



Financial Intelligence  
Unit of Latvia

# RESULTS ACHIEVED IN THE FIRST HALF OF 2020



# 2020

# INTRODUCTION

The first half of 2020 is largely characterised by the challenges and changes caused by the COVID-19 pandemic, both globally and nationally, which, among other things, has had a significant impact not only on the overall economic processes, but also on the everyday work and duties of institutions, including the Financial Intelligence Unit of Latvia (hereinafter - FIU Latvia). In particular, the pandemic has highlighted new trends and typologies in anti-money laundering and forced to adapt the specific working conditions to the circumstances it created.

Despite the difficulties and technical changes that had to be introduced in the day-to-day work in relation to the state of emergency in Latvia, the FIU Latvia continued to perform its statutory tasks during this challenging period by introducing new approaches of execution of existing procedures, and responding to the challenges posed by the COVID-19 pandemic in the implementation of anti-money laundering measures. The FIU Latvia has managed to maintain its regular pace of work as well as to provide performance results equivalent to previous periods, which is demonstrated by the number of materials and analysed cases sent to the law enforcement authorities, as well as the suspended or frozen amount of potentially illicit proceeds.

Head of the FIU Latvia, Ilze Znotiņa: "The first half of 2020 was full of various challenges. At the beginning of this year, following an intense work for nearly 2 years, we received a positive news from the Financial Action Task Force (hereinafter – FATF): Latvia is not included in the list of jurisdictions under increased monitoring, or the so-called 'grey list', which basically means – by continuing the ongoing reforms to improve the system of anti-money laundering and combating terrorism and proliferation financing, the reputation of the Latvian financial sector will also be restored.



The COVID-19 period has shown that the established methods of cooperation are also fully functional offline. By improving processes, remote work is also possible in the FIU Latvia - an institution where a large amount of sensitive information is processed. Obviously, not only the structure of the work, but also the content of the tasks of the FIU Latvia have changed during this time. The FIU Latvia pays particular attention to the risks of money laundering arising from the COVID-19 crisis – fraud, cybercrime and others.

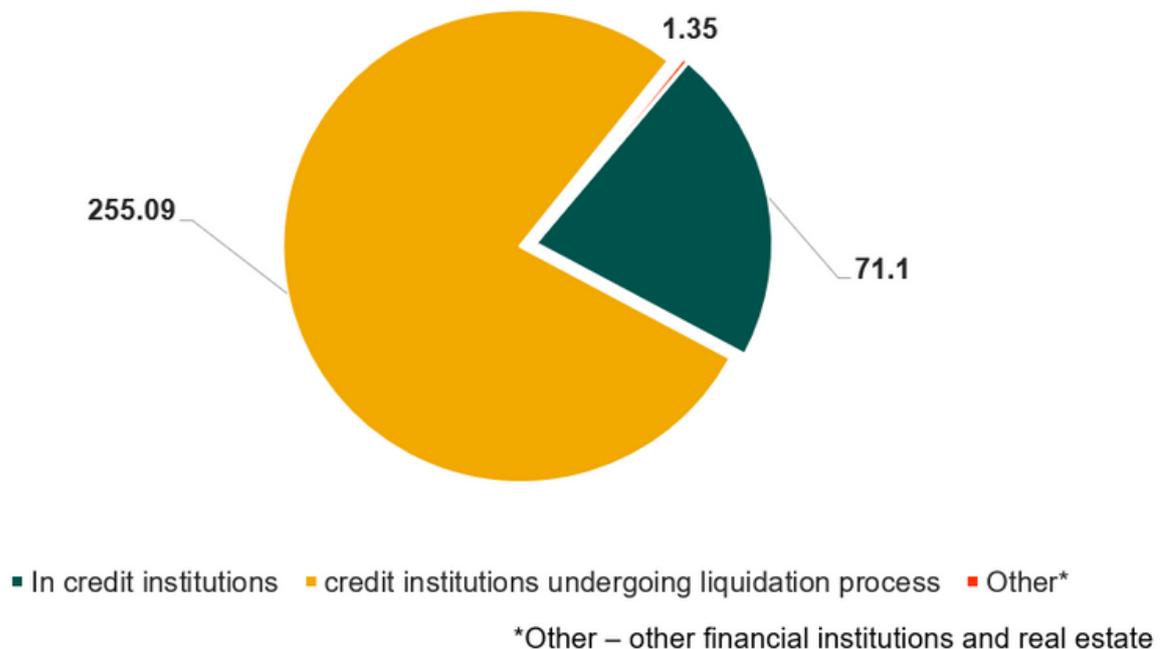
The activities of the obliged entities under the Law\* and their ability to respond quickly to imposed restrictions and market conditions should also be highlighted – reports on suspicious transaction are of good quality and submitted in time, which allows the FIU Latvia to react swiftly and to fulfil its duties. The work carried out in previous periods on the development and improvement of the system of anti-money laundering and combating terrorism and proliferation financing results in successful outcomes: 78 criminal proceedings related to money laundering are initiated on the basis of the material transmitted by the FIU Latvia; work is ongoing to clear the financial system from criminal assets: in the first half of 2020, potentially illicit proceeds in the amount of 327.56 million euro have been frozen or suspended, of which the larger majority has been frozen at the credit institutions, which are undergoing liquidation processes.”

\*Section 3 of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing. Available at: <https://likumi.lv/doc.php?id=178987>

# FINANCIAL INTELLIGENCE OPERATIONS

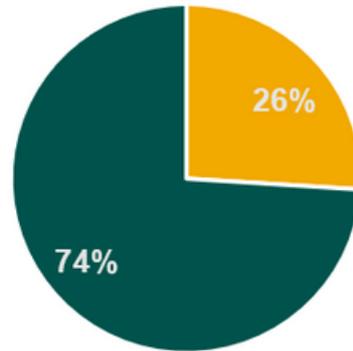
In the first half of 2020, the FIU Latvia has issued 227 freezing orders by freezing potentially illicit proceeds in the amount of 327.56 million euro. During this period, 30 properties and 3 bank safes were also frozen. The largest amount of potentially illicit assets was frozen in credit institutions undergoing liquidation process – 255.09 million euro.

Frozen assets, 1st half of 2020 (mio.EUR)



Out of the total amount of the funds frozen, the largest amount of potentially illicit assets was frozen for legal entities – 74% or 243.69 million euro, of which the financial resources of foreign legal entities amount to 204.44 million euro.

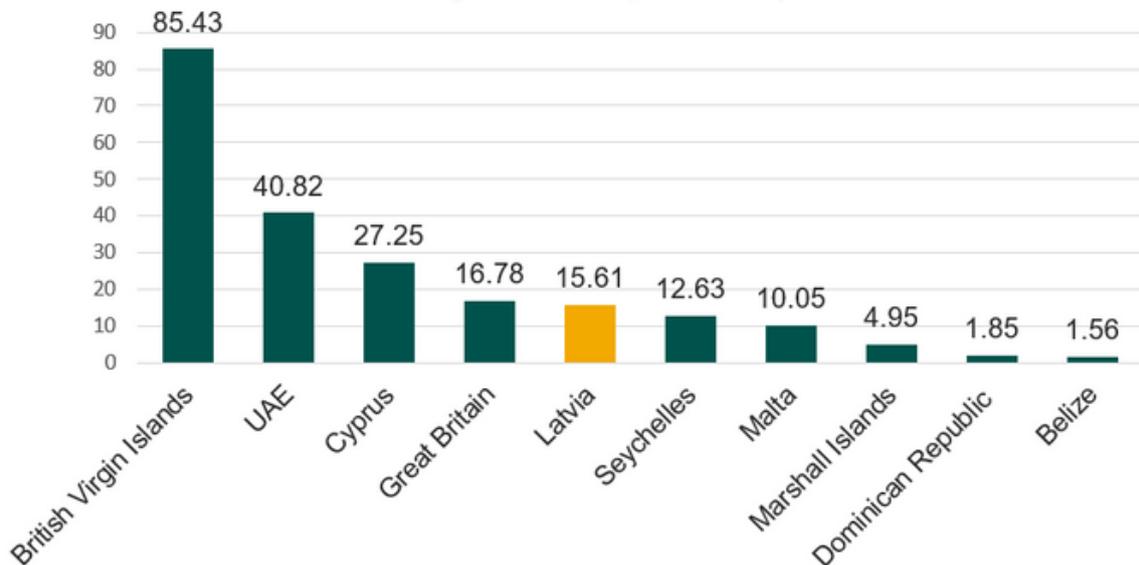
Breakdown of frozen assets by types of person



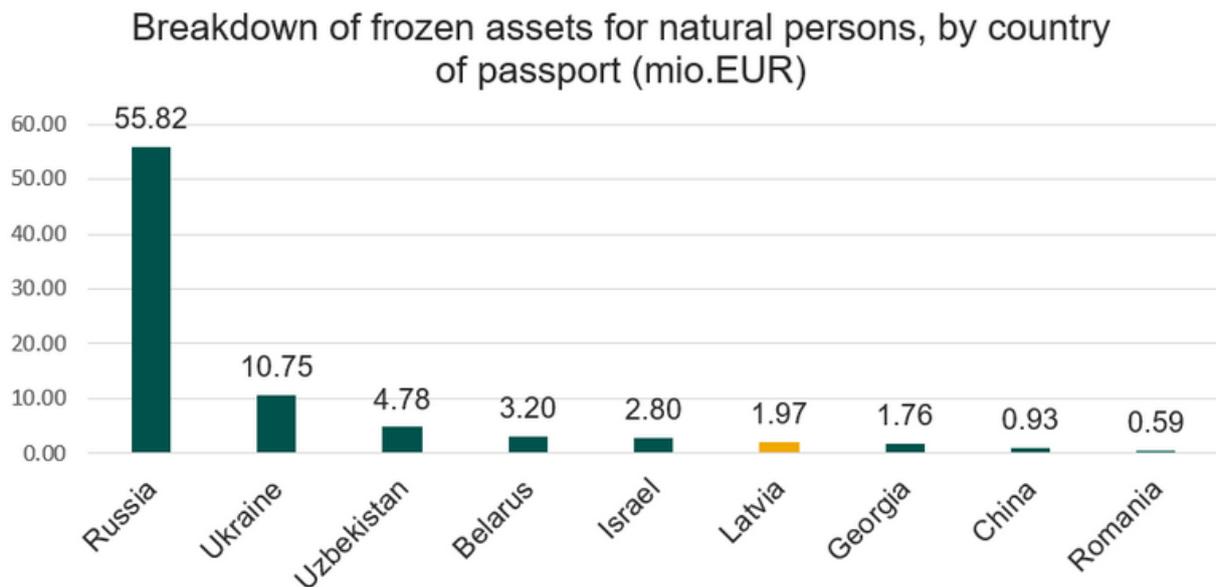
■ Breakdown of frozen assets by types of person ■ Natural persons ■ Legal persons

Based on the country of registration, the largest amount of potentially laundered assets was for the legal persons from the British Virgin Islands, the United Arab Emirates, Cyprus, Great Britain, Latvia, Seychelles, etc.

Breakdown of frozen assets for legal persons, by country of registrations (mio.EUR)



Furthermore, an analysis of the potentially laundered assets frozen for natural persons by their country of passport shows that the largest amount (55.82 million euro) of assets frozen were frozen in the accounts of natural persons whose passport country is Russia.



In the first half of the year, 104 materials and 126 risk information reports were sent to law enforcement authorities. In the first half of 2020, 78 criminal proceedings related to money laundering have already been initiated by law enforcement authorities on the basis of material provided by the FIU Latvia, of which 4 have been added to ongoing criminal proceedings.

#### Material sent to law enforcement authorities

	Cases sent	Risk information	Total
January	19	29	48
February	26	27	53
March	16	16	32
April	18	20	38
May	13	16	29
June	12	18	16
<b>TOTAL</b>	<b>104</b>	<b>126</b>	<b>230</b>



## REPORTS RECEIVED ON STR

During the first six months of 2020, the FIU Latvia received and processed 2289 reports of suspicious transactions, and 2167 of them were examined and a subject to an in-depth analysis. Compared to the first half of 2019, when 2546 reports of suspicious transaction were received, there is a decrease in the number of reports submitted, which can be explained by the reform of the reporting system implemented at the end of 2019, which, among other things, meant improving the quality of the reports received on suspicious transactions.

The main characteristics of suspicion in the reports received in the first half of 2020 were the following - unclear origin of the assets used in a transaction; tax evasion; a transaction without an evident legal intent; fraud; use of unreasonably complicated schemes for transactions, etc.



# INTERNATIONAL COOPERATION

Continuing the successful cooperation with similar foreign services, in the first half of 2020, the FIU Latvia received 324 requests from foreign intelligence services and has sent 398 requests.



# COORDINATION OF COOPERATION

During the first six months of 2020, 79 meetings of the Cooperation Coordination Group were organised, also during the period when the FIU Latvia worked remotely. The coordination platform established by the FIU Latvia is actively used by law enforcement authorities, supervisory and control authorities and the private sector.

Specific operational matters were discussed in 23 meetings, while the rest were issues of mutual cooperation of various nature. During this period, there were also 9 feedback meetings with obliged entities under the Law and their supervisory and control authorities discussing and analysing the quality of the reports submitted, as well as technical shortcomings of the reports and identified deficiencies.

# ASSESSMENT OF MONEY LAUNDERING RISKS

In the first half of 2020, the FIU Latvia has elaborated strategic studies.

The informative material “Money laundering and terrorism financing risks caused by COVID-19” prepared by the FIU Latvia analysed and collected current information and trends regarding money laundering and terrorism financing risks caused by the COVID-19 crisis and the state of emergency in Latvia. The material includes information obtained from the practice of international organizations, including the FATF, cooperation partners and similar foreign services, as well as the FIU Latvia. Informative material “Money laundering and terrorism financing risks caused by COVID-19” is available [here](#).

By the end of the year, the FIU Latvia plans to finalise the National money laundering, terrorism and proliferation financing risk assessment for the period of 2017–2019.