



Financial Intelligence  
Unit of Latvia

# Financial Integrity Newsletter

Issue No.6  
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## FIU LATVIA'S 2023 IN REVIEW

New leadership, responsibilities and achievements – what was 2023 like for FIU Latvia?

Interview with Laima Letina

“ THE REGISTRY OF ENTERPRISES IS PART OF THE ANTI-MONEY LAUNDERING SYSTEM. ”

## MORE IN THIS ISSUE:

New Bank of Latvia guidelines to improve sanctions screening

FIU Latvia's informative campaign sheds light on the causes and impact of money laundering

What does the instant payments regulation have in store for Latvia?



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# Foreword

Strengthening internal security is our priority. Given the current geopolitical situation, Russia's war in Ukraine, and the challenges facing the internal affairs sector, we are investing significant efforts into the development of the eastern border, ensuring security and order throughout the country, strengthening human resource capacity, and enhancing Latvia's capabilities in the fight against ML/TF.

**A robust internal affairs sector sends a positive signal on the international stage.** It is, therefore, a point of pride that Latvia has taken the responsible yet demanding step to be the first country whose AML/CFT system undergoes evaluation in the new assessment round, leading not just among MONEYVAL or EU member states, but globally.

This MONEYVAL evaluation is our opportunity to demonstrate that **we are a small but convincing leader in combating and preventing money laundering.** In this way, we send an international signal about our effectiveness and promote economic growth.

Studies have shown that the most significant money laundering threats in Latvia currently stem from domestic crimes, including the shadow economy and related criminal offenses, such as tax crimes, illegal trafficking of excise goods and

narcotics, smuggling, and other criminal activities. To combat domestic crimes, reduce the shadow economy, and enhance overall security as effectively as possible, this spring, **the Cabinet of Ministers approved an action plan for ML/TF prevention for 2024–2026.**

Additionally, it should be emphasized that since April 1 of this year, FIU Latvia has also become the main authority on sanctions implementation issues. This scope of functions allows for more effective monitoring of sanctions compliance, detection of violations, and holding offenders accountable, which also aids in the prevention and combating of ML/TF.

Although there are many challenges, the goal is clear – **a safe, developed, and economically stable Latvia!**



Minister for Interior

**Rihards Kozlovskis**

# Terms, abbreviations and definitions

ACAMS – Association of Certified Anti-Money Laundering Specialists

AML – Anti-Money-Laundering

AML/CFT/CPF – Prevention of money laundering and terrorism and proliferation financing

EEA – European Economic Area

EU – European Union

FATF – Financial Action Task Force

FIU – Financial Intelligence Unit

ICA – International Compliance Association

IT – Information Technologies

MER – Mutual Evaluation Report

ML/TPF – Money Laundering and Terrorism and Proliferation Financing

MONEYVAL – Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

NRA – National Risk Assessment

OECD – Organisation for Economic Co-operation and Development

RoE – Register of Enterprises

SRS – State Revenue Service

TF – Terrorism financing

# FIU Latvia's 2023 in review

In 2023, there was a reorientation for FIU Latvia from working with banks under liquidation to addressing current risks – local crimes which are followed by money laundering.

As a result, the volume of frozen funds has decreased and is likely to continue decreasing, which is proportional to the decline in the number of freezing reports (especially from banks under liquidation) – the vast majority of frozen funds were frozen in banks under liquidation.

It is expected that the amount of frozen funds will continue to decrease, as when dealing with crimes committed in Latvia, immediate freezing of funds may not be necessary. Instead, the rapid transfer of information to law enforcement agencies will become much more important.

## RESULTS OVERVIEW



**6,108**

suspicious transaction reports



**90,000+**

threshold declarations



**510**

reports on suspicious transactions related to potential sanction evasion

In 2023, **€91.68 million\*** were frozen – **80%** of which were frozen for legal entities. **61%** of the funds frozen for legal entities were registered in the United Kingdom.

\*Excludes the value of securities and real estate.

## NEW YEAR, NEW CHALLENGES

**86%** ↘

The number of suspicious transaction reports from liquidating credit institutions

**81%** ↗

The number of suspicious transaction reports related to potential sanction evasion

Addressing sanction evasion cases is one of **FIU's priorities**. Given the increase in reports following international sanctions against Russia and Belarus, FIU strengthened its capacity in 2023 by **increasing the number of specialised analysts and providing professional training**.

# EXCELLENT INTERNATIONAL COOPERATION



In 2023, FIU Latvia cooperated with

**74 COUNTRIES**



Foreign financial intelligence units rated cooperation with FIU Latvia at

**9.56/10**



**LITHUANIA**

was the most significant partner country for FIU based on the number of requests sent.

Foreign financial intelligence units most frequently requested information on the following possible criminal offenses:

- Autonomous money laundering
- Fraud
- Embezzlement
- Tax evasion
- Violations of international sanctions

## TOP 3 NEWS OF 2023



### NEW FIU LATVIA LEADERSHIP

On September 28, 2023, Toms Platacis was appointed as Chief of FIU Latvia for a five-year term.



### LAUNCH OF "BLACK BOX"

A tool that provides authorized law enforcement users with partial access to the FIU Latvia database.



### FIU LATVIA TO OVERSEE SANCTION IMPLEMENTATION

A decision has been made to designate FIU Latvia as the competent sanctions authority.

FIU Latvia developed the National AML/CFT Risk Assessment for the 2020-2022 period (NRA 2023). The NRA is a document of national importance that allows for the preparation of data-driven measures to mitigate risks, serves as the basis for the development of financial crime policy, and helps identify future priority actions for the prevention and combating of ML/TF.

The new National ML/TF Risk Assessment shows that the overhaul of the financial sector has not only improved the capabilities and work of the responsible authorities in the field of financial crime but has also ensured a targeted and effective policy for the prevention of crime, as well as a reduction in ML/TF risks and vulnerabilities.

## FIU LATVIA'S PRIORITIES FOR 2024

**#1**

Lead preparation efforts and ensure the necessary information is prepared and submitted for the MONEYVAL 6th evaluation round.

**#2**

Effectively fulfill the duties of the competent authority in the field of international and national sanction implementation.

**#3**

Continue to develop FIU Latvia's capability to leverage the latest technologies and enhance the institution's analytical capacity to accelerate and improve the intelligence analysis process, ensuring the reliability of intelligence and the security of data processing.

**#4**

Provide various informative events for the public and industry.



**"Our goal – to be a world-class institution that protects Latvia and its residents from financial crimes – remains unchanged. And what we accomplished and achieved last year only strengthens this commitment."**

– Toms Platacis, Head of FIU Latvia

[View full report \(in Latvian\)](#)

# FIU Latvia welcomes new sanctions directive

On May 19, the European Parliament and Council Directive 2024/1226 (April 24, 2024)

on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673, came into effect, marking a significant step towards effective implementation of European Union sanctions.

Prior to the amendment, EU member states had no obligation to impose criminal liability for sanction violations, resulting in varying and inconsistent practices. The new directive seeks to simplify and standardise the EU's approach, specifying penalties and providing a list of what conducts constitute a criminal offence, including:

- Violating EU prohibitions,

- Making resources available to sanctioned persons, entities, or structures,
- Conducting transactions with sanctioned persons,
- Circumventing EU entry bans,
- And others.

Notably, violations that do not exceed €10,000 can be classified as administrative offenses by member states. This proposal frees up member states to ensure proportional use of investigative resources based on the severity of the offense and is welcomed by FIU Latvia for that very reason. It allows Latvia to focus on more serious sanctions violations (e.g. the transportation of dual-use or strategically significant goods), instead of getting bogged down by the many small-scale luxury goods sanction violations that are regularly detected by customs.

## Levelling up sanctions' screening: New guidelines from Latvijas Banka

In 2023, Latvijas Banka conducted an assessment of the effectiveness of sanction screening systems of 22 banking and non-banking financial institutions. Overall, the IT systems were deemed effective and efficient, and the inspection revealed numerous best practice cases. That said, inefficiencies that demanded addressing were also identified for all institutions. This prompted Latvijas Banka to develop sanctions screening guidelines to inform financial institutions on how to identify and rectify shortcomings.

The new sanctions screening guidelines from Latvija Banka serve as a practical manual for financial market participants on how to ensure effective management of sanctions risk and meet the requirements of related laws and regulations. These guidelines encourage and inform institutions on how to regularly assess, test and monitor their screening systems, ensuring they effectively identify sanctioned records while minimizing false positives.

### Common reasons for ineffective or inefficient sanctions screening systems

- Inappropriate technical configuration of systems
- Screening systems not adapted to specifics and risks of institution
- Lists are either too extensive, too limited, or lack updates
- Over reliance on technological solutions and third-party vendors
- Lack of testing of IT systems
- Poor involvement from AML stakeholders in system set up and maintenance

[Read the guidelines](#) 

# Paulis Iljenkovs on FIU Latvia's **first** **month as the** **competent** **sanctions** **authority**

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On April 1st, 2024, FIU Latvia became the country's competent sanctions authority, leading into a busy month. Despite months of preparations, it was impossible to accurately estimate the workload we'd face when taking over. Nevertheless, our highly motivated team of professionals tackled the challenges head on, sometimes willingly working overtime to ensure tasks were completed properly and ethically.

During April and May, FIU Latvia received, on average, 100 phone calls and 130 written submissions a month, including requests for sanctions exceptions, guidance requests, and notifications about sanctions implementation (such as the freezing of assets or economic resources). The new website, [sankcijas.fid.gov.lv](http://sankcijas.fid.gov.lv), attracts around 3,700 to 4,400 daily visitors.

There is a clear and significant level of public interest, particularly regarding sectoral sanctions, which underscores the necessity of having a centralized authority to address these issues effectively. We're also already feeling the positive effects of having a single authority in how we collaborate with partners – both at an EU-level, i.e. working groups and meetings, as well as locally with the Ministry of Foreign Affairs, customs, and financial institutions.

Here's to many more months to come! ”



**Paulis Iljenkovs**

Deputy Head at FIU Latvia

# Register of Enterprises is part of the anti-money laundering system: Interview with Laima Letina, Director General at the Register of Enterprises of Latvia

Interview

**In April this year, Laima Letina won the open competition for the post of Chief State Notary of the Register of Enterprises (RoE). Prior to this, she was an advisor for the Finance Latvia Association where, in recent years, she was actively involved in mitigating the adverse effects on access to financial services.**

L. Letiņa has obtained an international certificate in anti-money laundering and international sanctions and has received several awards. One of them is the Prime Minister's Certificate of Appreciation for her selfless and active work in negotiating Latvia's interests in the Council of Europe MONEYVAL Commission and the Financial Action Task Force.



**Laima Letiņa**

Chief State Notary of the Register of Enterprises

*This interview has been edited for readability.*



## What are your top priorities in your new role?

One of my priorities is to further develop and refine the risk-based approach. In the context of the RoE, this would mean reducing bureaucracy, assessing RoE processes and making sure that the restrictions we impose actually serve their purpose. That is to say, that they let us limit the activities of dishonest legal entities, rather than create an administrative burden for the honest.

One example that I have publicly supported is the initiative to review the cases in which the RoE sends information to the State Revenue Service (SRS) on potential tax risks. Currently, this process would extend company registration to up to two weeks instead of the standard three working days. Through research and analysis, we have found that this process affects mainly bona fide entrepreneurs and their activities.

My second priority is the modernisation of the RoE information system, during which I intend to overhaul the processes underlying the IT system. Technology can achieve a lot, but if it is to modernise processes that are fundamentally flawed, the result will still be unsatisfactory. So I plan to start by reviewing business processes and gradually make the technology solution more convenient and easy to use.

I definitely intend to maintain the highest standards of accessibility of information in the RoE, including on the beneficial owners.

## "Risk-based approach" - what exactly does it mean and why was it necessary to introduce such an approach?

In simple terms, we identify risks, assess them, determine their degree and put in place management measures proportionate to the severity of the threat. The opposite would be to treat all risks equally or to look for ways to avoid risks (rather than manage them responsibly).

Historically, in the company registration process, the management of these risks has been based

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RoE processes must let us limit the activities of dishonest legal entities, rather than create an administrative burden for the honest.

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on prohibition. Rather than monitoring information changes and then making appropriate decisions, the approach has been to look for ways to prohibit certain activities from the outset. As a result, we don't manage these risks according to their essence and we are not able to offer a user-friendly service – no one benefits from this situation.

## **How will the risk-based approach translate into practice in the work of the RoE?**

As I already mentioned, we will do more to review and evaluate existing processes and their performance indicators. When we see that the risks are not mitigated by the constraints imposed, but simply "pushed aside", we will improve the processes. I already mentioned the case of the SRS tax risk which serves as an example.

In addition, this risk-based approach can also serve as a base for cooperation in a number of other areas, such as the fight against corruption and the provision of data needed to prevent money laundering. Namely, there is already a lot of information available to the RoE at the initial registration of a company. But this information needs to be made available to the institutions working in the field. It should not be the case that the RoE, seeing certain risks, would simply suspend the activity and not allow any further actions – with rare exceptions, of course, where the prohibition would really be justified.

## **Latvia is actively preparing for the new MONEYVAL rating. How will the work of the RoE in recent years help Latvia to achieve a higher rating?**

The RoE has done a lot, especially in the area of identifying beneficial owners. The RoE is undeniably part of the anti-money laundering system. This was demonstrated after Russia's

large-scale invasion of Ukraine, when RoE data made it possible to quickly identify the legal entities belonging to sanctioned persons, ensuring the subsequent disclosure of this information and the necessary freezing of assets.

It's both locally and internationally appreciated that we accumulate the entire chain of beneficial owners in the RoE. So every link can be traced back to the beneficial owner, which is quite rare in other beneficial ownership registers abroad.

## **MONEYVAL has previously welcomed the public availability of the Register of Beneficial Owners in Latvia. But why is this important for the wider public?**

This is not just about preventing money laundering, but also about promoting confidence in legal persons and their transactions, and in the financial system as a whole. In other words, the more transparent our business environment is, the more confident we can be about the activities that take place within it. We see the people behind the legal persons.

Similarly, disclosing the true beneficiaries helps to reduce the possibility that these legal persons can be used for illegal activities, in particular corruption and tax evasion.

It also protects the rights of third parties, for example when it comes to international sanctions, which everyone is obliged to comply with. If everyone were to try to find out who the real beneficiary behind each legal person was, it would be extremely resource-intensive.

Therefore, this information held by the RoE also helps to protect the interests of third parties, including the prevention of potential criminal liability in cases where individuals are unaware that the legal persons in question are controlled by sanctioned persons.

Finally, the public availability of beneficial ownership information is also important for national security in the current geopolitical

context. In Latvia, for example, this means being able to expose the influence of Russian resources. This transparency allows people to make informed and data-driven decisions about cooperation, also in the context of such threats.

## **How do you assess the work of the RoE compared to other EU countries?**

We are certainly in a good position in terms of access to information and registration in general. On the registration side, updates and improvements are needed, but other countries face similar challenges, too. However, in terms of access to information, we are definitely one of the leaders.

In the area of digitisation, the RoE has notable achievements – both at a Latvian level and compared to a number of other EU countries, as both registration and receipt of information are available electronically. In addition, a number of solutions have been implemented to enable cross-border access to services, such as electronic identification in line with European standards. Users can also pay by card, which means that there is no need to have an account in certain banks.

We are also active in providing access to information, firstly through national data issuance, where we provide data in widely used formats, including open data. Secondly, we feed information into a range of EU platforms, both the European Business Register and the system that exchanges information on beneficial owner data.

All this work has been recognised by a number of international studies such as the Global Data Barometer, Transparency International assessments and others.

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The public availability of beneficial ownership information allows people to make informed and data-driven decisions about cooperation.

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In terms of access to information, we are definitely one of the leaders.

# Nationwide campaign shines light on causes and impact of money laundering

**From 2018 to 2023, over 900 criminal proceedings for money laundering have been initiated in Latvia – each case with a backstory with victims and perpetrators. To foster public understanding about the types of financial crimes and how to protect oneself from getting involved in criminal activities, FIU Latvia ran an informative campaign “Nozieguma pēdas nevar atmazgāt” (“The effects of crime can't be laundered”).**

It is crucial for the broader public to recognize that behind money laundering lie serious crimes such as drug trafficking, corruption, fraud, and human trafficking and the consequences of ML reverberate through society, impacting social welfare and quality of life.

At the heart of this year's campaign were educational events that saw FIU representatives and local experts give lectures to students of all ages in several major Latvian cities. However, the comprehensive campaign extended well beyond that, with online, radio, TV, and outdoor advertising combined for far-reaching impact.

The campaign's website [vieglanauda.lv](http://vieglanauda.lv) features important statistics and data about fraud, corruption, human and drug trafficking, sanctions evasion, and the shadow economy at large, emphasizing how crime always underlays laundered money.



# MONEYVAL's 6th round of evaluations kicks off with Latvia

With the MONEYVAL training sessions on March 21-22, Latvia's evaluation has officially commenced, and several significant events have already transpired this spring, with Latvia submitting its first deliverable for assessment to MONEYVAL. Latvia is the first country undergoing evaluation under the new round of assessments by MONEYVAL and the FATF global network.

## MAIN EVENTS TIMELINE

### • March 21-22, 2024

FIU Latvia, in cooperation with MONEYVAL Secretariat, provided training for the representatives of the Latvian public and private sector.

In his opening speech, MONEYVAL Chairman Nikola Muccioli emphasised: **"With its commitment to innovation, Latvia could be called a trailblazer in the international field of prevention of AML/CFT. Latvia is an excellent example of how the country has managed to restructure the entire AML/CFT prevention system in a short time."**

### • April 8-12, 2024

FIU Latvia hosted MONEYVAL-organized training sessions for new evaluators, focusing on both technical compliance and effectiveness aspects. The assessor training was attended by 39 experts from 24 MONEYVAL and FATF countries, including 5 experts from Latvia.

### • April 22, 2024

Latvia submitted to MONEYVAL the Technical Compliance Questionnaire, which compiled information on the implementation of the FATF Recommendations in Latvia.

### • November 4-14, 2024

MONEYVAL expert visit to Latvia.

### • April 14-15, 2025

A meeting with MONEYVAL experts regarding the Mutual Evaluation Report (MER) for Latvia.

### • June 16-20, 2025

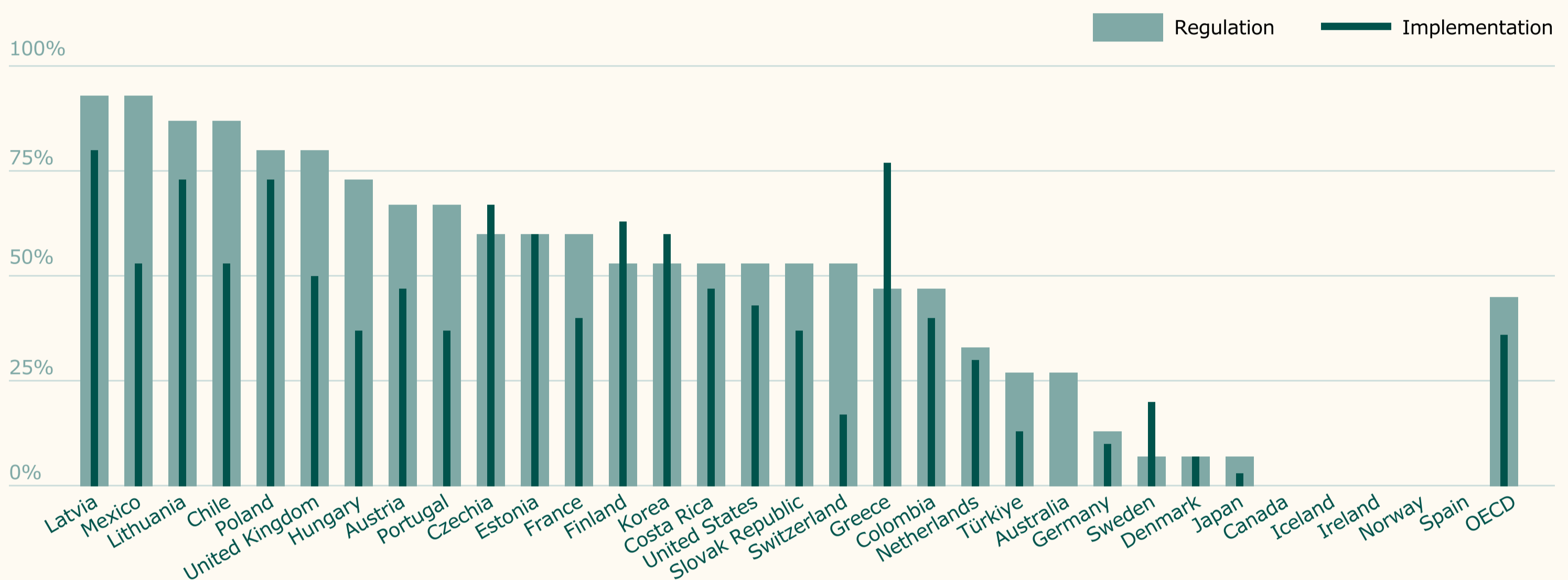
MONEYVAL Plenary meeting: Review and adoption of Latvia's MER.

# OECD: Latvia has one of the best anti-corruption strategies

The OECD has published "Anti-Corruption and Integrity Outlook 2024", which names Latvia the best performer in developing and implementing a national anti-corruption strategy. Latvia's system for preventing conflicts of interest, which, among other things, requires all public sector institutions to have an internal control system in place, has been recognised as one of the most effective among the member states.

This is the first OECD report of this kind and it analyses international practices and available tools for anti-corruption policy planning, promoting integrity, and reducing corruption risks in public administration. The analysis is based on data provided by countries between 2020 and 2024.

The full OECD summary and conclusions can be found on the [OECD website](#).



Anti-corruption strategy. Source: [OECD](#)

## Growing wiser and more capable: FIU Latvia concludes EEA project

April saw the successful conclusion of the European Economic Area (EEA) project "Improvement of Employee Knowledge in Combating Money Laundering in Latvia". The project, which kicked off in February 2023, was aimed at providing training, upskilling, and knowledge exchange opportunities for FIU Latvia and Latvijas Banka employees, as well as strengthening the supervisory, intelligence, and investigative capabilities of these institutions.

As part of the project, FIU Latvia has:

- Organized two international conferences on the topics of virtual assets and sanctions.

- Had experts obtain ACAMS certification,
- Had leadership participate in a multi-week training course at the Harvard Kennedy School on "Leadership and Ethics: Moral Leadership in Personal Practice"
- Given employees the opportunity to participate in a variety of online courses, such as data analysis, leadership, artificial intelligence, communication, finance, and project management.
- And more.

In April 2024, project partner Latvijas Banka organized a training seminar on the supervision of financial crime prevention in the crypto asset

service provider segment, covering international supervisory requirements and standards, as well as how to establish a supervision framework for AML/CFT purposes. Additionally, Latvijas Banka representatives strengthened and validated their

anti-money laundering knowledge by obtaining ICA (International Compliance Association) certificates, as well as gained valuable experience and international connections, visiting the supervisory institutions of Ireland, the Netherlands, Czechia, Cyprus, and France.

Iceland  
Liechtenstein  
Norway grants



Project "Improvement of Employee Knowledge in Combating Money Laundering in Latvia" (Nr. EEZ/FID/2021/6).

## What does the instant payments regulation have in store for Latvia?

**In February, the European Parliament passed a new regulation on instant payments that was subsequently adopted by the European Council. The new regulation will ensure that transfers between bank accounts happen almost immediately, regardless of banking service provider, time of the day/week, or geography, thus enabling instant euro payments within and across all EU and EEA countries.**

While everyone will benefit from instant crossborder transfers, this regulation is expected to have little impact domestically. In 2017, Latvia became the first Eurozone country to start using

instant payments, which were available at any time of day, including weekends and public holidays. Today, instant payments are available to more than 90% of Latvian credit institution clients and they have seen widespread adoption thanks to the lack of additional transfer fees that are common in other EU countries.

For Latvian banking clients, the biggest impact is likely to come from the new anti-fraud measures embedded in the regulation – payment providers will need to verify that the beneficiary's IBAN and name match in order to alert the payer to possible mistakes or fraud before a transaction is made, thus reducing such cases.