

2024

ANNUAL REPORT



Financial Intelligence
Unit of Latvia



Financial Intelligence
Unit of Latvia

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Introduction

01

Introduction

2024 has been a year of new challenges for the FIU, marked with many accomplishments to be proud of. In addition to our day-to-day operations in financial intelligence, the year has been defined by two major priorities – assuming responsibility of sanctions implementation, and beginning of the MONEYVAL 6th round evaluation of Latvia's AML/CFT/CPF system.

The integration of the FIU's new sanctions' function has proceeded according to the developed plan and without significant complications. Part of the integration of this new function also included the renewal of the FIU strategy, determining a new strategic priority: "Ensuring that sanctions are implemented according to their objectives while strengthening both national and international security." Today, I can confidently say that we have established a unified and effective sanctions implementation system, based on close cooperation between various institutions. Since the moment of taking over the sanctions function, we have been able to build a professional team, to develop robust and efficient processes and to ensure that Latvia is not used to circumvent sanctions. While working on the centralisation of the sanctions function at the FIU, we have identified and analysed best practices around the world in order to develop our own centralised model of the sanctions implementation function, and we are therefore particularly pleased that Latvia has now become a country that foreign partners turn to in order to learn best practices and take over our experience in the field of sanctions implementation.

One of the FIU functions is to ensure the representation of Latvia in various international AML/CFT/CPF related evaluation processes focused on the evaluation of Latvia's AML/CFT/CPF system. The MONEYVAL mutual evaluation report is the leading report in this area. In accordance with the decisions taken back in 2023, Latvia became the first MONEYVAL jurisdiction and the first country in the FATF Global Network to be evaluated in the new round of evaluations which officially started last March with a two-day MONEYVAL country training in Riga intended for public administration and private sector representatives.

The security of Latvia's financial system is one of the national priorities. Accordingly, significant attention and resources have been dedicated to the MONEYVAL mutual evaluation process. As the lead authority in the field of AML/CFT/CPF and the coordinator of the MONEYVAL mutual evaluation process, the FIU has made significant efforts to ensure that all stakeholders within the AML/CFT/CPF system are well prepared for the upcoming evaluation. Over the course of the year, we provided training to more than 700 representatives from both public and private sectors. We have also coordinated the submission of extensive technical compliance and effectiveness questionnaires, organised in cooperation the MONEYVAL Secretariat a two-week on-site visit by the Assessment team and interviews with more than 200 representatives of the public and private sectors. These efforts provided the assessors with a comprehensive understanding of Latvia's AML/CFT/CPF system, while showcasing its effectiveness.

While much has already been accomplished, there is still important work ahead. In the first half of the year, we will continue to work closely with MONEYVAL Assessment team to complete the written coordination phase of the mutual evaluation process. The findings of the MONEYVAL Assessment team will be presented at the joint FATF/MONEYVAL plenary meeting which will take place in June 2025 in Strasbourg.

This plenary meeting will be the largest in the history of MONEYVAL and will mark a significant milestone for us as during the plenary meeting Latvia's mutual evaluation report will be adopted. These results will remain valid for nearly a decade and, I am confident, that they will have a positive impact – restoring Latvia's international reputation and helping to attract safe and responsible international investment.

Looking ahead to 2025, we acknowledge that we continue to operate in a complex and evolving environment shaped by geopolitical developments, emerging technologies and innovative financial products. Our role and capacity to safeguard the security of the country, people and the financial system will remain critical – particularly in ensuring effective implementation of sanctions, to combat ML/TF/PF and to enhancing Latvia's international credibility.



TOMS PLATACIS

Head of the FIU Latvia



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General description of the Financial Intelligence Unit of Latvia

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Status, lines of action and main functions of the Financial Intelligence Unit of Latvia

The FIU has been an independent institution of direct administration under the supervision of the Cabinet of Ministers since 1 January 2019. The Cabinet of Ministers exercises institutional supervision through the Minister for the Interior. Supervision does not apply to the performance of tasks and exercise of 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 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 Egmont Group of Financial Intelligence Units Charter, in the principles of information exchange and in the membership criteria of the Egmont Group.

According to the AML/CFT/CPF Law, the **MAIN FUNCTIONS OF THE FIU** 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 CCG and also conducts the national ML/TF/PF risk assessment.

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

From 1 April 2024,
the FIU is the competent authority
in matters related to the sanctions
implementation.



FIU MISSION

We are committed to ensure the security of the country and the financial system.



FIU VISION

A secure and prosperous Latvia in a peaceful world.



FIU VALUES

People, courage, patriotism, cooperation.



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Changes to AML/CFT/CPF regulatory framework

03

Changes to AML/CFT/CPF regulatory framework

The amendments to the Sanctions Law and Cabinet Regulation No. 184, Procedures for the Proposition and Implementation of International and National Sanctions entered into force on 1 April 2024 and on 26 March 2024 respectively. As a result of these amendments, the FIU has become the competent authority in matters related to the implementation of sanctions as of 1 April 2024. Additional amendments to the Sanctions Law entered into force on 1 November 2024, prescribing the power of the FIU to issue general administrative acts regarding application of exemptions to the implementation of sanctions, as well as the right of the FIU to request and receive information necessary for the performance of its functions from any person who has the obligation to comply with and implement international and national sanctions.

On 22 October 2024, amendments to the AML/CFT/CPF Law entered into force, extending the right of the FIU to provide information to SCAs, ensuring timely, immediate and uninterrupted circulation of information between the FIU and Europol, and envisaging more extensive powers for international information exchange with foreign financial intelligence units, by abolishing the dual criminality requirement.

In view of the right of the FIU prescribed by the Sanctions Law to issue a general administrative act regarding application of exemptions to the implementation of sanctions, the FIU issued the decision Regarding Determination of Authorised Payments (FIU General Agreement) on 27 December 2024 which entered into force on 1 January 2025¹. The goal of the FIU General Agreement is to ensure that persons who are not subject to sanctions would not be affected by international sanctions targeted against Russia and Belarus, as well as to reduce the administrative burden, in particular for certain payment recipients who are not subject to sanctions, and where there is an objective legal basis and necessity to receive the relevant payments from persons who are subject to sanctions. The FIU General Agreement allows sanctioned persons to make payments related to ensuring their basic needs or basic business expenses in accordance with certain payment methods. At the same time, in order to ensure control over the implementation of the FIU General Agreement, sanctioned persons and sworn bailiffs have the obligation to submit to the FIU on a quarterly basis information on payments made under the FIU General Agreement.

The FIU General Agreement thus replaces the Financial and Capital Market Commission General Agreement of 27 July 2022 which was in force until 31 December 2024 for the purpose of ensuring legal certainty and continuous implementation of sanctions.

¹ <https://sankcijas.fid.gov.lv/visparejais-saskanojums-2025>



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Key performance indicators of the Financial Intelligence Unit of Latvia in 2024

04

Financial intelligence

Financial intelligence is the main area of activity of the FIU.

The persons who commit criminal acts are looking for different ways to use the global financial markets to make use of the proceeds of crime by giving them an apparently legal origin. The globalisation of financial systems, free movement of capital and advances in technology facilitate ML while at the same time making it difficult for the responsible authorities to track the laundering schemes and to prosecute the individuals involved in these crimes.

The goal of financial intelligence is to understand the essence of financial transactions in order to identify such criminal activities as ML, tax related crimes, corruption or other offences.

According to Section 50 of the AML/CFT/CPF Law , the main task of the FIU is 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, pre-trial criminal proceedings or trial of ML/TF/PF or attempted ML/TF/PF or other related criminal offences.



Financial intelligence is based on three main elements:

- 1 high quality information provided by reporting entities**, i.e. suspicious transaction reports and threshold declarations, as well as the information provided by the persons referred to in Section 3.¹ of the AML/CFT/CPF Law and cooperation authorities;
- 2 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, e.g. freezing of funds, monitoring of transactions, cooperation with reporting entities, LEAs and SCAs;
- 3 provision of high-quality financial intelligence** (in-depth, fact-based information) to LEAs which serves as a basis for the initiation of criminal proceedings against identified cases of ML and other criminal offences.

²<https://likumi.lv/ta/en/en/id/178987>

Suspicious transaction reports and threshold declarations

The objective of the FIU is to receive the highest quality suspicious transaction reports, including by facilitating the compliance of the reports with the ML risk profile of Latvia. Accordingly, in 2024 the FIU published the 3rd updated edition of the methodological material "Typologies and Indicators of ML". This material summarises the current typologies and indicators of ML that are specific to ML schemes existent in Latvia (or through the Latvian financial system), e.g. unexplained wealth of public officials, virtual currency transactions, tax related crimes and fraud, use of correspondent accounts and other characteristics.

In 2024, the FIU received 5501 suspicious transaction reports (10% less than in 2023) and 95 518 threshold declarations (6% less than in 2023) from reporting entities. The decrease in the number of suspicious transaction reports is due to several factors. First, there has been a decrease in the number of suspicious transaction reports from credit institutions undergoing liquidation. In addition, there has been an overall decrease in the number of reports received from reporting entities regarding tax related offences, circumvention of sanctions, non-disclosure and misrepresentation of ownership and beneficial ownership, as well as suspicious transaction reports related to stand-alone ML. The number of reports with refraining from a transaction received from reporting entities, including from credit institutions undergoing liquidation, also continued to decline in 2024. Each year, the FIU is taking significant steps to improve the quality of reporting and promote a common understanding of the nature of suspicious transactions and the reporting process by holding regular feedback meetings with reporting entities and SCAs. These factors have contributed to an overall decrease in the number of suspicious transaction reports which is consistent with the FIU plans and Latvia's risk profile. In addition, there has been an increase in the number of suspicious transaction reports related to property crime (mainly fraud) received from reporting entities.

Annual breakdown of the number of suspicious transaction reports and reports to refrain from a transaction submitted by reporting entities

Year	Number of suspicious transaction reports	Including the number of reports to refrain from the transaction
2018	6617	222
2019	5264	251
2020	4833	422
2021	5715	893
2022	6384	1037
2023	6108	234
2024	5501	152

Annual breakdown of the number of threshold declarations submitted by reporting entities

Year	Number of threshold declarations
2019	1208
2020	64635
2021	62420
2022	91382
2023	90278
2024	95518

Reporting by the non-financial sector (DNFBPS)

In order to ensure timely identification of possible criminal offences and to facilitate the reporting process for the reporting entities representing the non-financial sector, **the FIU developed and implemented a simplified reporting procedure in 2024.**

For the purpose of developing a new suspicious activity report type for the non-financial sector, the FIU established a special focus group where selected representatives of the non-financial sector were invited to share their previous experience in reporting and to provide valuable suggestions to improve the process. A new reporting format was developed in cooperation with the non-financial sector, ensuring that the simplified procedure is specifically tailored to this sector, thus improving the reporting effectiveness.

SARN is a type of SAR (suspicious activity report). The field completion conditions have been specifically adapted to the SARN type of report, e.g. the number of classifiers, additional information input fields, and person roles have been reduced.

The number of reports submitted by the non-financial sector in 2024 has increased by 42% in comparison with the same period in 2023. In total, reports were received from 75 entities and 55 of them had not previously reported suspicious activities to the FIU. This increase clearly demonstrates that the simplified reporting format has significantly improved and facilitated the reporting process, in particular by adapting the process to the needs of the non-financial sector.

Observed trends and typologies of criminal offences

Tax evasion

Tax evasion schemes increasingly involve legal persons not actually engaged in an economic activity, but registered in an EU Member State. Latvian legal persons declare and pay for (fictitious) transactions that do not actually take place with them, making notional profit distributions and tax evasion as a result of non-economic expenses, as well as laundering the proceeds of crime (taxes not paid into the State budget). Business transfers have also been found to be a common practice where a legal person with tax debts is liquidated and its employees and assets are transferred to a new legal person, continuing the previous economic activity.

Circumvention and violation of sanctions

In 2024, the detected cases related to the circumvention and violation of sanctions mainly involved the export of prohibited goods to Russia, either by declaring goods under a CN (Combined Nomenclature) code that is not covered by the sanctions or by exporting via third countries that have not imposed sanctions. At the same time, there has been a significant increase in the number of identified cases of the provision of prohibited services to legal persons registered in Russia, as well as of natural persons employed by a legal person owned or controlled by a sanctioned natural person and making economic resources available to the sanctioned person in the course of their employment.

ML

The role of electronic payment institutions registered abroad should be highlighted as an upward trend in the field of ML. Several ML cases attempted through electronic money institutions/payment institutions established abroad (mainly those established in Lithuania, the United Kingdom and Belgium) were identified during the reporting period. These electronic money institutions/payment institutions are used to launder the proceeds of fraud and also to launder the proceeds of organised crime. In some cases, there are suspicions of deliberate involvement of and support by an electronic money institution/payment institution in ML.

Corruption and public procurements

ML cases linked to fraud and embezzlement of public funds and EU Structural Funds were identified in 2024. The funds were obtained by providing false information and documents about the participants, the project and the cooperation partners. The proceeds of such fraud are laundered through fictitious intermediaries or fictitious transactions. In some cases, public officials or members of the procurement commission have been found to be involved in securing advantages for a particular winner.

Cybercrime, fraud

There is considerable diversity in terms of the identified types of fraud, including phishing and telephone scams, using international call centre networks, impersonation of brokers, banks, LEA employees, business email threats, as well as fake advertisements for the sale of goods and fake online shops. Fraud results in the transit of criminally acquired funds from their original place of origin, often characterised by the use of 'money mules' who receive fraudulent funds from legal and natural persons in Latvia and other EU Member States in their accounts, whereafter payments are made to other natural persons, to their accounts in foreign payment institutions, to cryptoasset service providers or the criminally acquired funds are withdrawn in cash at ATMs.

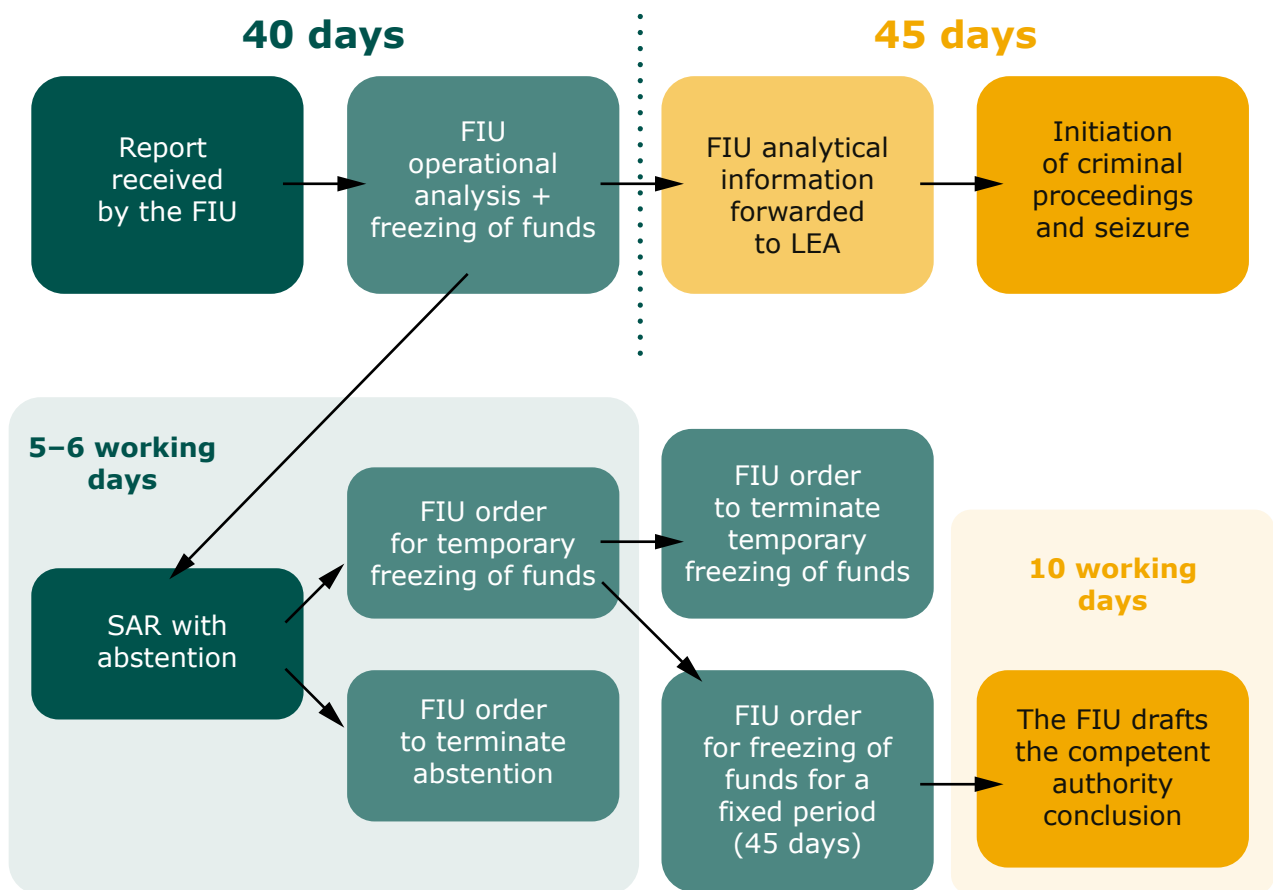
Operational analysis and measures to prevent ML

Upon receipt of a suspicious transaction report from a reporting entity thus initiating the procedure to refrain from transactions, the FIU, within five working days or, if additional information is required, within eight working days, evaluates, through an analysis, whether the reporting entity has initiated the procedure to refrain from the transaction in accordance with the law, and whether the restriction on the rights of the respective person is proportionate. Also, during this period, the FIU decides, by means of an appropriate order, to initiate a temporary freezing of funds on the basis of a combination of information from the reporting entity, other information available to the FIU, where there are reasonable grounds to suspect that a criminal offence, including ML/TF/PF, is being or has been committed or attempted. The FIU may also decide to terminate refraining 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 AML/CFT/CPF Law to order freezing of funds.

During the period of a temporary freezing order, the FIU conducts an in-depth operational analysis and continues to obtain additional information from other reporting entities, foreign FIUs, national databases, public administration authorities, public sources in order to obtain additional facts that would either disapprove the suspicions raised about ML/TF/PF and the origin of the funds, or provide further evidence to support the suspicion of ML/TF/PF.

If, during operational analysis the information obtained raises suspicions of potential ML/TF/PF and that the funds derive from criminal activity, and if the investigation has not revealed facts which would eliminate this suspicion, the FIU orders freezing of funds for a fixed period and forwards the information in the form of a conclusion of the competent authority to LEA or the prosecutor's office.

A schematic representation of financial intelligence activities initiated according to reporting entity refrain from executing a transaction



In addition to the financial intelligence initiated by the reporting entity, the FIU initiates and carries out financial intelligence upon its own initiative, which may be based on a set of suspicious transaction reports and threshold declarations of the reporting entities, information provided by LEAs, information from public sources or a whistleblower report. Financial intelligence can also be carried out upon request of foreign FIUs or based on information received from such institutions. External laws and regulations do not prescribe a specific timeframe for the analysis of this information, except for temporary freezes or freezes for a fixed period ordered by the initiative of the FIU or upon request of foreign FIUs.

In total, in 2024, the FIU has taken decisions on freezing of funds for a fixed period (both upon refrain received from the reporting entity and upon its own initiative or upon request of foreign FIUs) amounting to EUR 49.72 million.³ The absolute majority of the frozen funds, i.e. more than 95%, are held by credit institutions undergoing liquidation. The decrease in the number of refrains (in particular from credit institutions undergoing liquidation) has continued the downward trend observed in 2023. It should be underlined that the use of refrains is significantly less frequent, as they are mainly related to offences committed in Latvia which correspond to the Latvian risk profile as defined by the NRA 2023. In such cases, there is less risk of funds being moved outside the Latvian financial system, so an immediate freezing of funds might not be necessary. At the same time, it should be stressed that the rapid transfer of information to LEAs is becoming much more important. In view of the above, it is expected that the amount of frozen funds will continue to decrease.

Amount of frozen funds based on disseminations to leas in comparison with previous years – frozen funds and valuables

Year	Amount of frozen funds (mln. EUR)	Real estate	Bank safe deposit boxes	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
2023	91.68*	2	0	0
2024	49.72*	0	0	0

*Excluding the value of financial instruments

In 2024, similar to previous years, the majority of funds have been frozen for legal persons, i.e. more than 99% (+19% compared to 2023), and 1% for natural persons. Although the largest part of freezing orders issued in 2024 is related to criminal offences committed in Latvia (fraud and circumvention of sanctions), the amount of funds frozen in relation to these is relatively small, i.e. less than 1% of the total amount funds frozen.

³The amount is limited to freezing orders for a fixed period in respect of which information has been transferred to LEAs for the purpose of deciding whether to initiate criminal proceedings and seize the funds. The amount does not include the value of frozen financial instruments, as this is not always precisely measurable at the time of freezing and can change over time, leading to discrepancies between the amount frozen and the estimated amount of funds and property seized and confiscated at later stages of the proceedings.

Breakdown of the amount of frozen funds⁴ by type of person in 2024, compared to 2023

Type	NP	LP
2023	18 571 365,52 €	73 108 782,23 €
2024	210 974,27 €	49 510 717,60 €

Among legal persons, the Marshall Islands stand out in the breakdown of frozen funds by country of registration, followed by Cyprus and Canada, while for legal persons of the United Kingdom the level of frozen funds has fallen significantly in comparison with the previous year.

Breakdown of the amount of funds frozen for legal persons by country of registration in 2024

Country/territory	Amount
Marshall Islands	31 703 405 €
Cyprus	8 288 620 €
Canada	5 562 667 €
United Kingdom	1 626 176 €
Hong Kong	1 518 468 €
British Virgin Islands	559 490 €
Serbia	104 883 €
Panama	69 627 €
Belize	50 695 €
Latvia	26 683 €

⁴In this and subsequent breakdowns, where the right to claim has been assigned to a third party, calculations have been made using the owner of funds before the assignment of the right to claim.

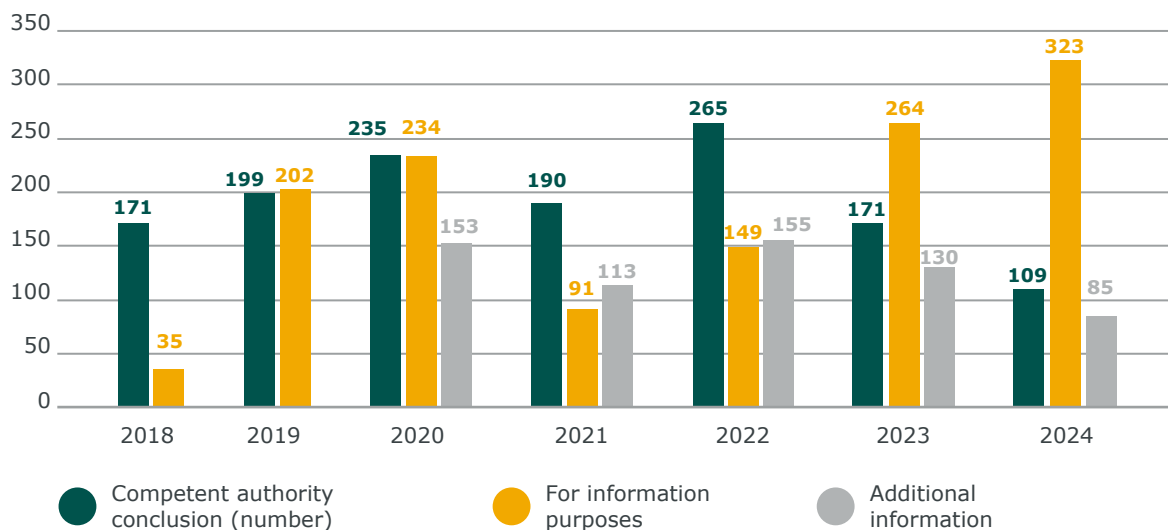
It is significant that in the vast majority of the FIU orders, the country of registration of the legal person does not match with the passport country of the beneficial owner. This is also reflected in the breakdown of the amount of frozen funds by the country of alleged source of funds where only EUR 0.2 million, or 0.5%, is preferable to the funds of a Latvian natural person and the funds of a legal person where the beneficial owner is a Latvian natural person.

Disseminations to LEAS

As a result of the financial intelligence carried out in 2024, the FIU disseminated 517 reports to LEAs (as well as to departments of the SRS and Latvijas Banka), including 109 conclusions of the competent authority, 323 risk information, and also 85 additional information.

The conclusions of the competent authority are disseminated upon identification of potential criminal offences, mainly ML. After receiving the conclusions of the competent authority, LEAs decide whether to initiate criminal proceedings. In turn, risk information is disseminated to LEAs or SCAs for the exercise of their functions (e.g. operational activity, supervisory function, etc.).

Information disseminated to LEAS



The increase in the number of reports disseminated to LEAs by 2022 is due to suspicious transactions detected in credit institutions undergoing liquidation and is linked to Latvia's historical risk profile (regional financial centre). As the work on the assessment of funds in credit institutions undergoing liquidation was gradually completed, the number of such suspicious transactions continued to decline in 2024, and the FIU invested greater resources to identify ML in relation to criminal offences committed in Latvia, i.e. crimes committed by public officials, including corruption, fraud (including fraud involving EU Structural Funds), tax related offences, as well as possible sanctions circumvention.

In 2024, the FIU disseminated most of the materials to the SP (52.8%). There is no significant change in the number and proportion of disseminations to various authorities compared to 2023. As the FIU continues to concentrate its efforts on cases related to tax evasion, sanctions circumvention and corruption, as concluded in the NRA 2023, such ratio of disseminated materials is expected also in the upcoming years.

Number of disseminations to leas in 2024 by institution

Institution	Conclusion of the competent authority	Risk information	Additional information	Total
SP	91	140	42	273
SRS TCPD	6	75	16	97
SSS	10	59	13	82
CPCB	0	22	8	30
SRS NCB	0	22	0	22
State Border Guard	0	2	2	4
European Public Prosecutor's Office	1	1	1	3
Internal Security Bureau	0	1	1	2
Military Police	1	0	1	2
Prosecution Office of the Republic of Latvia	0	0	1	1
Latvijas Banka (supervisor)	0	1	0	1
Total	109	323	85	517



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Cooperation with partner institutions abroad

05

Cooperation with partner institutions abroad

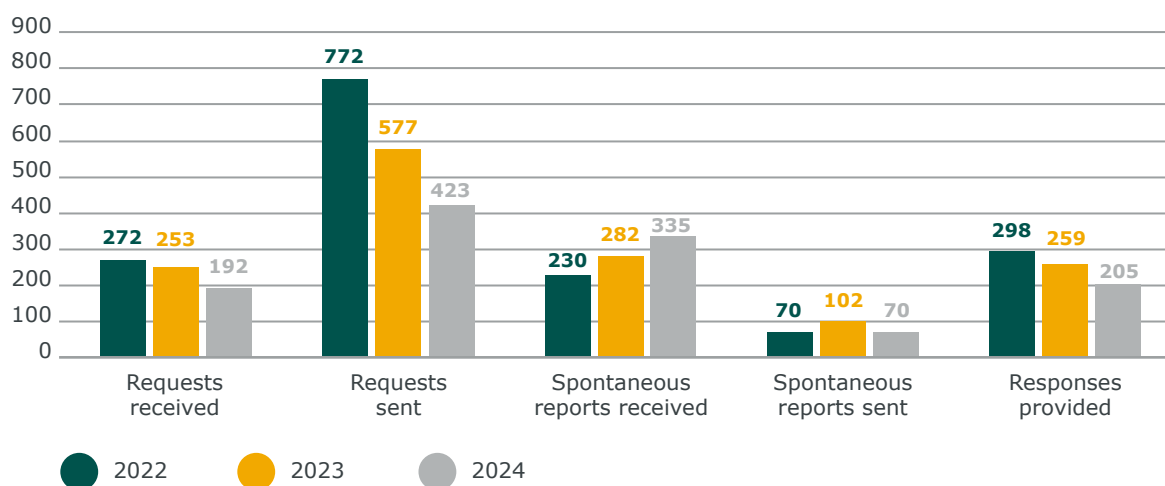
Operational analysis is unimaginable without tracking flows of funds according to the principle 'follow the money'. Given the globalisation of the modern society and the availability of international financial services, most ML schemes use foreign financial and credit institution accounts. Thus, in order to be able to conduct a full and comprehensive analysis of the case and trace the flow of funds, the FIU inevitably needs information on the movement of funds on the accounts of foreign banks and payment institutions. To obtain this information, the FIU cooperates with its partner institutions abroad, i.e. foreign financial intelligence units.

Just as foreign financial intelligence units with which the FIU cooperates, the FIU is a member of the Egmont Group which is an international organisation of financial intelligence units. Membership in the Egmont Group enables the FIU to communicate and exchange information with members in all other 176 countries through a secure information exchange channel. As part of international cooperation, the FIU requests information from partner institutions abroad, e.g. account statements, information on transactions, beneficial owners of accounts, and other data, and provides similar information in response to requests from foreign financial intelligence units.

In 2024, the FIU made 423 requests to partner institutions abroad, mainly in regards to suspected ML, tax-related offences, fraud, and violations of international sanctions, and received 192 requests from foreign financial intelligence units, mainly concerning ML, tax-related crimes, fraud, and misappropriation. The decrease in the number of foreign requests made and received in 2024 in comparison with the previous years can be attributed to the fact that currently Latvia is much less exposed to the risks inherent to regional financial centres and consequently there are significantly fewer flows of funds within the Latvian financial system reflecting these risks. Therefore, the number of suspicious transactions that the FIU would have to request information on from foreign financial intelligence units or that might be of interest to foreign partners has decreased. This is due to the shift of Latvia's risk profile from the first risk profile (risks associated with Latvia as a regional financial centre) to the second risk profile (criminal offences committed in Latvia).

Additionally, in 2024 there was close cooperation with partner institutions abroad in matters related to freezing the proceeds of crime abroad upon request of the FIU in cooperation with Latvian LEAs. A total of 39 requests to freeze funds on accounts of foreign banks and payment institutions were made, in total freezing funds worth **EUR 6 779 267**.

International cooperation dynamics in 3 years



The most significant cooperation countries of the FIU in 2024 were:



Lithuania



Ukraine



Belgium



Luxembourg



Estonia



United Kingdom



Germany



Malta

In order to ensure the highest standards and quality of international cooperation provided by the FIU to its partner institutions abroad, the FIU conducted an annual survey to assess international cooperation of the FIU also in 2024. It follows that international cooperation of the FIU continues to be rated as excellent with a score of 9.54 out of 10. The colleagues abroad highlighted the quality of the information provided by the FIU, the completeness of the responses, the short request execution time, and also the high level of usefulness of the information for further analysis as the most important aspects, overall rating the FIU as a reliable cooperation partner.

Example of the FIU's effective international cooperation

In 2024, following an urgent request from the SP (while investigators were still interrogating the victims and taking other actions), the FIU immediately contacted four partner institutions abroad and sent them urgent requests to freeze funds on their respective bank accounts. In this case, the victim was a medium-sized Latvian company. The company's accountant had become the victim of fraud, resulting in more than EUR 600 000 being transferred from the company's accounts. The immediate reaction and effective cooperation between the SP and the FIU, as well as between the FIU and its partner institutions abroad, allowed to freeze more than EUR 400 000 of the defrauded money abroad. Replies from the colleagues abroad were received within 1–3 days, and the information was passed on to the SP as soon as it was received. In this case, the SP made 11 arrests abroad for a total of EUR 408 000. Thus, most of the defrauded money was returned to the victim.

The FIU's participation in the Egmont group and the EU Financial Intelligence Units' platform

In 2024, the FIU was represented at four meetings of the EU Financial Intelligence Units' Platform and also at the Egmont Group Working Group Meeting and the Egmont Group Plenary in order to learn about the latest developments in the field of AML/CFT/CPF, to participate in discussions and working groups on the latest trends in crime and combating of crime, and to establish and maintain contacts with the colleagues abroad. During these events, the FIU representatives have participated in discussions, various working group and project activities, and also shared their experience and best practices with foreign partners. In addition, the FIU is involved in several operational international working groups of financial intelligence units focusing on the prevention of sanctions violations and TF.

Exchange of experience with Foreign Financial Intelligence units

Bilateral meetings with cooperation partners are one of the most effective ways to share knowledge with the colleagues abroad, as well as to learn through the exchange of experience and best practices. In 2024, continuing the practice of strengthening cooperation with foreign colleagues, the FIU representatives, both hosting and visiting the partners abroad, held bilateral meetings with colleagues of a total of 12 foreign financial intelligence units or other institutions, discussing such matters as operational analysis, tactical analysis, strategic analysis, international cooperation, public private partnerships, implementation of international sanctions, data processing, analytical tools, IT solution design and development.



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Strategic and tactical analysis and research

06

Strategic and tactical analysis and research

Strategic and tactical analysis are some of the key activities carried out by the FIU that includes an analysis of trends and current developments in the field of ML/TF/PF and also an examination of the impact of different circumstances on approaches and methods for the ML/TF/PF.

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 AML/CFT/CPF, but also inform other competent authorities and the reporting entities about priorities and risk issues. The tactical analysis is based on the analysis of the information available to the FIU (e.g. suspicious transaction reports, threshold declarations), evaluated in interaction with open data and information provided by cooperation partners. After selection of the initial data, further research is carried out using public information and online information systems available to the FIU. The goal of tactical analysis is to facilitate the effective use of financial intelligence to combat ML/TF/PF.

Strategic and tactical analysis

Tactical analysis

Analyse data and information

Focus on specific things

Leading to **specific conclusions**

Strategic analysis

Identify current trends: Identify patterns, trends and new risks associated with ML/TF

Provision of risk information to policy makers, law enforcement and supervisory authorities

Strengthening of the financial system by addressing vulnerabilities and mitigating risks. Assistance in development of long-term strategies to tackle financial crime effectively

FIU's strategic analysis research in 2024

"Guidelines on the Prevention of Terrorism and Proliferation Financing", methodological material, updated edition



The Guidelines are designed to promote a common understanding of CFT and CPF, as well as to clarify the requirements and responsibilities under the AML/CFT/CPF Law for identifying and mitigating these risks. The Guidelines explain the steps to be taken to identify and report suspicions of TF and PF, assess the need to refrain from a transaction in accordance with laws and regulations, and also establish effective internal control systems. The Guidelines are supplemented by practical examples and recommendations to help implement the requirements of the AML/CFT/CPF Law, including compliance with international standards.

Vulnerability of Non-governmental Organisations to Terrorism Financing



The Guidelines are designed to promote a common understanding of the vulnerabilities of non-governmental organisations (NGOs) to TF, as well as to explain potential risks and mitigation measures. The Guidelines explain how to identify and assess TF risks in NGOs, implement appropriate measures to mitigate these risks and to recognise situations that could indicate a possible TF scheme. The Guidelines are supplemented by practical examples and recommendations to help NGOs and supervisory authorities to take effective measures and ensure compliance with the requirements of laws and regulations and international standards.

"Indicators of Sectoral and Targeted Financial Sanction Evasion", methodological material, 2nd updated edition



The methodological material is designed to promote a common understanding of the risks of circumvention of sanctions and to explain the indicators that may suggest violations of the sanctions framework. The document explains how to identify signs of circumvention of sanctions in transactions, implement appropriate measures to address such risks and deal effectively with situations where suspected sanctions violations are identified. The document is supplemented by practical examples and recommendations to help the financial and non-financial sectors to ensure compliance with the requirements of laws and regulations and international standards.

"Typologies and Indicators of Money Laundering", methodological material, 3rd updated edition



The goal of the material is to improve understanding of the characteristics of ML, TF and sanctions circumvention through practical cases. It explains how the different typologies can be identified, helping the financial and non-financial sectors to identify risks and take measures to address them. The material includes a description of detailed situations that promote understanding and practical application in everyday work, strengthening the overall security of the financial system.

Guidelines on "Indicators of Money Laundering in Real Estate Transactions"



The Guidelines are designed to help identify the characteristics of ML in real estate transactions. The Guidelines describe practical examples and signs to help the financial and non-financial sectors identify suspicious transactions, analyse risks and implement preventive measures. The summary of indicators is designed to improve the knowledge of real estate market participants.

The material is based on current examples and international practice, ensuring effective application thereof in everyday work. The Guidelines have been developed in cooperation with the State Revenue Service and the Latvian Association of Real Estate Transactions.

Guidelines "Indicators of Money Laundering in Outsourced Accountant and Tax Consultant Sectors"



The Guidelines are designed to improve understanding of the risks and characteristics of ML primarily in the outsourced accountancy and tax consultancy sector. It provides practical examples to help identify suspicious activities and strengthen the capacity of the sector to address potential risks.

The material has been developed in cooperation with the SRS and is based on international practice and current examples, the material serves as a tool for identifying suspicious transactions and activities so that outsourced accountants and tax consultants can successfully implement a risk-based approach and effectively manage risks related to ML.

Guidelines "Money Laundering Indicators in the Gambling and Lottery Organisers Sector"



The Guidelines are designed to help the gambling and lotteries sector identify and address the risks of ML and TF. The material describes ML indicators in the gambling and lotteries sector, some of which are presented in an easy-to-follow schematic representation.

The material includes the most common schemes and characteristics in the sector, e.g. repeated transactions with large amounts of money, funds of unclear origin or customer behaviour that differs from the usual gambling habits. The Guidelines serve as a tool to help gambling and lottery organisers and other reporting entities to successfully implement a risk-based approach and effectively manage risks related to ML, thereby preventing the flow and use of the proceeds of crime into the financial system.

The Guidelines have been developed in cooperation with the Lotteries and Gambling Supervision Inspection.

Strategic and tactical analysis with restricted access status

One of the strategic and tactical analysis areas of the FIU is the analysis carried out upon request of SCAs, LEAs and other authorities on a specific issue, e.g. the reporting entity, the sector, etc. Similarly, tactical analysis examines the number, quality, trends of STRs submitted by reporting entities. Also in 2024, the FIU prepared and provided strategic analysis and tactical analysis information, as well as studies upon request, e.g.:



Shadow Economy Study – the goal of the study is to explain the processes and techniques used to generate funds (especially cash) in the shadow economy and the invisible (criminal) economy. The analytical study supplements other institutional and academic studies in the field of shadow economy;



Risk assessment of the NGO segment exposed to increased TF risks – the study supplements previous risk assessments where the main objective is to assess the potential TF risks inherent to the NGO sector in Latvia by accurately identifying the NGO segment that could be exposed to TF risk;



Indicators of ML in the investment firm sector – the methodological material has been developed to improve the understanding of ML risks and their characteristics in the investment firm sector. It provides practical examples to help identify suspicious activities and strengthen the capacity of the sector to address potential risks;



Risk assessment of foreign legal persons and arrangements in Latvia – the goal of the material is to understand the risks of legal persons registered abroad with significant links to Latvia. The risk assessment has been developed as a supplement to the NRA 2023, providing a more detailed insight into specific risk factors and their potential impacts. The material includes an analysis of the business models of legal persons and arrangements, their possible involvement in financial crime and other risk-related aspects;



Risk analysis of the virtual currencies sector – the study examines and analyses the facts and aspects characterising the use of digital assets. The goal of the analysis is to provide a comprehensive overview of the current situation and potential risks in Latvia.

These documents have been assigned the status of restricted access.

| Feedback

The FIU provides annual feedback on the number and quality of suspicious transaction reports to SCAs and also to the reporting entities by organising individual meetings.

In 2024, the FIU held feedback meetings with all 10 SCAs. The meetings provided the FIU assessment and analysis with regard to the number and quality of reports submitted by each sector monitored by SCAs in 2023. The supervision activities and other topical issues were also discussed, including sanctions, past and future cooperation with the FIU, planned educational activities, etc.

In 2024, feedback meetings were also held with various reporting entities, whereof 14 meetings were held with credit institutions (representing the sector submitting the highest number of suspicious transaction reports). The FIU provided feedback to the reporting entities with regard to their suspicious transaction reports and threshold declarations. Both qualitative and quantitative indicators of the reports, as well as examples of individual suspicious transaction reports, including their content, quality of the reports, timeliness of reporting, etc. were also among the matters discussed and analysed during the meetings. During meetings, special attention was given to creating a common understanding on reporting tax offences to the FIU.



Financial Intelligence
Unit of Latvia

Cooperation platforms of the Financial Intelligence Unit of Latvia

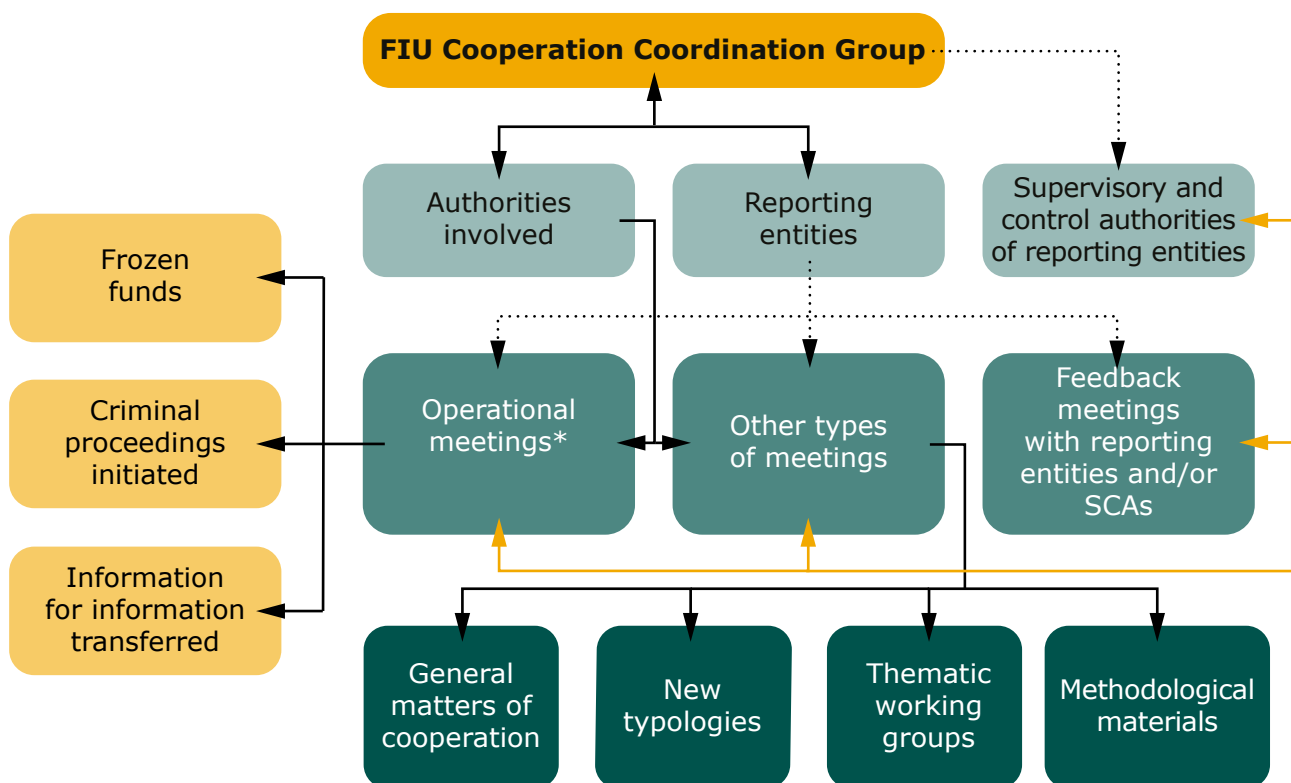
07

CCG as a form of public-private partnership

The performance of the FIU functions is not possible without effective cooperation with LEAs, including the national security authorities and the Prosecution Office of the Republic of Latvia, and also with the reporting entities and SCAs. According to Section 55 of the AML/CFT/CPF Law, the purpose of such cooperation is to facilitate the effective performance of the tasks assigned by the laws and regulations to the participating institutions, the reporting entities and SCAs.

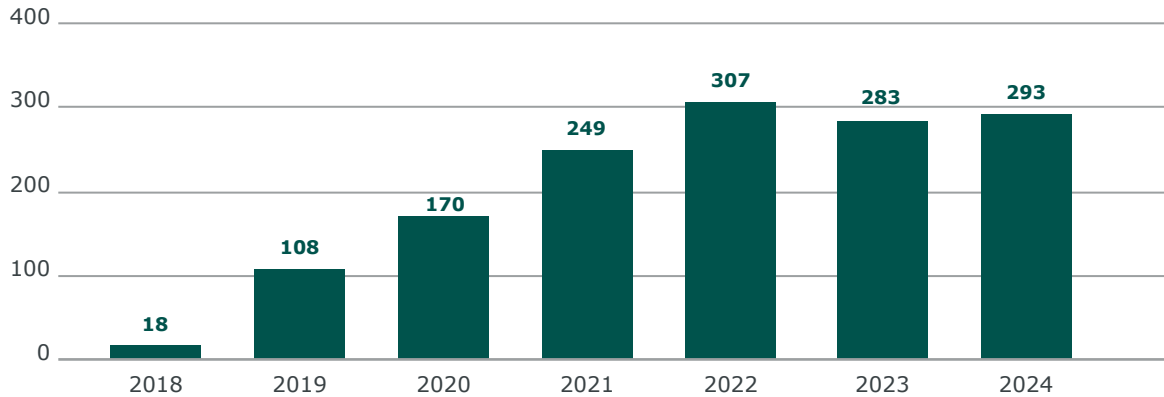
The AML/CFT/CPF Law stipulates that the FIU coordinates the cooperation of the authorities involved (subjects of operational activities, investigative institutions, the Prosecution Office, SRS) and also the reporting entities by convening the CCG.

Despite reinforcement of the name 'Cooperation Coordination Group' in the AML/CFT/CPF Law, suggesting that the CCG has a relatively stable composition, the CCG is essentially an interinstitutional cooperation platform as defined in Section 55 of the AML/CFT/CPF Law, coordinated by the FIU. This model provides an opportunity to bring together representatives of the different authorities that are competent to discuss and decide on a particular matter.



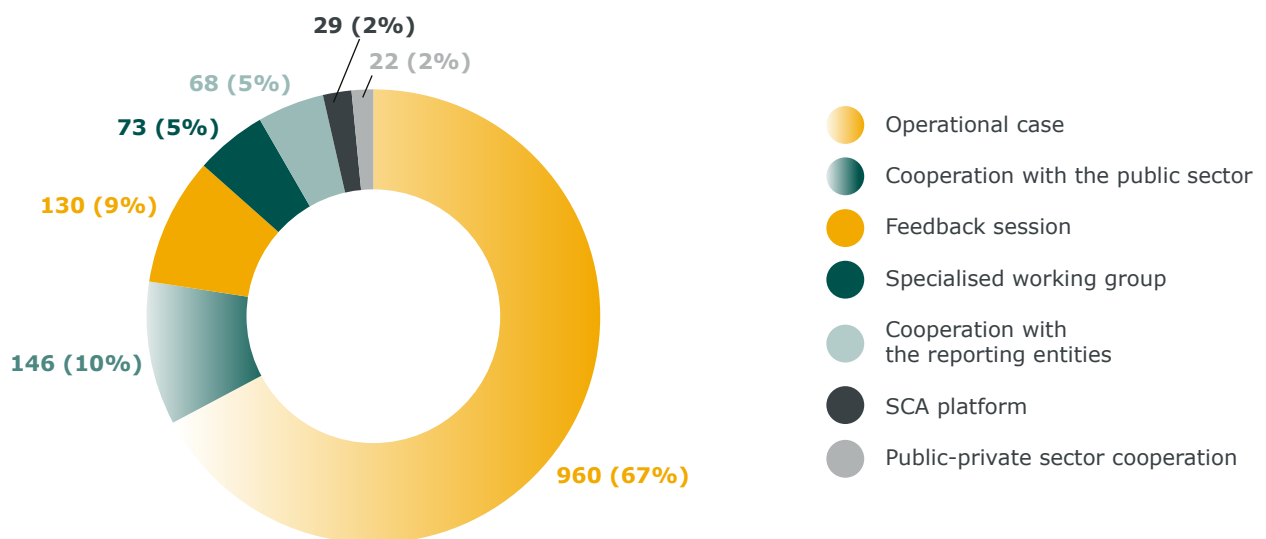
*Exchange of information relating to ML/TF/PF, attempted or related criminal offences or suspicious transactions

Dynamics of the CCG meetings 2018–2024



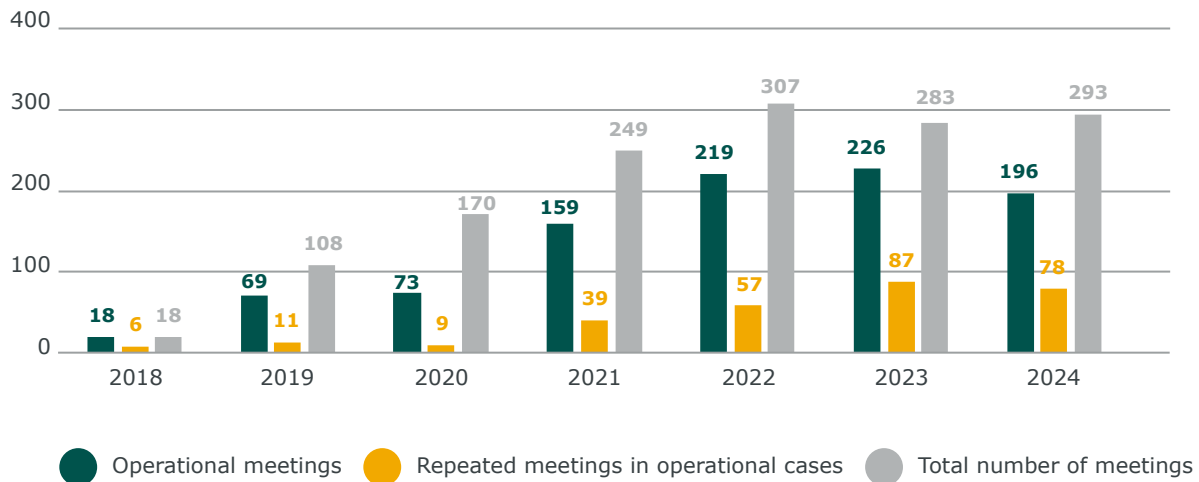
Since 2018, when the first CCG meeting took place, the number of meetings has grown rapidly, reaching approximately 300 meetings over the recent years. The number of the CCG meetings is also affected by the possibility of holding them remotely and thus urgent meetings can be convened in less than half an hour.

Content of the CCG meetings 2018-2024



Two thirds of the total number of the CCG meetings are operational meetings, i.e. meetings discussing possible FIU support in criminal proceedings and operational activities, as well as matters of financial analysis carried out by the FIU. Feedback meetings are an important part of the work of the CCG, discussing with both the reporting entities and LEAs the cooperation with the FIU in the previous year and its improvement possibilities.

Dynamics of the number of the CCG meetings in operational cases 2018–2024

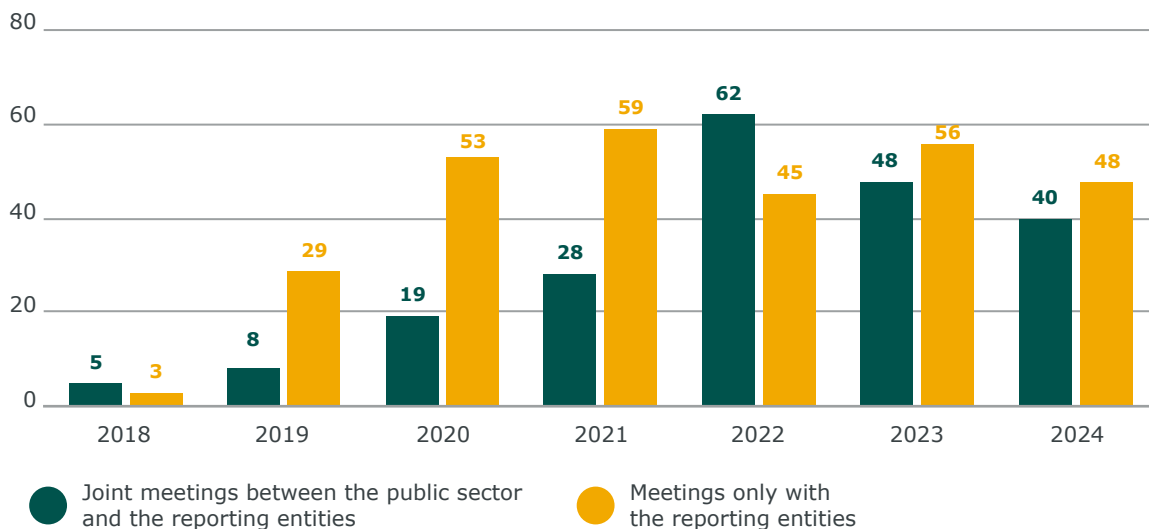


The significant number of CCG meetings in operational cases, as well as the number of such meetings repeated to follow up on specific cooperation issues, demonstrates the importance of the CCG mechanism in ensuring effective interinstitutional cooperation.

According to the AML/CFT/CPF Law, the CCG meeting is convened by the FIU upon its own initiative or if proposed by at least one of the authorities involved. In order to work more closely with the reporting entities and SCAs, the FIU exercises its right to convene the CCG meetings also by listening to reasoned requests from the reporting entities and SCAs.

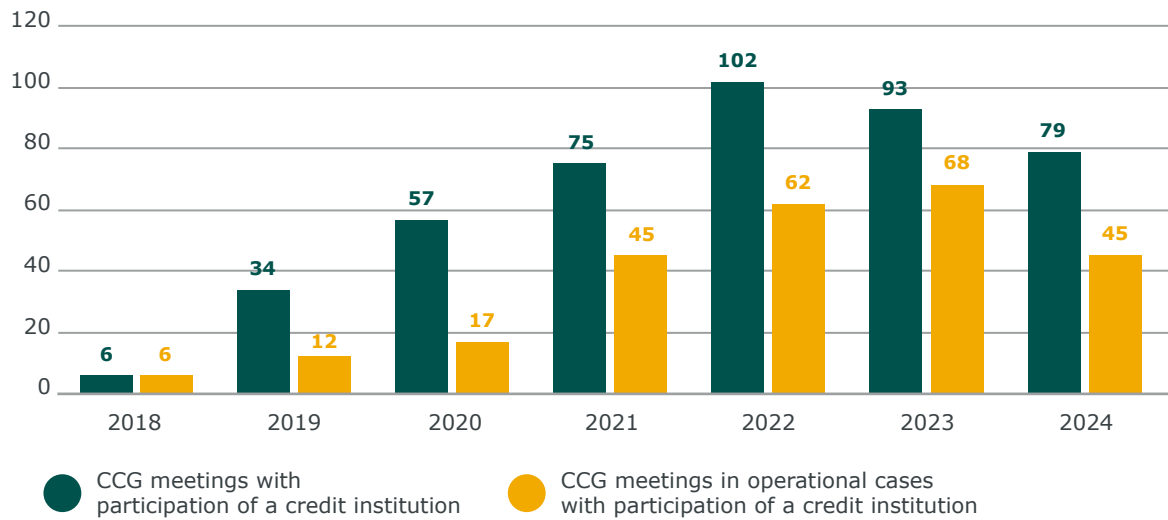
In the period from 2018 to 2024, the reporting entities participated in 503 CCG meetings, in particular in 293 meetings with one or more private sector institutions as participants and 210 meetings with both the public sector (mostly LEAs) and reporting entities as participants.

Dynamics of the number of the CCG meetings with participation of the reporting entities

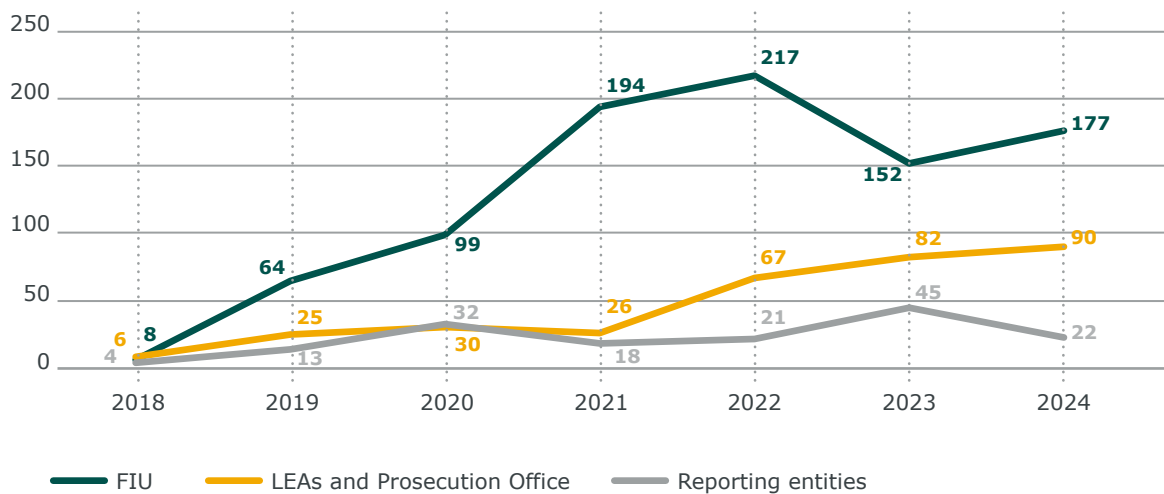


In the period from 2018 to 2023, credit institutions were the most frequent participants in the CCG meetings; in total 446 meetings, whereof 255 meetings were related to operational cases (it should be noted that more than one credit institution participated in several meetings).

Dynamics of the number of the CCG meetings with participation of a credit institution



Dynamics of the number of the CCG meetings by type of initiator



Specialised CCG working groups

In 2024, 11 meetings of the Sanctions Working Group (for more details, see the section Work and Role of the FIU in the Field of Sanctions) were held, comprising representatives of the FIU, SRS TCPD, SRS NCB, the Office of the Prosecutor General, Latvijas Banka and seven credit institutions.

In 2024, the Sanctions Working Group developed a methodological document "Indicators of Sectoral and Targeted Financial Circumvention of Sanctions" based on the 2022 document "Indicators of Russia-Related Circumvention of Sanctions". For more detailed information on the methodological material, see the section on Strategic and Tactical Analysis.

OpCEN

OpCEN is an initiative of the FIU to ensure cooperation, analysis and exchange of information, planning of measures between the FIU and LEAs within the framework of specific financial intelligence, criminal proceedings and operational activities in order to increase the effectiveness of the prevention and combating of organised crime and serious crime, in particular the field of AML and the identification of the proceeds of crime to ensure their subsequent confiscation. In order to ensure the privacy and security of the staff of cooperation institutions, the FIU has also set up a specially designed space for this purpose.

In 2024, cooperation with LEAs was strengthened as the FIU devoted increasing resources to identifying ML in cases under the second risk profile. As a result of OpCEN meetings, in particularly complicated cases the FIU conducted an in-depth operational analysis, while continuing to obtain additional information from other reporting entities, foreign FIUs, national databases, public administration authorities, public sources, in order to obtain additional facts that would provide further evidence to support the suspicion of ML and the criminal origin of funds suggested by LEAs.

For example, as a result of the OpCEN analysis, the FIU has found that, with regard to ML resulting from illicit trafficking of narcotic substances, Latvian residents are involved in international criminal groups and the ML flow is highly branched to maximise traceability difficulties. Cash deposits at ATMs and subsequent transfers to other persons, or transactions through foreign electronic money institutions/payment institutions where funds are transferred by various seemingly unrelated individuals to one or more related persons, continue to be detected. Similarly, deposited cash is structured through fictitious transactions and moved abroad. Cases of individuals acting as intermediaries on online gambling platforms have also been identified.



Financial Intelligence
Unit of Latvia

Work and role of the Financial Intelligence Unit of Latvia in the field of sanctions

08

FIU – competent authority for sanctions implementation in Latvia

In view of the wide-ranging sanctions imposed by the EU against Russia and Belarus as of February 2022, in order to respond effectively and in a timely manner to the dynamic changes in the sanctions landscape, it was decided to designate a single competent authority in the field of sanctions implementation.

According to the amendments of 8 December 2023 to the Sanctions Law, the FIU was appointed as the competent authority for the implementation of international and national sanctions as of 1 April 2024.

To ensure the prompt and high-quality implementation of its new functions, the FIU recruited and trained a team of highly qualified specialists and established an internal process system to manage high volumes of information and documentation efficiently.

The FIU has the following main functions in the field of sanctions implementation:

- to decide on the **application of derogations from international and national sanctions** when authorising or refusing authorisation for transactions or activities;
- **to publish information** on sanctioned persons, their frozen funds and economic resources in Latvia;
- **to assess whether** the freezing of funds and economic resources of sanctioned persons has been carried out in accordance with the laws and regulations;
- **to maintain a sanctions search tool** covering persons included in the national sanctions of the Republic of Latvia, UN and EU sanctions lists;
- to decide on **freezing the funds** and economic resources of sanctioned persons;
- **to decide on the release of funds and economic resources from freezing** if international or national sanctions imposed on a person are lifted or in case of change in property rights or control of the sanctioned person, but the funds and economic resources are not released;
- **to provide guidance**, explanations and informative engagement and training on matters related to **sanctions implementation**;
- **to share information** with the EC and the competent authorities of the EU Member States;
- **to receive and analyse information** to be reported to the competent authority of the Member State in accordance with the requirements of the sanctions framework.

Centralising the sanctions implementation functions was an important step towards ensuring the effectiveness of sanctions implementation. The main benefits of designating FIU as the competent authority in the field of sanctions:

- **a one-stop shop** – a single authority where the private and public sectors can address to clarify matters related to sanctions implementation;
- **legal certainty and uniform approach** – the FIU provides explanations to everyone, thus ensuring consistency in sanctions implementation;
- **synergies between functions** – the FIU's expertise in sanctions implementation complements its expertise in prevention of sanctions circumvention and vice versa, contributing to both more effective sanctions implementation and combating of circumvention;
- **comprehensive information** – the FIU receives data from all involved parties and can therefore identify key aspects for improvement and proactively engage in critical areas, define priorities, provide feedback to the Ministry of Foreign Affairs on the effectiveness of sanctions and possible improvements to the sanctions framework.

Frozen funds and economic resources in Latvia (as of 31.12.2024)

The FIU publishes on its website www.sankcijas.fid.gov.lv information on sanctioned persons and frozen funds and economic resources in Latvia. As of 31 December 2024, information on **146 sanctioned persons** has been published.



funds in the amount of
EUR 55.19 million

Frozen assets	Total number
Vehicles	66
Tractors	11
Floating structures	1
Herd	1
Trademarks	3
Real estate	101
Capital shares	23*
Fertilisers	127657 tonnes

*Number of legal persons

In total, from 146 sanctioned persons (144 of which frozen in Latvia on the basis of the sanctions imposed against Russia and Belarus) 17 were directly included on the sanctions list as natural or legal persons, whereas 129 were legal persons owned or controlled by persons included on the sanctions list.

By 12 April 2024, persons had to provide initial information to the FIU about any funds and economic resources of sanctioned persons frozen in Latvia.⁵ In order to ensure that information published on the website is justified, within 30 days following the publication of the information, the FIU assesses and verifies whether the implementation of sanctions - e.g. freezing of funds or release from freezing - has taken place in accordance with the laws and regulations.

In 2024, the FIU assessed 180 cases to verify whether the freezing of funds or economic resources was justified. The FIU concluded that the freezing of the funds and/or economic resources of **31 sanctioned persons** was not carried out in accordance with the laws and regulations, and it was therefore decided to release such funds and/or economic resources from freezing. In most of such cases, the Latvian financial institution froze funds (incoming payments) received from the potential sanctioned person but transferred to the account of non-sanctioned customer of the Latvian financial institution. In the case of release of funds from freezing, the funds were not transferred back to the payer, but were transferred to the payee in Latvia for legally provided services or supply of goods. In total, the amount of assets released was less than 0.01% of the total assets frozen in Latvia. It should be noted that in the majority of cases where the FIU concluded that the asset freeze was not carried out in accordance with the laws and regulations, the justification was the "control" of a sanctioned person. This was due to the unprecedented scope of the sanctions imposed against Russia and Belarus, the lack of clarity on the concept of "control" and its ambiguous application in sanctions implementation. **In assessing the justification for freezing of funds and economic resources, the FIU, inter alia, ensured a uniform approach to the application of the concept of "control".**

⁵In accordance with Paragraph 49 of Cabinet Regulation No. 184, Procedures for the Proposition and Implementation of International and National Sanctions.

Detailed information on sanctioned persons holding frozen funds or economic resources in Latvia, as well as a detailed list of frozen assets is available on the FIU website available at sankcijas.fid.gov.lv. Iv. The availability of such information ensures legal certainty (sanctions are applied uniformly throughout Latvia and information on sanctioned persons is freely available) **and contributes to the effectiveness of sanctions implementation** by minimising the risk for public to violate sanctions, e.g. by preventing inadvertent involvement in transactions with sanctioned persons.

In accordance with the obligation prescribed by the Sanctions Law, any person must immediately inform the FIU about the implementation of sanctions. In 2024, the FIU received **679 notifications** of all actions taken in relation to the implementation of sanctions, including changes affecting frozen assets, execution of decisions issued by the FIU, payments refused or not made as a result of the implementation of sanctions, as well as restrictions on deposits exceeding EUR 100 000⁶, etc.

Application of derogations in the field of sanctions implementation

One of the sanctions implementation functions assigned to the FIU from 1 April 2024 is to decide on the application of derogations from international and national sanctions when authorising or refusing authorisation for transactions or activities. In order to obtain the FIU authorisation for a transaction or activity, the sanctioned person or the person intending to carry out activities subject to international or national sanctions must address the FIU with a well-founded application in written form. The applicant of a written submission is required to indicate the necessity for authorising the derogation, provide the legal justification, and attach supporting documents and information substantiating the derogation. The burden of proving the necessity for authorising the derogation and compliance with the derogations set out in the EU regulations lies on the sanctioned person or the person intending to carry out activities subject to international or national sanctions.

In the process of applying derogations, the FIU carries out a thorough and in-depth analysis of the factual and legal circumstances in order to verify that the situation described in the request for authorisation complies with the scope of the derogation and the purpose of sanctions. When deciding on whether to grant an authorisation, the FIU takes into account not only the actual compliance of the statutory derogation with the situation described in the request for authorisation, but also other relevant circumstances, e.g. the quantity of goods, the amount of the transaction, the consignee/consignor of the goods, the risks of sanctions circumvention, etc. Hence, the FIU ensures that the application of derogations is only possible in very rare and important cases where the denial of authorisation could cause disproportionate harm to persons which is not the purpose of sanctions. Such derogations may be related, for example, to the basic needs of the sanctioned persons, or to the maintenance of frozen economic resources (e.g. real estate).

In 2024, the FIU made 116 decisions regarding the application of exemptions. In 99 cases, the FIU decided to apply an exemption in the sanctions implementation and provide authorisation, whereas in 16 cases the exemption was refused, and in December 2024 the FIU also issued a decision – a general administrative act “Regarding Determination of Authorised Payments”.

⁶Article 5b of Council Regulation No 833/2014 and Article 1u of Council Regulation No 765/2006 prohibit the acceptance of any deposits from certain persons (e.g. Russian, Belarusian nationals or natural persons residing in Russia or Belarus, legal persons, entities or bodies established in Russia, Belarus, etc.) where the total value of deposits per credit institution of such natural or legal persons, entities or bodies exceeds EUR 100 000. At the same time, the restriction does not apply to deposits made before the restrictions were imposed. Information on exceeding the deposit limits to be provided to the FIU in accordance with Article 5g of Council Regulation No 833/2014 and Article 1z of Council Regulation No 765/2006.

National and international cooperation at the level of sanctions implementation

In 2024, the FIU actively cooperated with private and public sector representatives in order to ensure a common approach to sanctions implementation and regular exchange of information at national level.

11**EU-level
meetings****11****Baltic Task Force
meetings****11****Sanctions Working
Group meetings**

In 2024, a new cooperation format was established between the FIU, SRS NCB and the Ministry of Foreign Affairs. As part thereof, bi-monthly trilateral meetings are organised to discuss the latest developments in the field of sanctions implementation. The FIU provides recommendations to the Ministry of Foreign Affairs for strengthening the sanctions framework, including:

- support in drafting amendments to the Sanctions Law to ensure that Latvia's regulatory framework complies with international requirements;
- up-to-date information on the specific sanctioned persons. This has resulted in, for example, imposition of **sanctions against a number of Russian "shadow fleet" vessels**.

In 2024, the FIU strengthened its cooperation with Latvijas Banka in the area of sanctions implementation, as part of which Latvijas Banka regularly provides information on macroeconomic data, Latvia's foreign trade indicators, including export and import statistics. In turn, the FIU informs Latvijas Banka about the identified deficiencies in ensuring sanctions compliance in the financial sector. The FIU participates in meetings of the Sanctions Coordination Council and other sanctions cooperation projects as required.

Public-private cooperation in the field of sanctions continued through the meetings of the Sanctions Working Group of the CCG. In 2024, the Sanctions Working Group was attended by experts from the FIU, Latvijas Banka, the Prosecution Office of the Republic of Latvia, SSS, SRS TCPD and SRS NCB, as well as from seven credit institutions, i.e. Swedbank AS, Luminor Bank AS Latvian branch, SEB bank AS, Citadele bank AS, BluOr Bank AS, Rietumu Banka AS and Signet Bank AS. In 2024, the Sanctions Working Group held 11 meetings to discuss topical issues in the area of sanctions circumvention and implementation and also to document the most relevant typologies and indicators of sanctions circumvention.⁷

⁷Indicators of Sectoral and Targeted Financial Sanction Evasion (2024). Available at: https://fid.gov.lv/uploads/files/Sankciju_apiesanas_indikatori_2024.pdf

The FIU is actively involved in various international cooperation formats. In 2024, 11 meetings of the Baltic Task Force were held, gathering together the competent sanctions implementation authorities and financial sector supervisory authorities of the Baltic States. The FIU regularly participates in EU-level events devoted to various topics related to the implementation of EU sanctions, e.g. the Working Party of Foreign Relations Counsellors (RELEX) and the EU Freeze and Seize Task Force.

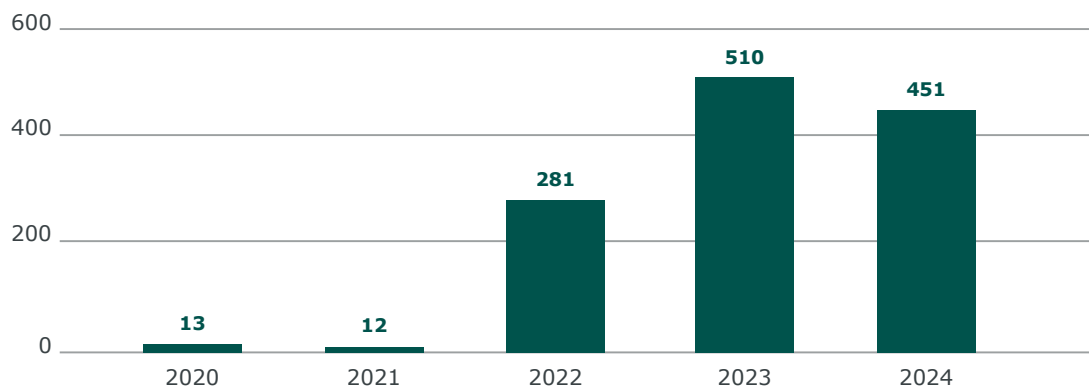
In 2024, cooperation with the competent authorities in Lithuania and Estonia in the field of sanctions implementation was strengthened in particular. Strong cooperation has been also established with the OFAC, the OFSI, the FCDO. Cooperation has been strengthened by sharing the FIU experience in centralising the sanctions function and exchanging knowledge through bilateral meetings with such countries as Ukraine, Sweden, the Netherlands, Liechtenstein, United Kingdom, USA, Germany, etc.

Reports of sanctions circumvention

In addition to its new role in the implementation of international and national sanctions, the FIU also retained its competence in combating the circumvention of international and national sanctions.

Also in 2024, information on circumvention of sanctions was mainly obtained by the FIU from private sector representatives that, according to the Sanctions Law, have the obligation to report on suspected circumvention of sanctions to the FIU. Similarly, information and intelligence on possible circumvention of sanctions is often received by the FIU from private persons who, on their own initiative, approach the FIU to provide information on possible circumvention of sanctions to other public authorities and international cooperation partners. Following Russia's full-scale invasion of Ukraine and the resulting international sanctions against Russia and Belarus, the number of reports of suspected sanctions circumvention submitted to the FIU increased significantly and remained at a high level throughout 2024 when in total 451 reports were received.

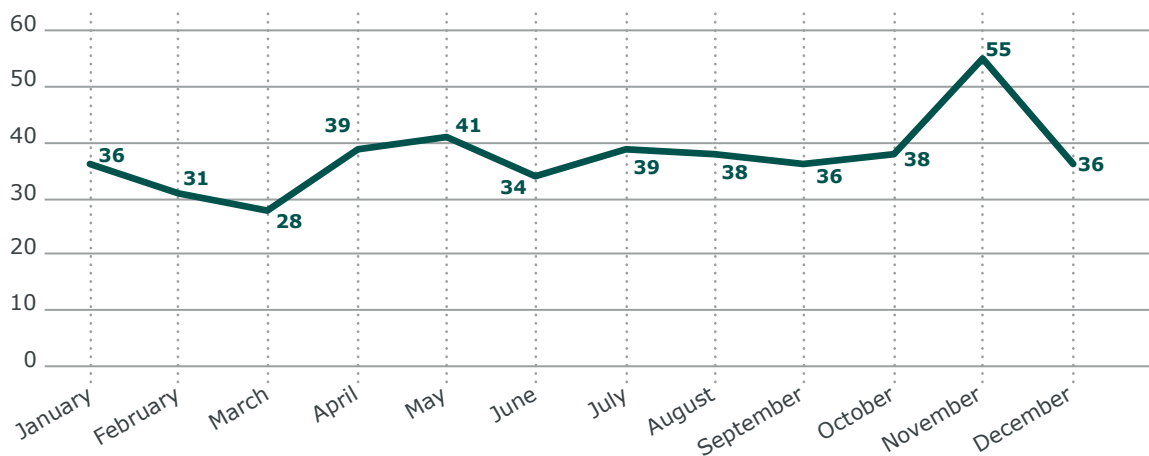
Reports of sanctions circumvention received by the FIU 2020–2024



⁸Section 17, Clause 2 of the Law on International Sanctions and National Sanctions of the Republic of Latvia.

In comparison with 2023, the number of reports of sanctions circumvention received in 2024 has slightly decreased regardless of the new EU sanctions imposed in 2024. This has been facilitated by active communication with the public and private sectors on matters of sanctions implementation, including through the organisation of various working groups and informative seminars, as well as updates on the FIU website www.fid.gov.lv of the methodological materials, guidelines (including the methodological material "Indicators of Sectoral and Targeted Financial Circumvention of Sanctions" 2nd updated edition). The high awareness of financial institutions in the field of sanctions implementation has reduced the use of the Latvian financial sector to settle payments for sanctions violations. An additional reason for the decrease in the number of reports received by the FIU is the relatively fewer new rounds of sanctions introduced in 2024, minimising the need to adapt to new sanction circumvention schemes and thus reducing the number of reports.

Reports of sanctions circumvention received by the FIU in 2024



FIU analysis and results in the field of sanctions circumvention

The examination of suspicious transaction reports involving the circumvention of sanctions is among top priorities of the FIU. The FIU carries out analysis of reports and financial intelligence activities to verify whether the information is justified, i.e. whether there are reasonable grounds to suspect that a violation of international or national sanctions has taken place.⁹ If the suspicion is justified, the FIU has the obligation to provide the information to the investigating authorities responsible for investigating sanctions violations: SSS or SRS TCPD. The FIU is also entitled to provide information on the risks of sanctions circumvention, e.g. to SRS NCB. In 2024, a total of 124 analytical materials¹⁰ were transferred to these authorities' containing information on risks of sanctions circumvention or reasonable suspicion of sanctions violations.

⁹The violation of international and national sanctions is crime in accordance with Section 84 of the Criminal Law.

¹⁰A single analytical material sent to the FIU may contain information on several suspicious transactions.

Information and training initiatives in the field of sanctions implementation

In the fulfilment of one of the FIU functions as the national competent authority, i.e. provision of explanations on matters related to the implementation of sanctions, in 2024 the FIU provided explanations about a wide and diverse range of matters, ranging from the interpretation of legal provisions to the study and explanations of complex technical aspects.

In addition to explanations, the FIU actively provides daily telephone consultations on a wide range of topics about the sanctions implementation to both natural persons and legal persons. In 2024, the FIU provided 363 telephone consultations on a variety of aspects covering the sanctions implementation.

The FIU has organised training in cooperation with foreign partners to strengthen the capacity of the FIU and the public sector in the field of sanctions, e.g.:

- a two-day training organised from **21 March to 22 March** for the FIU representatives in cooperation with the OFSI to share experiences and good practices in the field of sanctions implementation;
- a two-day training, the UK-Baltics Litigation Workshop, organised from **26 November to 27 November** for the public sector of the Baltic States where the FCDO and representatives from the ministries of the Baltic States and the FIU shared their experience in the field of sanctions proceedings;
- a two-day Sanctions and Forfeiture Forum organised from **10 December to 11 December** in cooperation with the U.S. Department of State for competent authorities in the field of sanctions implementation and LEAs in the Baltic States and Croatia.



781 applications submitted



24 training sessions organised by the FIU in the field of sanctions (both in Latvia and abroad)



An average of 85 000 visits per month to the FIU website sankcijas.fid.gov.lv



More than 300 companies participated in the public opinion survey about training needs and format*

*(more information under section "Communication with the Public")



Financial Intelligence
Unit of Latvia

Innovations
and technological
support solutions

09

The work on the first FIU Digital Development Strategy started in 2024 and will define the long-term vision, priorities and action lines for the implementation and development of digital solutions within the FIU to improve financial intelligence processes, data analysis and cooperation with Latvian and international partners in the field of ML/TF/PF.

The FIU continued developing and improving its capacities to use the latest technology solutions and innovations. One of the goals was to build the capacity of analytical solutions of the FIU and thus speed up and improve the intelligence analysis process, ensure the reliability of intelligence and data processing safety. At the same time, work continued on the development of technological solutions that ensure secure, successful and proactive cooperation between authorities, reporting entities at both national and international levels.

Work was also continued in the area of introducing artificial intelligence and machine learning solutions. As the volume of data processing increases, the FIU aims to identify ML/TF/PF typologies and trends, as well as to automate as much as possible routine and low-intelligence manual activities in order to channel the resources available to the FIU into more in-depth analysis.

goAML development in 2024

The year 2024 will remain as a year of significant changes in the development history of the reporting system goAML – a significant change was introduced in the process of logging in to goAML using a new and convenient solution, i.e. the FIU Authentication Portal.

The new solution allows replacing goAML username with a secure login via Latvija.lv website or two-factor authentication combining electronic mail and mobile phone number.

This innovation is particularly convenient for reporting entities holding multiple goAML accounts, as logging into the FIU Authentication Portal allows instant access to all goAML accounts in one place. The reliability and integrity of the system has also been strengthened, i.e. each user is solely responsible for his or her own actions in the system.

In 2024, the number of registered users continued to grow, reaching 3978 users by the end of the year, an increase of 51.03% or by 1344 more institutional accounts than in 2023.

Growth dynamics of the number of goAML users 2021–2024

Year	Registered users
2021	685
2022	1888
2023	2634
2024	3978

Leading role of the FIU in goAML user community

The innovative and dynamic approach of the FIU to goAML development has also been recognised internationally – at the end of 2023, the FIU was elected as the lead country of the goAML International User Group. In practice, this means taking the lead and exploring new development opportunities, coordinating the interests of approximately 70 different reporting system user countries and representing them in cooperation with the UNODC experts.

From 10 September to 12 September 2024, the FIU organised the annual and largest goAML user community event of the year, which brought together in Riga more than 100 delegates from various financial intelligence units, representing the community of 70 goAML user countries. The three days of presentations of the most successful technological solutions from different countries, as well as discussions and workshops were spent on searching for more and more effective ways to collaborate and develop the goAML system.

FIU search tool Black Box

The FIU data search tool Black Box was developed already in 2023, providing authorised LEA users with partial access to the FIU database, confidentiality and personal data safeguards using a new pseudo-anonymisation solution in Latvia.

In 2024, a total of 11 contracts for the use of Black Box were concluded with LEAs, enabling confirmation of the presence or absence of personal data in the FIU records of a person subject to operational activities or criminal proceedings, thus significantly facilitating and speeding up the exchange of data between authorities.

Search and match ratio since march 2024

Year	Total search volume	Matches	Matches (%)
2024	1652	495	22,5 %

As seen above, the FIU search tool has been used 1652 times and in 22.5% of the cases it has been confirmed that the FIU has information on the item searched for.

In parallel, other related solutions are being developed, applicable to LEAs or other partners, with the aim of reducing the use of administrative resources and ensuring further usability of data and speeding up the FIU response times. One of these solutions is PDF forms that incorporate the XML structure of goAML messages/requests and data validations, as well as their integration into the overall FIU and partner collaboration architecture.

AMLIH – AML innovation hub

At the beginning of 2022, in order to foster cooperation of LEAs and the use of innovative technologies for financial crime intelligence and prevention thereof, the FIU opened the first financial intelligence and AML centre or AML Innovation Hub (AMLIH) in the Baltics. In 2024, the FIU continued to develop both its technical infrastructure and to strengthen its data analytics capabilities. Over the past year, the ability to transfer and process classified data has been strengthened, also developing a specialised tool for open data retrieval and analytics, as well as individual solutions that support data analysis capabilities, e.g. developing a tool to retrieve the content of Telegram channels for further analysis.

The Recovery and Resilience Facility investments helped strengthen the capacity of the FIU analysts to analyse network structures, purchase a solution to process and retrieve unstructured data, and also start work on a cross-system connection management system to enable centralised management of external connections and data access rights in these solutions, also additionally creating new connections to external sources.

In 2024, AMLIH also recruited two data scientists to further develop the application of machine learning techniques to identify financial crime, developing the ability to identify suspicious features in reports and strengthening the ability to search for links between information in reports and data in attachments.

One of AMLIH operating directions is to attract new projects to strengthen the capacity of the FIU in specific areas of activity. The FIU is an active member of the project "Intelligence and Security Professionals Network with Members of Industry and Academia" which analyses existing problems in the work and data sharing of LEAs and, together with partners, explores the potential of new technologies for crime prevention.

In 2024, a project application was prepared for the Bilateral Cooperation Fund initiative "Improvement of Employee Knowledge in Combating ML in Latvia, Including the Identification of Environmental Crime" within the scope of the European Economic Area Financial Mechanism 2014–2021 Programme "International Police Cooperation and Combating Crime" with the goal to strengthen the capacity of the FIU to identify environmental crime and also to build the capacity of analysts to analyse data related to such crime.



Financial Intelligence
Unit of Latvia

MONEYVAL sixth round mutual evaluation

10

MONEYVAL sixth round mutual evaluation

As the lead authority for preventing the use of Latvia's financial system for ML/TF/PF purposes, the FIU plays a central role in international evaluations assessing Latvia's AML/CFT/CPF system. The MONEYVAL mutual evaluation report is the most important international report in this area. It is based on the FATF standards and methodology. In addition to the FATF standards, MONEYVAL assesses the compliance of its jurisdictions with the international conventions contained therein, as well as relevant EU legislation. The goal of mutual evaluations is to prepare a thorough report analysing the implementation and effectiveness of AML/CFT/CPF measures in the country. The mutual evaluation also contains targeted recommendations to further strengthen the national system. These mutual evaluations by highly qualified international experts form the opinions of the international community and cooperation partners about the ability of competent authorities and private sector companies to protect the reputation and security of the financial system in a skilful and effective manner.

In 2024, a new round of evaluations was launched both within MONEYVAL and across the FATF Global Network. In accordance with the decision of 11 April 2023 adopted by the Cabinet of Ministers regarding Latvia's readiness to be among the first jurisdictions in the new round of mutual evaluations and the decision taken in December 2023 by MONEYVAL plenary, Latvia's sixth round of mutual evaluations started in 2024. As the result, Latvia became both the first MONEYVAL jurisdiction and the first country in the FATF Global Network to undergo assessment in this round – making the sixth-round mutual evaluation a top priority for the FIU in 2024.

The sixth-round mutual evaluation of Latvia officially started on 21 March 2024 with a two-day MONEYVAL country training for public and private sector representatives about the new round mutual evaluation. The training in Latvia was organised by the FIU in cooperation with the MONEYVAL Secretariat and was attended by more than 100 Latvian representatives.

In addition to the abovementioned MONEYVAL training, the FIU provided a series of training sessions throughout the year to all participants in the AML/CFT/CPF system, both in the public sector and in the private sector. These trainings were aimed at ensuring a clear understanding of the mutual evaluation, the objectives and methodology thereof, as well as of the FATF standards. In total, the FIU conducted 12 such training sessions with more than 700 participants.

These efforts enabled the Latvian authorities to prepare and submit all required information in a timely manner, demonstrating both the compliance and effectiveness of Latvia's AML/CFT/CPF system with the FATF standards.

As part of the mutual evaluation of Latvia, the following documents were submitted to the MONEYVAL Secretariat via the FIU:

1

Latvia's responses to the technical compliance questionnaire on Latvia's compliance with all 40 FATF Recommendations;

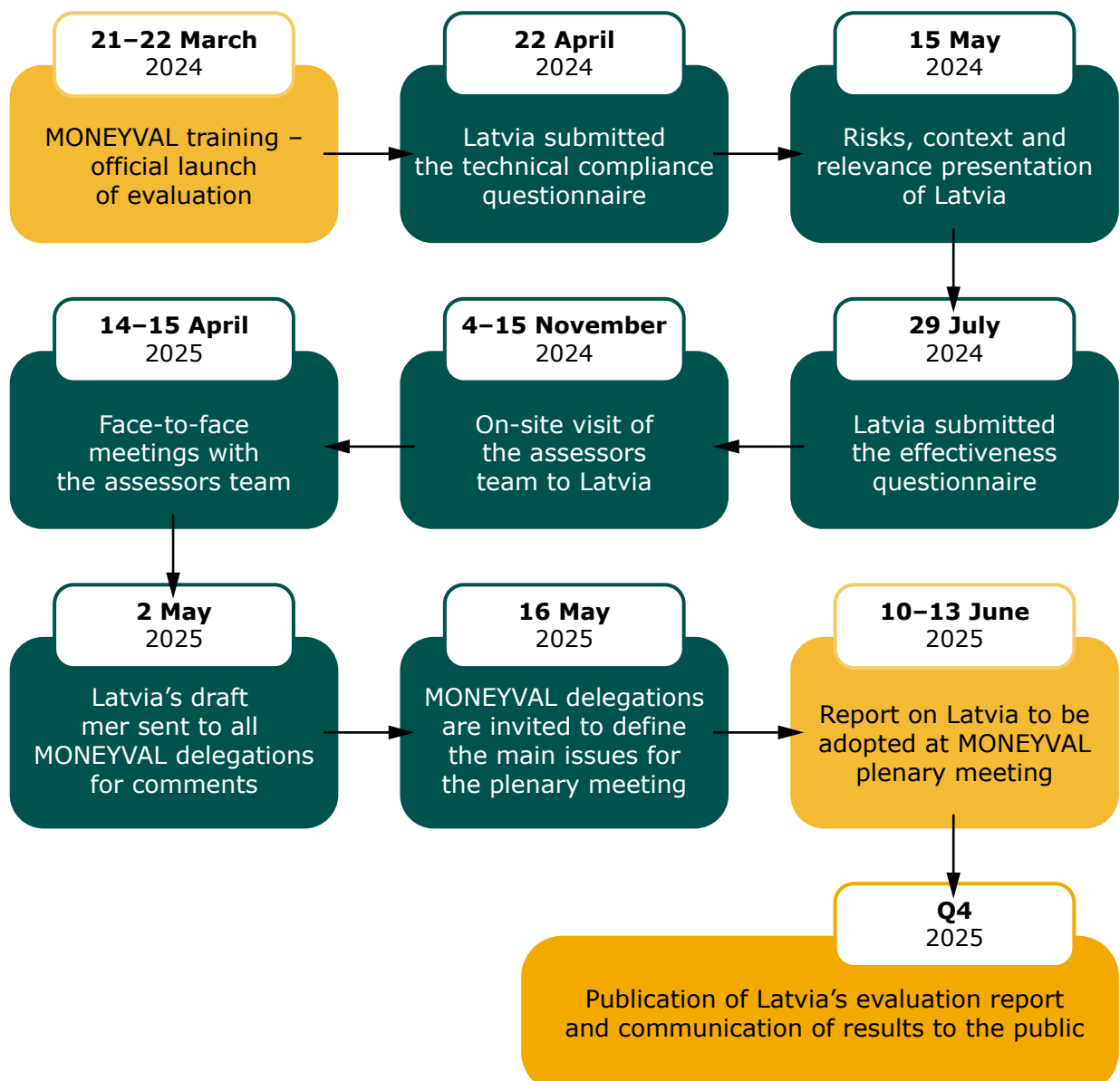
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Latvia's responses to the effectiveness questionnaire which demonstrates effectiveness across all 11 immediate outcomes, including the required statistics and over 200 case examples demonstrating the effectiveness of Latvia's AML/CFT/CPF system.

Under the MONEYVAL mutual evaluation procedure, a very important stage of the evaluation is the on-site visit of the Assessment team during which the experts familiarise themselves with the country's AML/CFT/CPF system, interviewing its representatives in order to obtain both additional information and confirmation of the information already submitted. The on-site visit was organised and coordinated by the FIU. The visit took place from 4 November to 15 November 2024. At the official opening ceremony, Prime Minister E. Silīņa, the Prosecutor General J. Stukāns and the President of Latvijas Banka M. Kazāks addressed the participants. In their speeches, the officials highlighted Latvia's achievements in strengthening the financial system and complying with international commitments, as well as the importance of the visit for the country's international reputation. In total, 76 interviews were conducted with more than 200 representatives from the public administration and the private sector, including the FIU, LEAs, the Prosecution Office, SCAs, ministries and judges. These interviews provided the MONEYVAL Assessment team with a detailed and comprehensive understanding of the structure, functioning and effectiveness of Latvia's AML/CFT/CPF system.

The MONEYVAL sixth round evaluation report of Latvia will be reviewed and adopted in June 2025. Given that this will be the first mutual evaluation report of the new evaluation round in the FATF Global Network, its adoption will take place during the joint FATF/MONEYVAL plenary meeting, bringing together more than 700 representatives from around the world.

MONEYVAL sixth round evaluation timeframe



A new, comprehensive, international evaluation of Latvia's AML/CFT/CPF system is important as it will provide Latvia with a full assessment of the current system. This full assessment is expected to positively influencing Latvia's international reputation and image, as well as promoting safe investments and supporting economic growth.

As the coordinator of the mutual evaluation, the FIU ensured close and continuous cooperation with the MONEYVAL Secretariat throughout the entire mutual evaluation process, demonstrating Latvia's active engagement as a MONEYVAL member and its strong understanding of the importance of mutual evaluations. Another example is the joint MONEYVAL and FATF assessors training organised by the MONEYVAL Secretariat in cooperation with the FIU in Riga. The training took place from 8 April to 12 April 2024 at the FIU and aimed at preparing assessors for a new round of mutual evaluations. In total, 39 experts from 24 MONEYVAL and FATF countries participated in the training, including five experts from Latvia. The raining was organised for the new assessors, focusing on both technical compliance and effectiveness aspects. Through this initiative, Latvia not only reaffirmed its strong support for MONEYVAL, but also its commitment to providing professional and experienced experts as assessors for the new round of evaluations.



Financial Intelligence
Unit of Latvia

Communication with the public

11

Communication with the public

In order to keep the public informed about the activities and achievements of the FIU and also new developments in the fields of AML/CFT/CPF and sanctions, the FIU communicated with the public through various channels in 2024. After becoming the competent authority for the implementation of sanctions in Latvia, the FIU has made it a priority to inform and educate the public in this area. Hence, in 2024, the FIU proactively communicated with the public about sanctions implementation both in cooperation with the media and through various public awareness campaigns.

Cooperation with the media

In 2024, the FIU has prepared and provided answers to media requests and also proactively implemented communication activities. The main topics were covered in the national and foreign media in the form of news stories, interviews, opinion pieces, educational and explanatory material.

Top media topics in 2024:

- 1 Financial intelligence: fraud and money mules;
- 2 The new sanctions function of the FIU, sanctions circumvention and trends, Russian "shadow fleet".

It should be noted that, given the topicality of sanctions matters, there was considerable Latvian and foreign media interest in 2024 about the implementation of sanctions.

In order to raise public awareness about the implementation of sanctions in Latvia, the FIU actively cooperates with the Ministry of Foreign Affairs, Latvijas Banka and SRS NCB. This cooperation included both information exchange and coordinated communication with the public and the media.

Digital channels and social media

One of the main communication channels of the FIU is its website www.fid.gov.lv which provides up-to-date and relevant information in both Latvian and English. User demand for the information available on the website has continued to grow, reaching more than **73 000 unique visitors** in 2024, thus demonstrating its important role in terms of raising public awareness and significance in the professional community.

As the competent authority for the implementation of sanctions in Latvia, the FIU launched a new website in 2024 sankcijas.fid.gov.lv. This website provides up-to-date information on the application and implementation of sanctions. The website also includes explanatory and methodological materials.

The FIU also uses social media to communicate with the public on a daily basis, informing followers and other social media users about day-to-day work of the FIU and developments in the field of ML/CFT/CPF.

FIU newsletter

The goal of the FIU newsletter is to provide regular and high-quality information to the authorities involved in the prevention of financial crime and industry representatives. The newsletter provides up-to-date information on the implementation of sanctions, financial intelligence and legal framework developments, promoting common understanding and cooperation.

Four newsletters were published in 2024 on a quarterly basis, ensuring regular access to information.

Each newsletter included the following information:

- current affairs in the financial sector;
- interviews with experts;
- expert opinions and analysis;
- updates on the FIU activities and priorities;
- developments in the area of sanctions;
- guidance and methodological materials for industry representatives.

The newsletters were distributed digitally on the FIU website and sent to partners, including the financial sector, SCAs and other authorities. They were also published in Latvian and English on the professional network LinkedIn where the newsletter has 3719 subscribers. Given the high level of interest among readers, it is planned to continue publication of the newsletter also in 2025.

Awareness campaign “Footprints of crime cannot be washed away”

For the sixth year, the FIU organised an educational information campaign to raise people’s awareness of the types of financial crime and ways to protect themselves from fraud and involvement in fraud schemes. The message of the campaign, i.e. “Footprints of Crime Cannot be Washed Away”, underlines that ML is not just financial crime as it derives from such major offences as drug trafficking, terrorism, corruption, fraud and human trafficking. The purpose of the campaign is to shed light on the true nature of these crimes, to educate the public about the consequences of financial crime and its impact on the economy and security, and also to warn about the risks of knowingly or unknowingly engaging in financial fraud.

Similarly to last year, various publicity materials were developed within the scope of the campaign, including press releases, viewpoint articles, interviews and publications in the media and on social networks. Visual materials have been used successfully in both outdoor and online advertising, ensuring a wide audience reach.

The website www.vieglanauda.lv served as the central platform of the campaign by providing informative information on the sources of ML as well as recent statistics on trends in ML. In 2024, the number of unique visitors of the website reached 29 000, demonstrating the public interest and need for this type of educational content.

In order to ensure the most effective communication, regional lectures and exhibitions were organised in Jēkabpils, Rēzekne and Ogre, promoting public awareness and discussion on financial crime prevention, as well as providing practical advice on how to recognise and prevent financial crime in everyday life. In order to ensure the fulfilment of the task specified in Paragraph 4 of the protocol decision of the Cabinet of Ministers meeting of 27 August 2024 (par. 52 of minutes No. 33), i.e. annual horizontal reduction of expenditure by ministries and other central government institutions (excluding independent bodies) from the grants from general revenue, the FIU will discontinue the organisation of Money Law Day as an educational campaign for businesses and the public, reduce the expenditure of seminars for reporting entities and reduce expenditure of intangible investments by postponing certain changes to the Information Systems.

Public opinion surveys

In order to ensure targeted public education and information on ML, as well as the links thereof to crime and consequences following therefrom, the FIU also conducted a public opinion survey in 2024.

The results of the survey show an improvement in public awareness of financial crime and an increasing intolerance towards the crime. The number of people who would be ready to commit or benefit from financial crime for personal gain is decreasing.

For the purpose of developing targeted activities to raise awareness and understanding of the sanctions related issues among businesses, the FIU organised a public opinion survey at the end of 2024. More than 300 Latvian companies took part in the survey. The results of the survey highlight the need for further proactive information events aimed at raising awareness of the purpose of sanctions.

The FIU will use the results of the survey in future public awareness and educational campaigns, when formulating the key messages, selecting communication channels and tools and also developing strategic communication products of the FIU.



Financial Intelligence
Unit of Latvia

International events
organised by the
Financial Intelligence
Unit of Latvia

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International events organised by the Financial Intelligence Unit of Latvia



19 March

International conference

"Effective sanctions: goals for 2024"

The FIU has put forward public information and education as the top priority in the field of sanctions. Therefore, even before becoming the competent authority for the implementation of sanctions in Latvia, the FIU organised an international conference "Effective sanctions: goals for 2024". The purpose of the conference was to stimulate discussion on improving the effectiveness of sanctions, with a particular focus on the current challenges and opportunities related to the implementation of sanctions in 2024.

The conference attracted more than 1000 participants, whereof 100 people attended the conference in person, while a record high number, i.e. more than 900, attended the conference remotely, thus underlining the interest in and importance of this topic both locally and internationally.

The conference highlighted important issues, including strategies to achieve the objectives of sanctions, the importance of cross-border cooperation and possible future risks. It brought together 21 international experts from nine countries, including public authorities, financial institutions and industry leaders. Experts discussed the sanctions implementation models in different countries, with a particular focus on comparing centralised and decentralised approaches. The need for more effective cooperation between the public and private sectors and the need to improve sanctions implementation measures to prevent circumvention of sanctions were highlighted.

The conference ended with a number of conclusions, including the need for additional measures to coordinate the implementation of sanctions at EU level. It was also stressed that the experience of the FIU could serve as an example for other Member States.

The conference was organised under European Economic Area Financial Mechanism 2014–2021 Programme "International Police Cooperation and Combating Crime" project No. EEZ/FID/2021/6 "Improvement of Employee Knowledge in Combating ML in Latvia".

Iceland 
Liechtenstein
Norway grants

**8–12 April****International training
“MONEYVAL assessors training”**

In 2024, MONEYVAL launched the sixth round of mutual evaluations, assessing the effectiveness of the AML/CFT/CPF system of MONEYVAL jurisdictions. In order to ensure the necessary number of experts for evaluations, MONEYVAL organises regular trainings for assessors.

In cooperation with MONEYVAL, the FIU organised MONEYVAL assessors training from 8 April to 12 April to prepare international assessors for the new sixth round of mutual evaluations. During the training, the new assessors took part in theoretical and practical exercises, during which they played out different scenarios of interviewing country representatives.

In total, 39 experts from 24 MONEYVAL and FATF countries participated in the training, including five experts from Latvia.

The hosting of such training in Latvia and the involvement of Latvian experts in the training demonstrate Latvia's commitment to contribute to strengthening international standards in the FATF Global Network, as well as to provide professional and experienced experts as assessors in the new round of evaluations.

**10–12 September****Regional meeting
“goRIGA 2024”**

The regional meeting of goAML users is an annual event and brings together financial intelligence units which use the goAML solution to receive suspicious transaction reports. The FIU, being active in the field of digital innovations of the industry and goAML, took responsibility for organising this international event in 2024.

More than 100 representatives of financial intelligence units representing 45 countries gathered in Riga for three days to take part in presentations and discussions on the current capabilities and future development of the goAML system. Participants also exchanged ideas, experiences, best practices and technological solutions in the fields of AML/CFT/CPF, sanctions, machine learning techniques and other relevant issues. The ninth international meeting of goAML users “goRIGA 2024” was organised in cooperation with the UNODC, which is the developer of the goAML system.



Financial Intelligence
Unit of Latvia

Financial management of the Financial Intelligence Unit of Latvia

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Financial management of the Financial Intelligence Unit of Latvia

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

- ➔ "Establishment of an AML Innovation Centre to Improve the Identification of ML" under Investment 6.2.1.1.i. of Reform 6.2.1.r. "Modernisation of ML Identification, Investigation and Judicial Processes of Economic Crime" of Reform and Investment Direction 6.2. "Identification of ML, Investigation of Economic Crime, Modernisation of Judicial Processes and Implementation of Preventive Actions" within the scope of the EU Recovery and Resilience Mechanism Plan component 6 "Rule of Law" (project No. 6.2.1.1.i.0/1/22/I/IEM/001). The goal of the project is to strengthen the capacity to identify ML/TF/PF. Project implementation period – 31 March 2025.
- ➔ within the scope of the European Economic Area Financial Mechanism 2014–2021 Programme "International Police Cooperation and Combating Crime" (funding in the budget sub-programme 71.06.00 "Projects Financed by the European Economic Area and Norway Grants"):
 - "Improvement of Employee Knowledge in Combating ML in Latvia" in cooperation with the project partner – Latvijas Banka (project No. EEZ/FID/2021/6). 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 – 30 April 2024.
 - The Bilateral Cooperation Fund financing initiative "Improvement of Employee Knowledge in Combating ML in Latvia, Including the Identification of Environmental Crime" (Project No. EEZ/DSF/FID/2024/1). The goal of the project is to strengthen the capacity of the FIU to identify and respond to cases of ML, including those related to environmental crime, by establishing a joint working group to develop typologies of such crimes and to share knowledge and good practices. Project implementation period – 31 March 2025.
- ➔ "Intelligence and Security Professionals Network with Members of Industry and Academia". The goal of the project is 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 nine EU Member States and six associated countries. Project implementation period – 31 August 2026. Funding for the budget sub-programme 70.19.00 "Implementation of Projects and Measures under the EU Research and Innovation Programme Horizon 2020" (CESPI/IEM/19 "Implementation of Projects and Measures under the EU Research and Innovation Programme Horizon 2020").
- ➔ "Strengthening of EU Asset Recovery and Sanctions Tracking against International High-Level Corruption". The goal of the project is to strengthen asset recovery in the EU against high-level corruption, sanctioned regimes or sanctioned persons. The project covers eight EU Member States, representing all the relevant target groups. Project implementation period – 30 April 2025. Sub-programme 70.23.00 "Expenditures for the Implementation of Projects and Measures under other European Union Policy Instruments" (CESPI/IEM/043 "Internal Security Fund – Community Action").

The operational expenditure of the FIU (43.00.00 "Activities of the Financial Intelligence Unit of Latvia") in 2024 amounted to EUR 6.78 million which constitutes 94.5% of the approved annual plan and is 43.1% or EUR 2.0 million above the expenditure of 2023. The increase is based on the additional funding of EUR 0.64 million for measures in accordance with Cabinet Order No. 940 of 13 December 2022, On the Plan of Measures for the Prevention of ML and Terrorism and Proliferation Financing for 2023–2025, and Cabinet Order No. 338 of 2 May 2024, On the Plan of Measures for the Prevention of ML and Terrorism and Proliferation Financing for 2024–2026, as well as the priority measure "On Exceptions to the Application of Sanctions Permitted by EU Law and Latvian Competent Authorities in the Application of These Exceptions" supported by Paragraph 2 of minutes No. 47 (para. 43) of 26 September 2023 of the Cabinet of Ministers. In 2024, EUR 1.36 million (EUR 1.55 million before changes in appropriations) was allocated for the implementation of the priority action, absorbing EUR 1.14 million or 84%.

The following two public opinion surveys were also carried out in 2024:



a public opinion survey on the functioning of the FIU and the public understanding of and tolerance towards financial crime in the amount of EUR 6224.24 (including VAT). The goal of the survey is to determine the level of public understanding of and tolerance towards financial crime, the functioning of the FIU in the context of AML/CFT/CPF, the opinion of people in relation to the reasons for choosing financial services abroad, the attitude of the Latvian population towards cryptocurrencies and the risks associated therewith. The FIU will use the results of the survey in future public information and educational campaigns, ensuring more accurate formulation of the key messages, when selecting communication channels and tools and also developing strategic communication products of the FIU;



a public opinion survey on the awareness of businesses about the sanctions framework and the role of the FIU in sanctions implementation, as well as challenges faced by businesses in the field of sanctions compliance for EUR 7832.33 (including VAT). The goal of the survey is to determine the awareness of the business community about the international and national sanctions framework and the role of the FIU in sanctions implementation, as well as the experiences and challenges of the business community in complying with the sanctions framework. The FIU will use the results of the survey in future public information and educational campaigns, ensuring more accurate formulation of the key messages, when selecting communication channels and tools and also developing strategic communication products of the FIU.

According to minutes No. 26 of 4 December 2024 of the Economic Crime Enforcement Department, the FIU received funding in the amount of EUR 50 715 for the implementation of the measure "Fund of the Proceeds of Crime from Confiscation" of the project "Strengthening the Capacity of the FIU to Combat Financial and Economic Crime through the Development of ICT Security Infrastructure". Meanwhile, the deadline for the 2023 measure "Strengthening the Capacity of the FIU to Combat Financial and Economic Crime through the Development of ICT Security Infrastructure" (EUR 145 400) was extended until 26 May 2025.

The largest project co-financed by EU policy instruments and other foreign financial assistance in 2024 was the project implemented under the Recovery and Resilience Facility "Establishment of an AML Innovation Centre to Improve the Identification of ML" with total costs of EUR 0.62 million which constitutes 80.8% of the approved annual plan. The abovementioned expenditure is comprised of 85.8% as capital expenditure and 15.2% as expenditure for goods and services.

This was followed by the EEA and Norway Grants funded project "Improvement of Employee Knowledge in Combating ML in Latvia" with total costs of EUR 32 965 which constitutes 100.0% of the approved annual. Project implementation has concluded. In 2024, no expenditure was recorded under the Bilateral Cooperation Fund financing initiative.

Total amount of the FIU expenditure in 2024 reached EUR 7.44 million, which is 93.0% of the approved annual plan and is 30.6% or EUR 1.75 million above the expenditure of 2023. The abovementioned expenditure is comprised of 57.2% as expenditure for remuneration (51.5% in 2023), 31.5% as expenditure for goods and services (31.9% in 2023) and 11.2% as capital expenditure (16.6% in 2023). The unused funding in 2024 is mainly composed of savings resulting from delays in selection processes to fill the vacant positions, from postponed work in information technology and data science, and also from the termination of an unsuccessful software tender.

The objective of the FIU budget programme is to ensure the implementation of measures in the field of AML/CFT/CPF and to prevent the use of the financial system of Latvia for ML/TF/PF purposes. The policy and performance indicators of the budget programme are presented in the table below.

Results and performance indicators of the budget programme 43.00.00 “Activities of the Financial Intelligence Unit of Latvia” in 2024.

	Plan 2024	Performance 2024	Performance deviation from the planned value, %
Policy performance indicators			
In the MONEYVAL evaluation report on the AML/CFT/CPF system of Latvia it was concluded that the effectiveness of Latvia in the field of financial intelligence (IO.6 – FIU Latvia) improved compared to previous periods.	2	2	0%
Performance indicators			
Completion of financial analysis and transfer of information to LEAs (number of cases)	363	365	+1%
Profound analysis of high-priority, particularly complex and voluminous cases and transfer to LEAs (number)	22	25	+14%
Completion of publicly available strategic analysis research or materials on ML/TF/PF trends and typologies, improvement of the methods to deter and detect such activities (number).	6	7	+17%
Machine learning/artificial intelligence solutions implemented to reduce manual, routine tasks and upward trend in identifying new risk indicators (red-flags) (number)	2	2	0%
Centralised flow of sanctions-related information in the country which ensures uniform and consistent implementation of sanctions and decision-making process, the possibility to contest decisions and bilateral cooperation with policy-makers in the field of sanctions; proportion of matters handled by the central sanctions implementation authority	90%	90%	0%



Financial Intelligence
Unit of Latvia

Employees of the Financial Intelligence Unit of Latvia

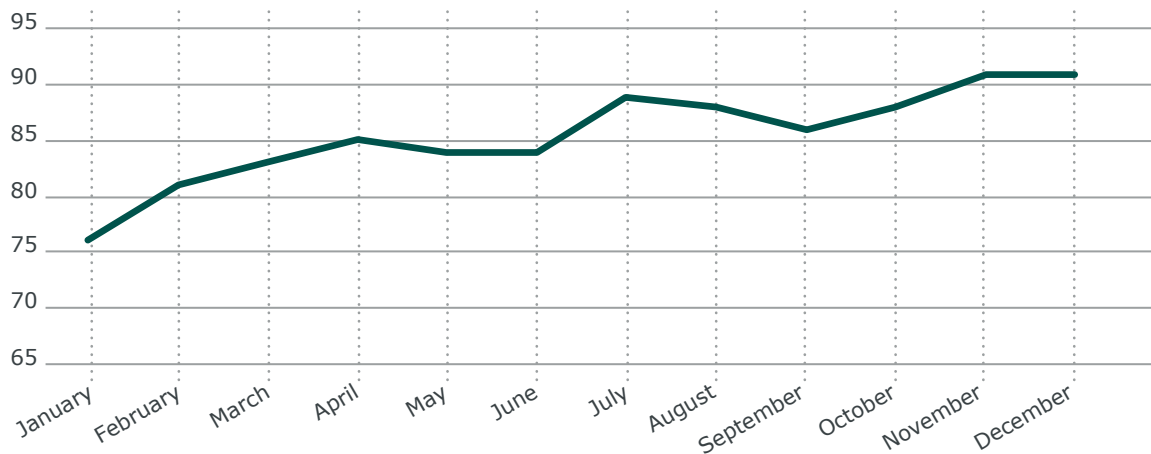
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Employees of the Financial Intelligence Unit of Latvia

The Human Resources Policy of the FIU 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. On 1 January 2024, the FIU had 69 staff positions; however, as the number of the employed increased, there were 86 staff positions at the FIU by the end of the year. In 2024, seven staff members of the FIU were on parental leave. In total, 23 staff members have been promoted.

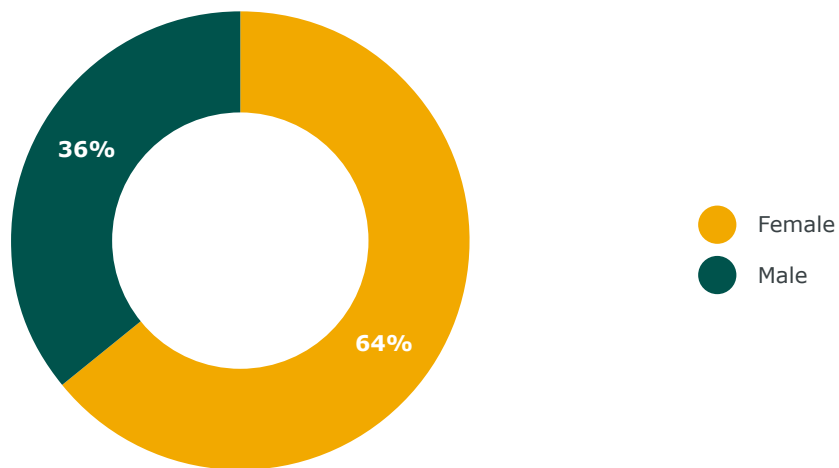
In 2024, the FIU was assigned a new additional function, thus becoming the competent authority for the implementation of sanctions from 1 April 2024. In order to ensure successful fulfilment of the new function, 19 new positions were created, including the head of a separate division, specialists in the field of sanctions, lawyers, administrative staff, information technology maintainers. Consequently, the total number of the FIU staff positions increased to 91 in 2024.

Number of employees by month in 2024

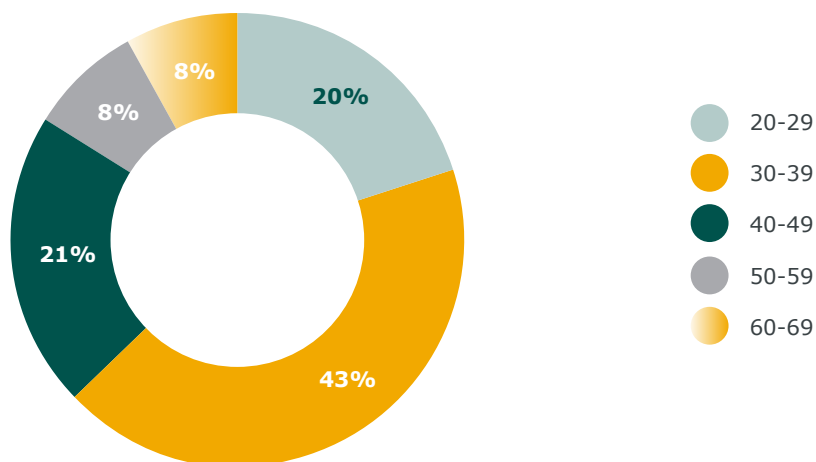


The average age of the FIU staff members is 37 years. In total, 64% of the FIU staff members are women and 36% – men.

Number of employees by gender

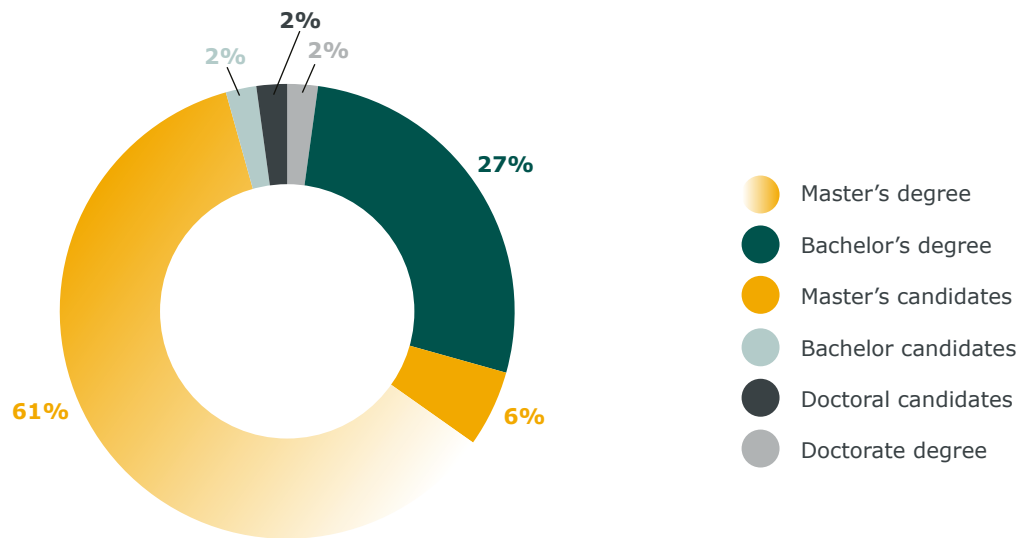


Number of employees by age group



Overall, 98% of the FIU staff members have at least one bachelor's degree, 61% have a master's degree and 2% have a doctorate degree, while 2% are currently studying for a bachelor's degree and 2% are working towards a doctorate degree. The FIU staff members are mostly university graduates in law, finance and business administration or other social sciences.

Education level of employees



In order to strengthen their knowledge and improve their qualification in the field of AML, the FIU staff members have continued their training in the Association of Certified AML Professionals (ACAMS) certified training programme and qualified for the Certified AML Specialist (CAMS) examination, but also for the Certified Global Sanctions Specialist (CGSS), Certified Cryptoasset AFC Specialist (CCAS) examinations. The FIU staff members have also attended various training courses organised by local and international cooperation institutions.

Working environment

In 2024, the FIU launched the Internship Programme to enhance the professional and practical knowledge of young experts. The FIU offers internship for university students where they can obtain experience in the field of AML/CFT/CPF and sanctions implementation. In total, the FIU hosted eight interns from different fields of study. Interns have given positive feedback on their experience at the FIU and highlighted that they would recommend an internship at the FIU to future experts who are interested specifically in the field of AML/CFT/CPF. The FIU Internship Programme will continue in 2025 with an open call for applications in the summer.

One of the strategic priorities of the FIU in the period from 2023 to 2027 is as follows: "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." In order to achieve this priority, the FIU has defined introduction of sustainable solutions in everyday processes as one of its priorities.

The FIU participated in the Sustainability Index where it was awarded the BRONZE rating. The rating is the result of thorough work and demonstrates a commitment to promoting sustainability issues and developing sustainable practices in the functions and processes of the institution. The Sustainability Index is an internationally recognised strategic management tool created in 2010 to give organisations across Latvia the opportunity to objectively assess their performance in five key aspects of sustainability, i.e. strategy, working environment, community investment, market relations and environment. On average, 120 companies, national and municipal institutions, and capital companies participate in the annual competition, and their performance is evaluated by more than 30 experts representing various fields. In addition to the bronze rating earned in the Sustainability Index, the FIU was awarded the title of Family Friendly Workplace by the Society Integration Foundation that is further proof that the FIU is a modern and growth-oriented workplace with long-term goals focused on sustainable development and improvement of internal processes, as well as care for the well-being of employees. The FIU is one of 205 employers that follow one of the key elements of a sustainable approach to human resources, ensuring a motivating working environment for every employee and a work-life balance for employees.



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Internal control system, risk and information security management

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Internal control system, risk and information security management

The internal control system of the FIU is based on comprehensive fundamental elements of the internal control system: control environment, performance assessment, risk management, control activities, supervision, effective information flow and mutual communication.

The control environment ensures compliance of the FIU with the guidelines on the functional independence and autonomy of the FIU and also with the Code of Conduct, encouraging the involvement of staff members in the improvement of the internal control system. The FIU has an organisational structure that clearly defines responsibilities, authorities, assignment of responsibilities and reporting procedures.

The internal control system helps to ensure performance of the tasks of the institution in accordance with the strategic objectives thereof and in compliance with the requirements laid down in the AML/CFT/CPF Law and the Sanctions Law, as well as other national laws and regulations, EU legal acts and international standards. The FIU continuously improves its processes, taking into account best practices and the experience of other intelligence units. In 2024, the implementation of FIU Annual Internal Audit Plan resulted in proposals to improve the FIU internal control environment.

The FIU has introduced and effectively maintains process management and supervision, the process of planning and achievement of its objectives, risk management, crisis communication management, identification of stakeholders, including LEAs, and integration of their requirements into the operational strategy of the institution, as well as staff professionalism, commitment and awareness of management decisions. Risk management is an essential part of the FIU governance processes and contributes to the achievement of the FIU objectives and the effective management of processes and projects. The FIU risk management focuses on identifying and reducing risks to an acceptable level, seizing potential opportunities and promoting good governance.

The FIU pays particular attention to the management of information and communication technology security that is one of the FIU permanent priorities in order to protect information and technological resources of the FIU against external and internal security threats that might affect the confidentiality, integrity and availability of information, while ensuring the continuity and quality of the functioning of the FIU in accordance with its statutory functions.



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Development and plans of the Financial Intelligence Unit of Latvia for 2025

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Development and plans of the Financial Intelligence Unit of Latvia for 2025

While 2022 was a year of change, 2023 was a year of major decisions and 2024 was a year of new challenges, the FIU envisions that 2025 will be a year of stability and strategic development.

Our goal to be a leading institution that protects Latvia and its people from financial crime remains unchanged. The FIU will continue the strategic path started several years ago and ensure that the changes made are sustainable and effective. In 2025, along with the new MONEYVAL round of mutual evaluations, the FIU will also receive specific recommendations that the different institutions, both collectively and individually, will need to consider and implement in their strategies and work plans. Through this process, together we will jointly enhance the security and resilience of Latvia's financial sector, further strengthen our international standing.

The FIU has identified the following strategic priorities for the period to the end of 2027. These areas will be the primary focus of the FIU resources:

- 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.
- Lead innovative and proactive interinstitutional and private sector cooperation at national and international levels to more effectively detect, prevent and combat financial crime.
- Raise awareness about combating ML/TF/PF and financial crime and the importance thereof.
- Ensure that Latvia maintains and improves high compliance with international AML/CFT/CPF standards, reinforcing the country's reputation and international competitiveness.
- 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.
- Ensure the effective implementation of sanctions, aligning them with their objectives and contributing to the strengthening of national and international security.

Key priority areas for 2025:

- 1 Continued coordination of the MONEYVAL sixth round mutual evaluation process through to its successful conclusion, including effective public communication of the results.
- 2 Initiate the development of the NRA for 2023–2025.
- 3 Continued enhancement of the FIU ability to leverage the latest technology solutions and strengthen its analytical capabilities to accelerate and improve the intelligence analysis process, ensure the reliability of intelligence and maintain the security of data processing.



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Abbreviations

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Abbreviations

ACAMS	Association of Certified Anti-Money Laundering Specialists
AML	Anti-money laundering
AML/CFT/CPF Law	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
AMLIH	Anti-Money Laundering Innovation Hub
Cabinet of Ministers	Cabinet of Ministers of the Republic of Latvia
CAMS	Certified Anti-Money Laundering Specialist qualification
CCAS	Certified Cryptoasset Anti-Financial Crime Specialist qualification
CCG	Cooperation Coordination Group
CGSS	Certified Global Sanctions Specialist qualification
CN	Combined Nomenclature
CPCB	Corruption Prevention and Combating Bureau
EC	European Commission
ECCD	Economic Crime Combating Department
EEA	European Economic Area
EFIPPP	Europol Financial Intelligence Public Private Partnership
Egmont Group	International organisation of financial intelligence units
EPPO	European Public Prosecutor's Office
ESG	Environmental, Social & Governance
EU	European Union
FAQ	Frequently asked questions
FATF	Financial Action Task Force
FCDO	Foreign, Commonwealth and Development Office of the United Kingdom
FIU	Financial Intelligence Unit of Latvia
FIU General Agreement	Decision Regarding Determination of Authorised Payments
LEA	Law enforcement authorities

LP	Legal person
ML	Money laundering
ML/TF/PF	Money laundering and terrorism and proliferation financing
MONEYVAL	Council of Europe Committee of Experts on the Evaluation of the Anti-Money Laundering Measures and the Financing of Terrorism
NGO	Non-governmental organisation
NP	Natural person
NRA 2023	National ML/TF/PF Risk Assessment Report for 2023
OCCD	Organised Crime Combating Department
OFAC	Office of Foreign Assets Control of the US Department of the Treasury
OFSI	Office of Financial Sanctions Implementation of the United Kingdom
OpCen	Operations Centre
OSCSCED	Organised and Serious Crime and Serial Crime Enforcement Department
PF	Proliferation financing
RUSI	Royal United Services Institute of the United Kingdom
Sanctions Law	Law on International Sanctions and National Sanctions of the Republic of Latvia
SAR	Suspicious activity report
SCA	Supervisory and control authorities
SP	State Police
SRS	State Revenue Service
SRS NCB	National Customs Board of the State Revenue Service
SRS TCPD	Tax and Customs Police Department of the State Revenue
SSS	State Security Service
TF	Terrorism financing
UNODC	United Nations Office on Drugs and Crime



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Annexes

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Funding and allocation

No.	Financial indicators	Previous year (actual implementation)	Reporting year	
			approved by the law [1]	actual implementation
Total FIU				
1	Financial resources to cover expenditure (total)	5 735 387	7 902 052	7 418 005
1.1.	grants	5 609 109	7 837 183	7 355 636
1.2.	paid services and other own revenue	0	2 500	0
1.3.	foreign financial assistance	0	11 654	11 654
1.4.	transfers	126 278	50 715	50 715
2	Expenditures (total)	5 693 783	7 993 782	7 439 791
2.1.	maintenance expenditures (total)	4 750 632	6 945 863	6 609 625
2.1.1.	current expenditure	4 745 699	6 937 863	6 602 794
2.1.4.	current payments to the European Community budget and international cooperation	4 933	8 000	6 831
2.2.	capital expenditure	943 151	1 047 919	830 166
43.00.00 "Activities of the FIU"				
1	Financial resources to cover expenditure (total)	4 784 770	7 086 000	6 753 550
1.1.	grants	4 658 492	7 032 785	6 702 835
1.2.	paid services and other own revenue	0	2 500	0
1.4.	transfers	126 278	50 715	50 715
2	Expenditures (total)	4 740 167	7 180 685	6 782 501
2.1.	maintenance expenditures (total)	4 604 129	6 777 416	6 483 938
2.1.1.	current expenditure	4 599 196	6 769 416	6 477 107
2.1.4.	current payments to the European Community budget and international cooperation	4 933	8 000	6 831
2.2.	capital expenditure	136 038	403 269	298 563

[1] Ņemot vērā apropriācijas izmaiņas.

No.	Financial indicators	Previous year (actual implementation)	Reporting year	
			approved by the law [1]	actual implementation
70.19.00 “Implementation of Projects and Measures under the European Union Research and Innovation Programme Horizon 2020”				
1	Financial resources to cover expenditure (total)	0	0	0
1.3.	foreign financial assistance	0	0	0
2	Expenditures (total)	2 999	4 496	2 000
2.1.	maintenance expenditures (total)	2 999	4 496	2 000
2.1.1.	current expenditure	2 999	4 496	2 000
70.23.00 “Expenditures for the Implementation of Projects and Measures under other European Union Policy Instruments”				
1	Financial resources to cover expenditure (total)	0	12 121	11 654
1.3.	foreign financial assistance	0	11 654	11 654
2	Expenditures (total)	0	4 670	2 489
2.1.	maintenance expenditures (total)	0	4 670	2 489
2.1.1.	current expenditure	0	4 670	2 489
71.00.00 “Implementation of Programmes, Projects and Measures Financed by the European Economic Area and Norway Grants”				
1	Financial resources to cover expenditure (total)	96 982	37 021	32 965
1.1.	grants	96 982	37 021	32 965
2	Expenditures (total)	96 982	37 021	32 965
2.1.	maintenance expenditures (total)	96 982	37 021	32 965
2.1.1.	current expenditure	96 982	37 021	32 965
74.00.00 “Implementation of projects and measures within the scope of the Recovery and Resilience Facility (RRF)”				
1	Financial resources to cover expenditure (total)	853 635	766 910	619 836
1.1.	grants	853 635	766 910	619 836
2	Expenditures (total)	853 635	766 910	619 836
2.1.	maintenance expenditures (total)	46 522	122 260	88 233
2.1.1.	current expenditure	46 522	122 260	88 233
2.2.	capital expenditure	807 113	644 650	531 603

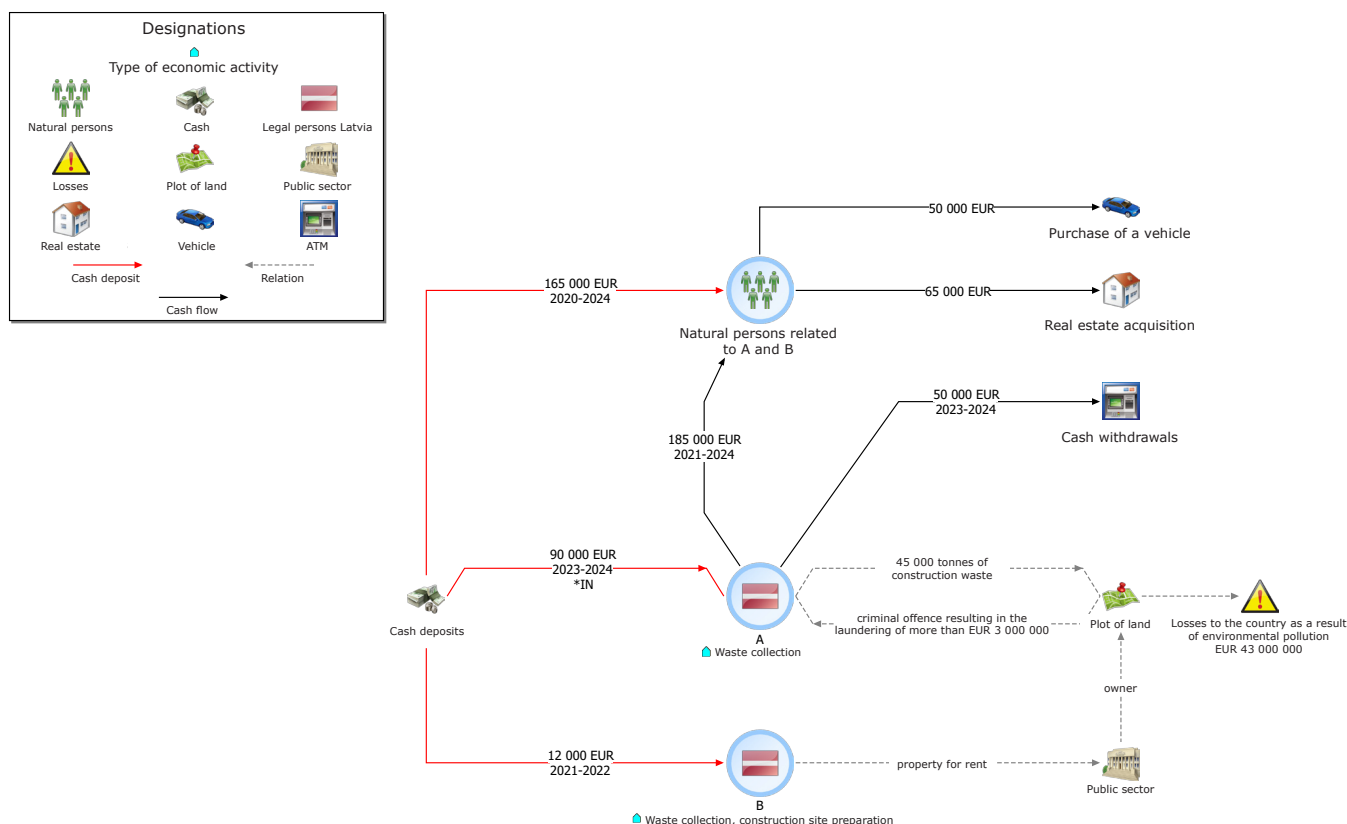
[1] Ņemot vērā apropriācijas izmaiņas.

Case No. 2: Environmental crime and ML

Natural persons, using accounts of legal persons opened in Latvian credit institutions, laundered the proceeds of a criminal offence, i.e. pollution and contamination of land, forests and waters, afterwards investing them in movable property and real estate.

There was information at the disposal of the FIU on suspicious cash deposit transactions and also suspicious real estate and movable property purchases, which indicated the stages of placement, layering and integration of the proceeds of crime. The accounts of related parties were used to disguise the criminal origin of the funds, thereby laundering the proceeds of crime.

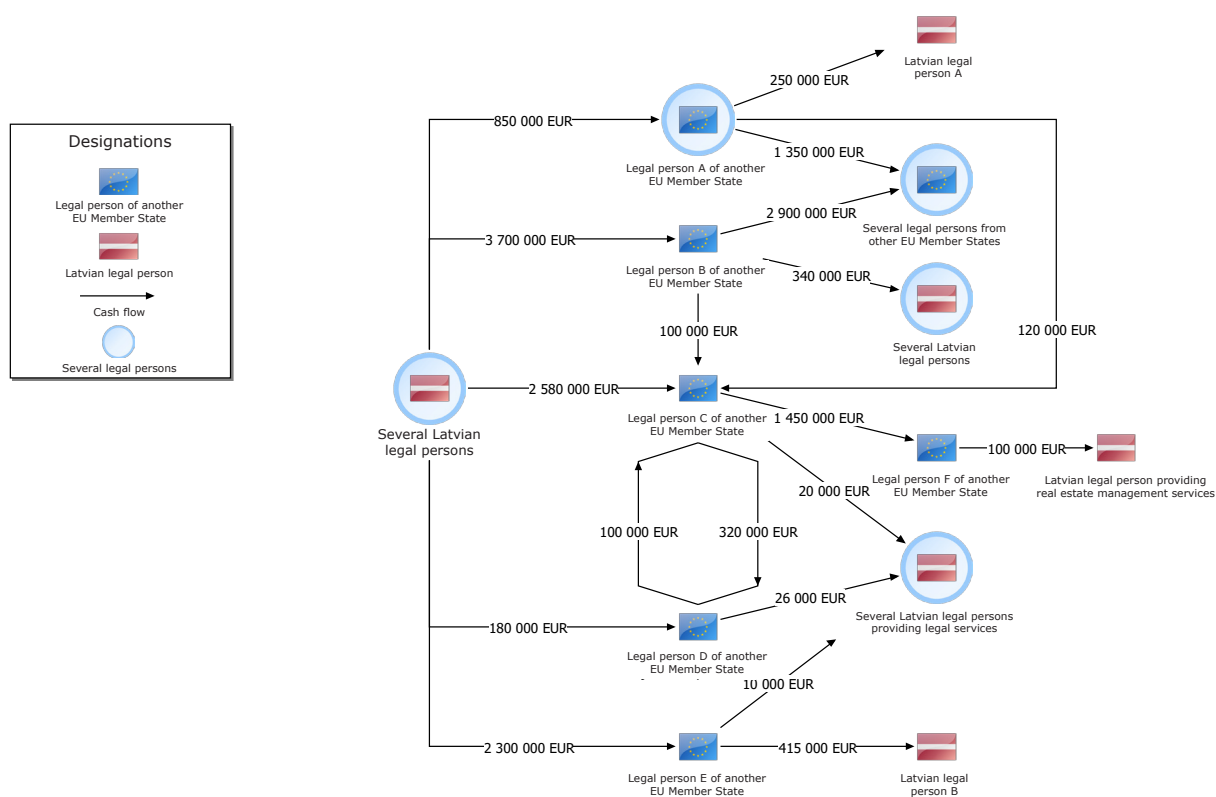
Large amounts of cash payments were identified which were not declared and used for economic activities (payment of salaries, fuel). It was also identified that payments for the illegally removed and stored construction waste were settled in cash.



Case No. 3: Tax evasion and ML

Over several years, a number of legal persons registered in Latvia made payments for fictitious transactions to legal persons registered in other EU Member States. Thereafter these legal persons registered in other EU Member States made payments for fictitious transactions between themselves and to other legal persons registered in Latvia and other EU Member States. Thus, the legal persons registered in Latvia that made the initial payments carried out a conditional distribution of the profit (as a result of non-economic expenses), avoiding the payment of corporate income tax, as well as laundered funds not paid into the State budget under the cover of transactions not actually carried out.

By making payments for the fictitious transactions, the criminally acquired funds were moved away from their original source of origin, thus disguising the criminal origin of the funds, and then, inter alia, transferred to other legal persons registered in Latvia on the basis of fictitious transactions (for services or goods not actually provided), returning the non-cash funds to the Latvian financial system.





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