



Financial Intelligence
Unit of Latvia

RESULTS OF THE FIRST QUARTER 2020

APRIL 2020





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INTRODUCTION

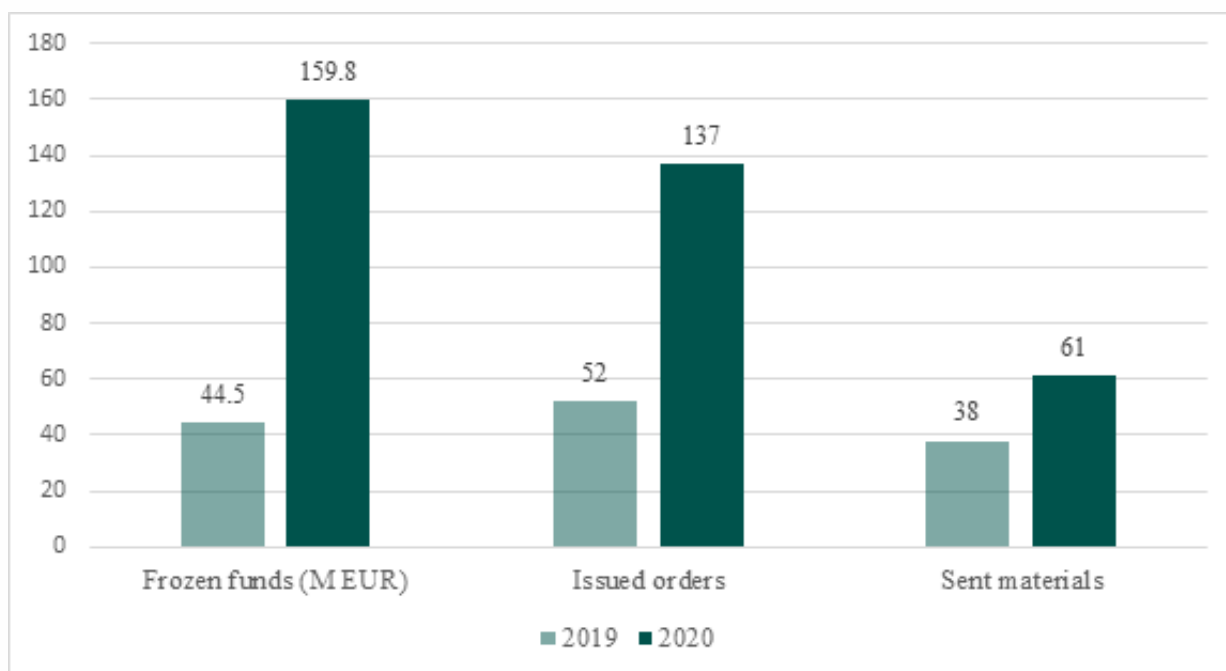
DURING THE STATE OF EMERGENCY, THE FINANCIAL INTELLIGENCE UNIT DOES NOT WORK LESS, AND REPORTING ENTITIES MAINTAIN A HIGH LEVEL OF RESPONSIBILITY

The Financial Intelligence Unit (the FIU) has not reduced its operational intensity during the state of emergency, as evidenced by its performance figures – both in terms of the amount of frozen funds and the number of orders issued and materials sent to law enforcement agencies. On the other hand, the analysis of the received reports shows that the reporting entities have also managed to keep their responsibility levels high and as of the end of March there was no sharp decrease in the number of reports of suspicious transactions. On a positive note, the number of suspicious transaction reports submitted no later than three months after the transaction has increased during the state of emergency, allowing the competent authorities to react quickly to the potential offence.



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FINANCIAL INTELLIGENCE OPERATIONS



In first quarter of 2020, the Financial Intelligence Unit issued 137 freezing orders, freezing EUR 159.8 million in allegedly criminally obtained funds, which is four times more than in the first months of 2019. During this period, 2 properties and one bank safe were also frozen.

The FIU has sent 61 materials to law enforcement agencies for further investigation, which is by 37% more than in first quarter of 2019.



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RECEIVED REPORTS

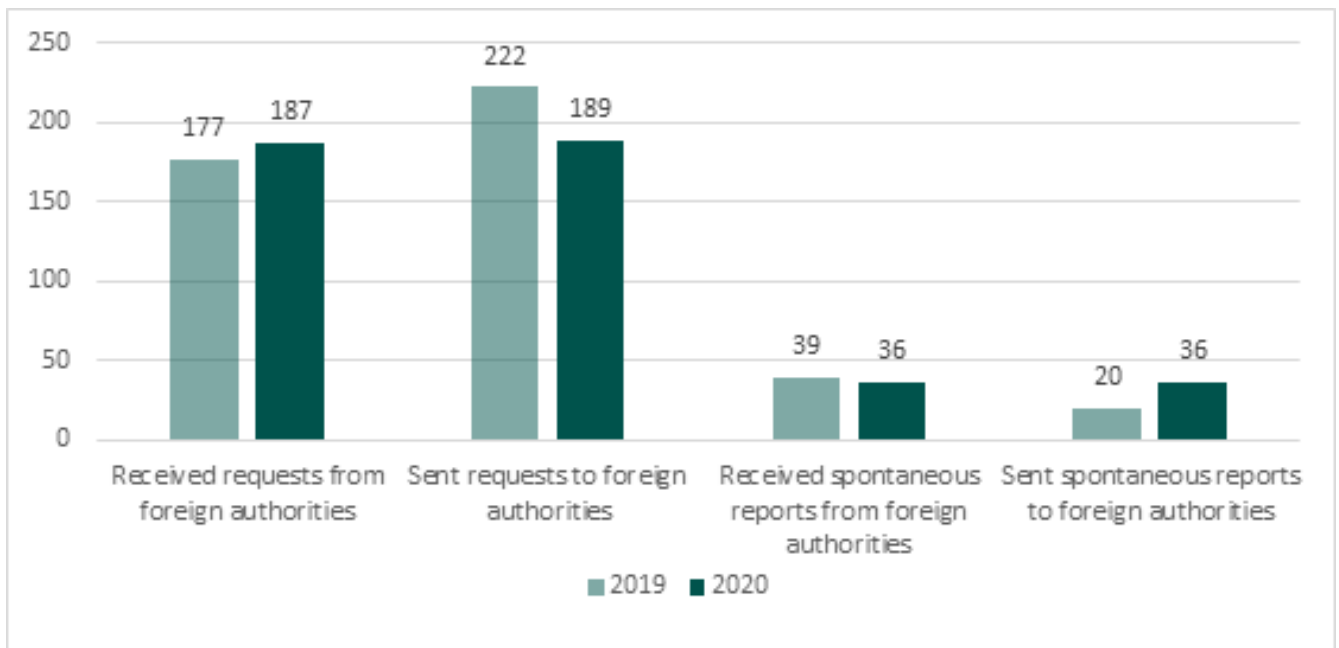
In the first months of the year, the Financial Intelligence Unit received 1248 reports of suspicious transactions, similar to the first months of 2019, when 1286 reports were received. At the beginning of the year, the Financial Intelligence Unit also received two reports of possible terrorist and proliferation financing, but after a thorough investigation, the suspicions of terrorist and proliferation financing have not been confirmed.

37% of suspicious transaction reports were submitted in connection with a suspected money laundering, without indicating a possible predicate criminal offence. In cases where possible predicate offences have been identified, tax offences, fraud, as well as failure to provide information or misrepresentation of the ownership of funds and the true beneficiary are the most common.



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INTERNATIONAL CO-OPERATION



Continuing to cooperate with similar foreign units, in the first quarter of 2020, the Financial Intelligence Unit received 187 requests from foreign intelligence services and has sent 189 requests. The state of emergency declared worldwide to contain the pandemic has not significantly affected communication between foreign financial intelligence units.



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ASSESSMENT OF MONEY LAUNDERING RISKS

In the first months of this year, the Financial Intelligence Unit has elaborated strategic studies on the risks, trends, volumes and latest methods used in money laundering, terrorist and proliferation financing, identifying specific criminal activities and vulnerabilities at the sectoral level. For example, a study has been conducted on the risks of money laundering in the lottery and gambling sector in Latvia, a study on "Potential risks of money laundering, terrorism and proliferation financing in the Lithuanian financial sector". The information obtained from the studies is also used in the development of the national terrorist and proliferation financing risk assessment for 2017 –2019.

During the state of emergency, changes in customer service procedures have been introduced both in financial institutions and elsewhere, and this may encourage criminals to abuse the situation. Therefore, the Financial Intelligence Unit calls on financial institutions and other subjects of the Law on the Prevention of Money Laundering and Terrorist and Proliferation Financing to be held accountable and to inform the Financial Intelligence Unit of suspicious transactions that may involve money laundering, terrorist and proliferation financing.



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COORDINATION OF COOPERATION

In the first months of 2020, 52 meetings of the Cooperation Coordination Group took place, which is three times more than in the same period last year. The co-ordination platform organised by the FIU is actively used by law enforcement authorities, supervisory and control authorities and the private sector. Specific operational cases were discussed in 17 meetings, while the rest were issues of mutual cooperation of various nature.



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SCHEDULED ACTIVITIES FOR 2020

In 2020, in addition to the traditional operations of financial intelligence, i.e. to receive, analyse and transfer information on potentially criminal financial flows to law enforcement and security authorities or financial intelligence units of other countries –, the FIU, being the leading authority in prevention of money laundering, terrorist and proliferation financing, continues to represent Latvia in Moneyval processes according to the set schedule, coordinating the improvement of the recommendations provided in the Moneyval recommendations.

The following are among the main tasks of the FIU this year:

- to develop the National Money Laundering and Terrorism and Proliferation Financing Risk Assessment for 2017 – 2019 and the Risk Assessment of New Technologies and Virtual Currencies;
- to elaborate assessments of several sectors – currency exchange in capital companies, trade in precious metals, precious stones and their products and non-bank creditors;
- to educate the persons involved in the money laundering prevention system (including the subjects of law, supervisory and control institutions, and law enforcement agencies) about the risks of money laundering, the possibilities of their reduction and prevention, the typologies of money laundering, terrorism and proliferation financing and indicators;



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SCHEDULED ACTIVITIES FOR 2020

- to establish operations of coordinated, adequately equipped and well-educated law enforcement and security institutions in the fight against criminal financial flows;
- to ensure the operation of an effective co-operation mechanism for obtaining information on criminal financial flows, exchange with public and private sector co-operation partners both at the strategic and operational level; ·
- starting from the second half of 2021, to start launching the United Nations Office on Drugs and Crime's goAML application to replace the current Financial Intelligence Unit's core system and e-reporting system.