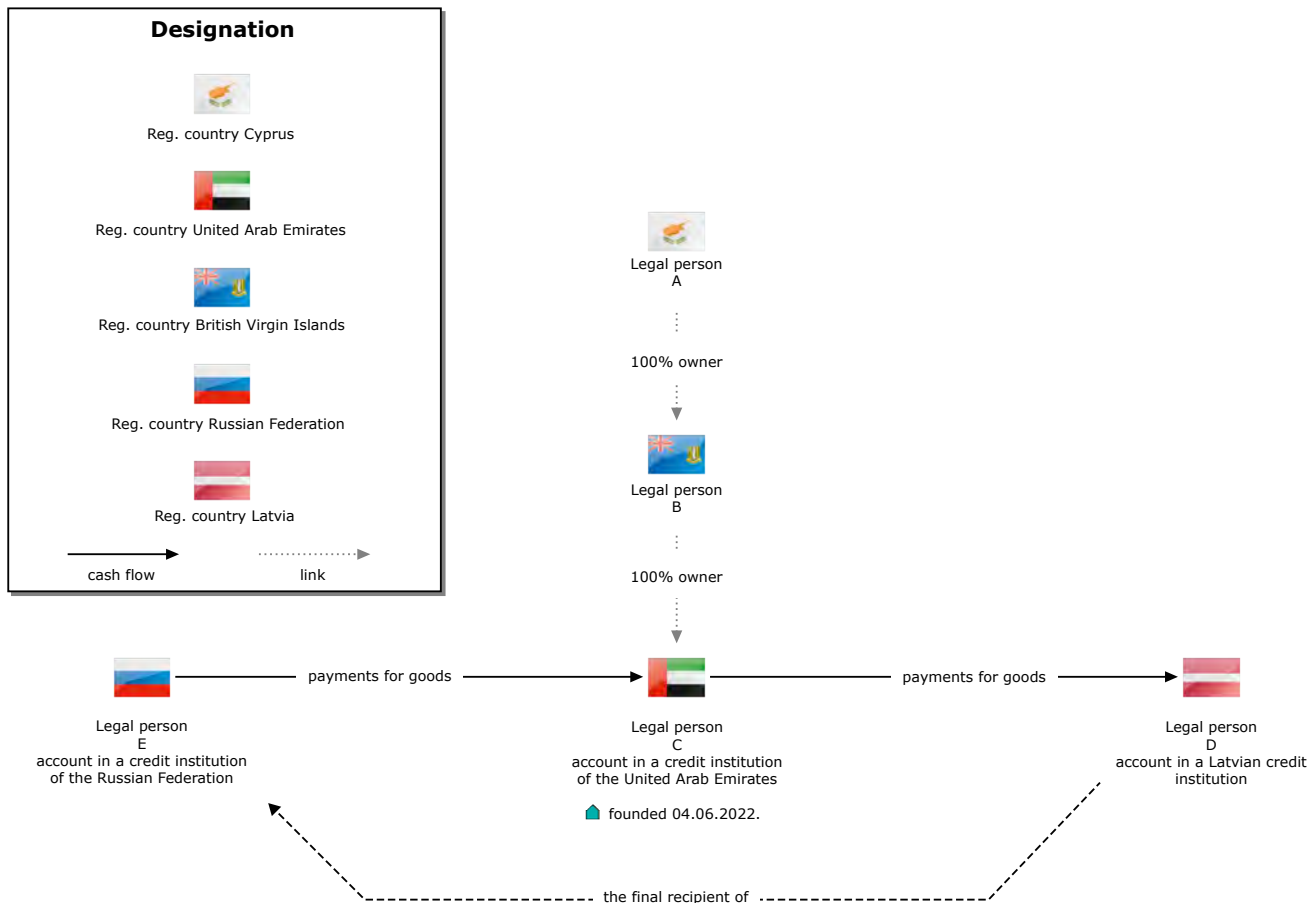
## FUNDING AND ALLOCATION

No.	Financial indicators	Previous year (actual implementation)	During the reporting year	
			approved by law [1]	actual implementation
<b>1</b>	<b>Financial resources to cover expenditure (total)</b>	<b>4 060 227</b>	<b>5 872 695</b>	<b>5 565 764</b>
1.1.	grants	4 060 227	5 853 159	5 552 987
1.2.	paid services and other own revenue	0	2 500	0
1.3.	foreign financial assistance	-	17 036	12 777
<b>2</b>	<b>Expenditures (total)</b>	<b>4 062 042</b>	<b>5 960 155</b>	<b>5 554 108</b>
2.1.	maintenance expenditures (total)	3 755 216	5 697 034	5 305 338
2.1.1.	current expenditure	3 712 175	5 582 585	5 193 970
2.1.2.	subsidies, grants and social benefits	0	106 449	106 449
2.1.3.	current payments to the European Community budget and international cooperation	4 316	8 000	4 919
2.1.4.	transfers of maintenance expenditure	38 725	0	0
2.2.	capital expenditure	306 826	263 121	248 770

## EXAMPLES OF CASES OF SANCTIONS EVASION

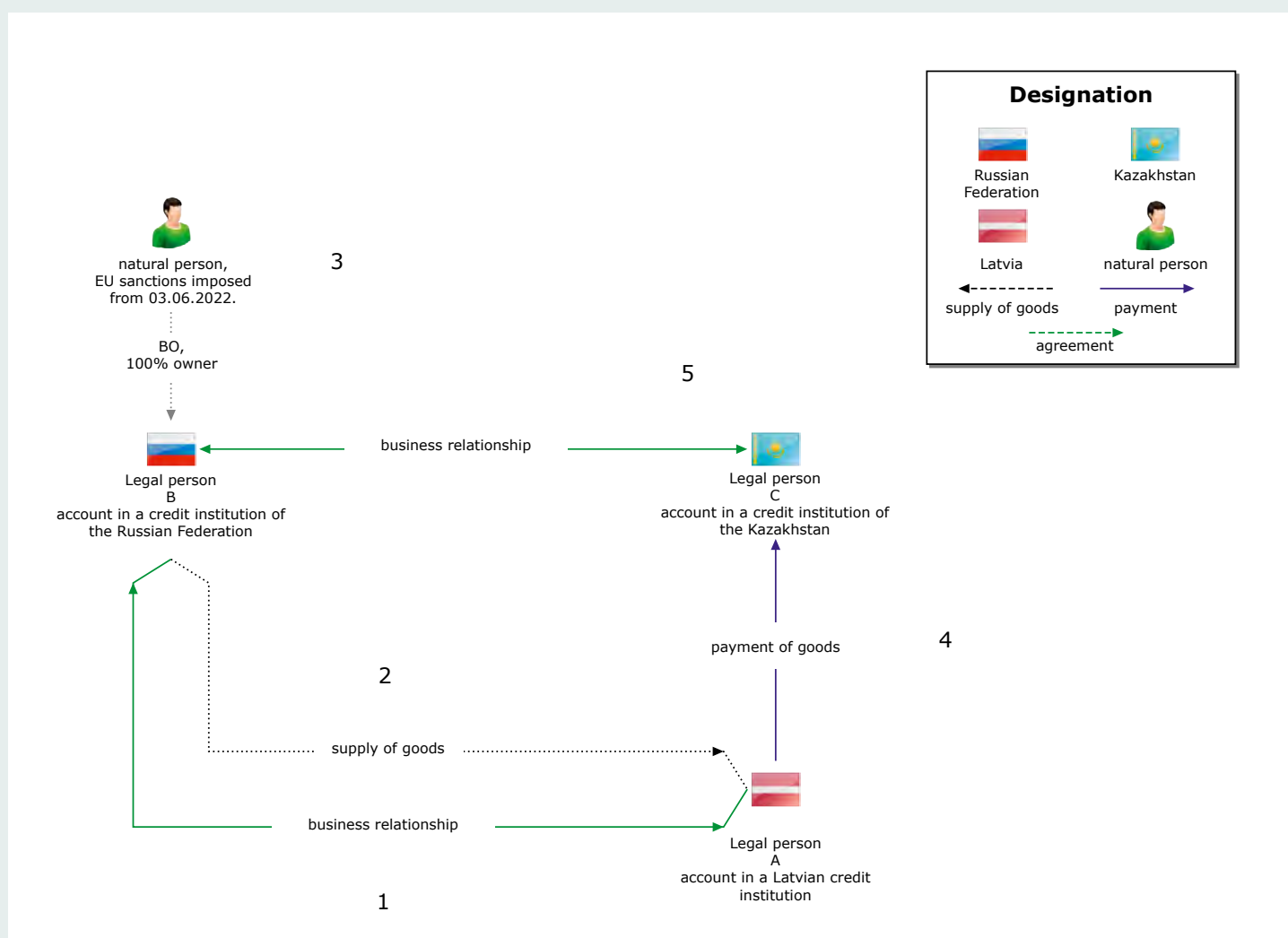
### EXAMPLE NO. 1

1. Legal person D, registered in Latvia, received payment from legal person C, newly established in a foreign country, for goods which, in accordance with Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, are prohibited to be sold, supplied, transferred or exported directly or indirectly to any natural or legal person, entity or body in, or for use in, Russia.
2. The ownership structure of the foreign-registered legal entity C is not transparent, and no information on its controlling persons, including beneficial owners, has been found in public sources.
3. The documents submitted to the credit institution in support of the transaction raise suspicions that the intermediation agreements concluded with legal entity C are fictitious and that the final recipient of the goods is legal entity E, registered in Russia.
4. Entity C was involved as an intermediary in the transaction for the purpose of concealing and disguising the initial origin and affiliation of the funds and the final recipient of the goods with a view to evading sanctions.



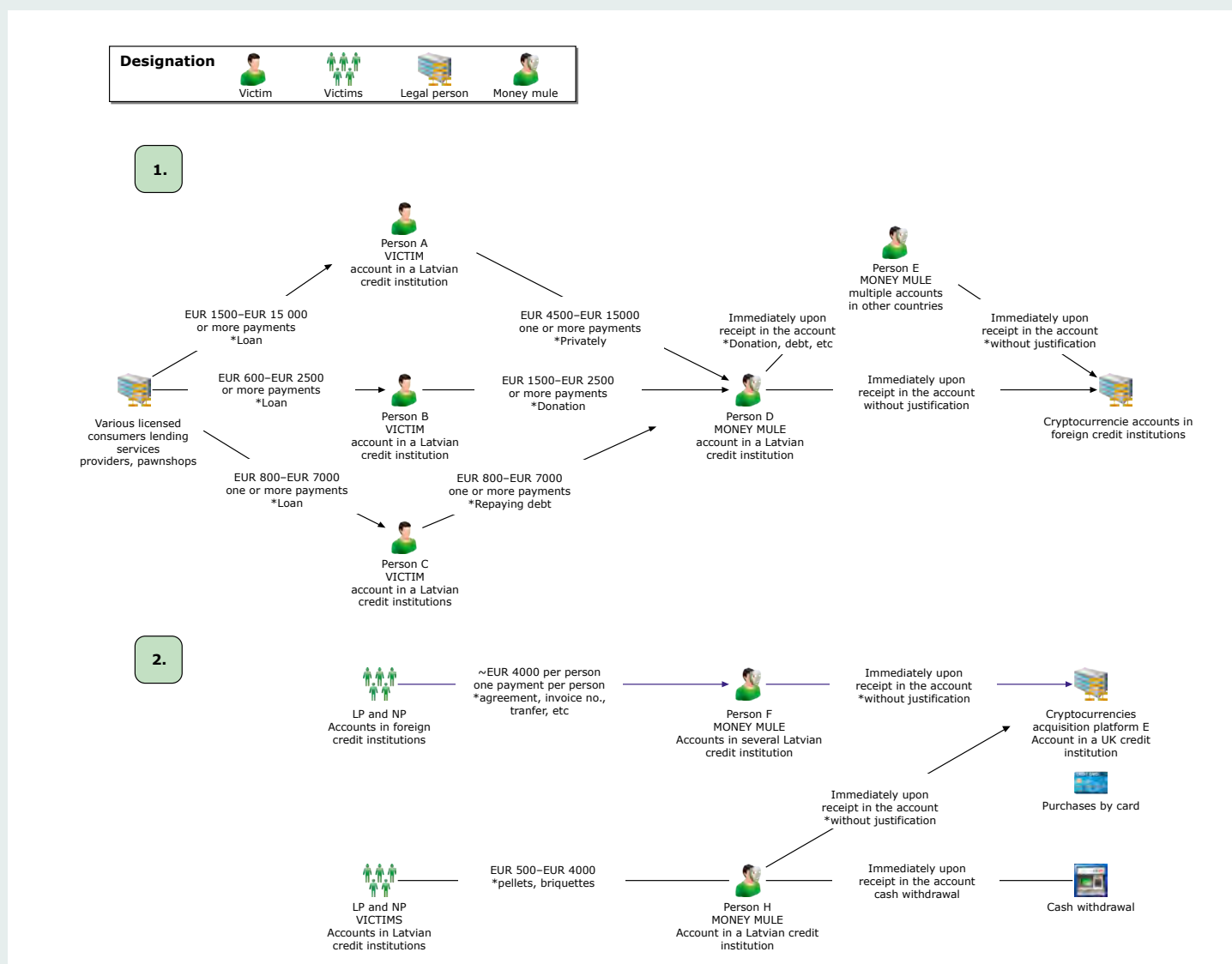
**EXAMPLE NO. 2**

1. A legal person A, registered in Latvia, has a business relationship with a legal person B, registered in the Russian Federation.
2. Legal person B supplies goods to legal person A.
3. 03.06.2022. the sole owner and beneficial owner of legal person B is subject to European Union sanctions, in accordance with Council Regulation (EU) No 269/2014 of 17 March 2014.
4. After the inclusion of the sole owner and beneficial owner of legal person B in the sanctions list, a new business partner C, registered in Kazakhstan, appears for legal person A, registered in Latvia, to whom the legal person A makes a payment for the supply of goods.
5. Having assessed the documents submitted to the credit institution in support of the transaction, it is concluded that legal entity C, incorporated in Kazakhstan, is acting as an intermediary in the transaction with a view to evading the sanctions imposed against legal entity B, registered in the Russian Federation, by the BO.



## EXAMPLE OF A MONEY LAUNDERING SCHEME

### "MONEY MULES"



The FIU continues to identify cases of money laundering from various types of fraud in 2022. The most frequently identified activity of "money mules" is the transfer of funds from victims of telephone fraud (fake brokers, impersonating bank employees, law enforcement agents) and fictitious advertisements for the sale of goods. It should be noted that "money mules" are most often aware of their criminal behaviour and, after having funds seized in their accounts, also provide credit institutions with deliberately false information, including fictitious documents, indicating the allegedly legitimate origin of the funds.

- 1. In this case,** "Money mules" in Latvia receive fraudulent funds from private persons in their accounts and convert them directly or through other persons involved into virtual currencies, which are then passed on to the organisers of the fraud.
- 2. In this case,** funds are fraudulently transferred from EU legal and natural persons to "money mule" accounts in Latvia, who then either transfer them to other persons, buy virtual currencies, withdraw them in cash and hand over the withdrawn cash to the organisers of the fraud, or make purchases with a payment card. Similarly, the funds fraudulently transferred from Latvian natural and legal persons are further laundered. In 2022, there was a particular focus on money laundering by impersonating sellers of heating products (pellets, briquettes).



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