



REPUBLIC OF ALBANIA

MINISTRY OF FINANCE

**GENERAL DIRECTORATE FOR THE
PREVENTION OF MONEY LAUNDERING**

ANNUAL REPORT 2013

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Contents

THE MESSAGE OF THE GENERAL DIRECTOR.....	4
INTRODUCTION	5
MAIN DEVELOPMENTS AND THE IMPLEMENTATION OF THE PREVENTIVE MEASURES.....	5
LEGISLATIVE REFORM	5
MANAGEMENT OF HUMAN RESOURCES	6
INVOLVEMENT IN PROJECTS AND CONFERENCES	7
ENHANCING THE AWARENESS OF THE OBLIGED ENTITIES.....	9
ON/OFF-SITE INSPECTIONS.....	10
ADMINISTRATIVE SANCTIONS.....	12
COLLECTION, ANALYSIS AND DISSEMINATION OF FINANCIAL ANALYSIS.....	13
REPORTING OF SUSPICIOUS TRANSACTIONS	13
CURRENCY TRANSACTION REPORTS	14
FINANCIAL ANALYSIS AND THE DISSEMINATION TO LAW ENFORCEMENT AGENCIES	15
TEMPORARY FREEZING	18
STRATEGIC ANALYSIS SECTION.....	19
TYPOLOGIES	19
INTER-INSTITUTIONAL AND INTERNATIONAL COOPERATION	23
INTER-INSTITUTIONAL COOPERATION	23
INTERNATIONAL COOPERATION	25
OBJECTIVES FOR THE YEAR 2014.....	25

ABBREVIATIONS

ABA	Albanian Banker's Association
EU	European Union.
GDC	General Directorate of Customs.
GDPML	General Directorate for the Prevention of Money Laundering.
ASP	Albanian State Police.
GDT	General Directorate of Taxation.
EGMONT	Network of Financial Intelligence Units in the World.
FATF	Financial Action Task Force.
HIDAA	High Inspectorate for the Declaration and Audit of Assets
CoE	Council of Europe.
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism.
FIU	Financial Intelligence Unit.
JIU	Joint Investigation Units.
NPO	Non-Profit Organizations.
OSCE	Organization for Security and Co-operation in Europe.
PEP	Politically Exposed Person.
AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
SAR	Suspicious Activity Report.
CTR	Currency Transaction Report.
SIS	State Information Service.
CMD	Council of Ministers Decision.

THE MESSAGE OF THE GENERAL DIRECTOR

In my capacity as the general Director of the general Directorate for the prevention of money laundering (GDPML) and with a high level of accountability, present the annual activity report of this directorate for the year 2013, which consists of an outline of the work and endeavors, through inter-institutional and international cooperation of this unit *vis a vis* the prevention and tackling of money laundering and financing of terrorism.

These publications also aim to draw the attention of the reporting entities, institutions within the country and abroad, civil society and public at large, with respect to obtaining in every possible way of suggestions and even reprobation regarding our work as well as the activity, creating thus the prerogatives for further amelioration.

Despite the problems encountered, this year was marked by continuous work and endeavors, directed towards the fulfillment of the legal obligations to collect, analyze and disseminate to competent authorities information as well as data related to the activity of laundering of proceeds of crime.

Directorate's activity was mainly concentrated in the inter-institutional cooperation within the country as well as the international cooperation with the partner Financial Intelligence Units, dissemination of information to the competent authorities and the betterment of the legislation related to prevention of money laundering and financing of terrorism.

Notwithstanding this performance, the assessment from the international bodies has highlighted the inefficient implementation of the legislation against money laundering in our country, based on the low number of adjudicated cases and even lower number of convictions related to this criminal offence.

With respect to the impact on the enhancement of the efficiency of the implementation of the legislation against the money laundering in our country, GDPML will spearhead the efforts to raise the awareness of the supervisory authorities and further the compliance of reporting entities with the legal obligations as well as follow-up the cases disseminated to law enforcement agencies offering also its opposing views, where appropriate, in those occasions when the cases have not been dealt with adequately.

In 2014, GDPML will continue to work towards the implementation of the obligations stemming from the international recommendation of the Financial Action Task Force (FATF) as well as the strategic objectives of the Albanian government concerning the fight against the organized crime and the economic-financial crime.

General Director
Genti GAZHELI

INTRODUCTION

GDPML's report for 2013 contains a summarized outline of the institution's activity, featuring the main developments regarding the professional and technical capabilities, cooperation with the institutions involved in the prevention of money laundering at the national as well as international level and the active engagement in the activities of Moneyval Committee of the Council of Europe or EGMONT Group.

GDPML with respect to the implementation of the strategic commitments in fighting the organized crime and terrorism has focused its efforts in the analysis of the data related to cases suspected for money laundering and financing of terrorism and the subsequent information of the law enforcement agencies of the relevant findings.

The legislative reform has continued to be an important component of the institutional activity for 2013 and an important development in this regard is the adoption by the Albanian Parliament in October 2013 of the law "On measures against the financing of the terrorism". The drafting of the law was carried out in close cooperation with experts within and outside the country.

The human capacities allocated to the analysis and the information technology have also been accompanied with further qualitative improvements in the framework of the twinning project "*Support to Anti-Money Laundering and Financial Crimes Investigation Structures in Albania*", made possible thanks to the support of the European Delegation in Tirana.

MAIN DEVELOPMENTS AND THE IMPLEMENTATION OF THE PREVENTIVE MEASURES

LEGISLATIVE REFORM

Pursuant to the importance of approximation with the international standards regarding money laundering/financing of terrorism, the legislative regime has undergone continuous evolution.

The Albanian Parliament, based on the recommendations of the Moneyval Committee of the Council of Europe, aimed at further harmonization of the Albanian legislation related to prevention of money laundering and financing of terrorism, has adopted the law no.157/2013 of October 10 2013 "*On measures against the financing of terrorism*".

The main novelties of the law are aimed at the effective implementation of the United Nations Security Council Resolution 1373, the improvement of the listing mechanism for the individuals designated as terrorism financiers and the definition of the procedures for the authorization of access to frozen funds.

Pursuant to article 23 of the Law, in December of 2013, the draft guideline "*On establishing the rules and procedures for allowable expenses on the funds and other seized assets of designated persons*" was submitted for approval to the Minister of Finance.

During this year in pursuance of the law no.9258 of July 15, 2004 “On measures against the financing of terrorism” GDPML has continuously updated the changes that the list of the 1267 Committee undergoes and has proposed the relevant changes to the CMD no.718 October 29 2004, “The list of the persons designated as terrorism financiers” The proposed changes were approved with the CMD no. 198, March 6 2013, no. 327, of April 18 2013, no. 535 June 27 2013 and no. 966 October 25 2013

MANAGEMENT OF HUMAN RESOURCES

The establishment of the Section for Strategic Analysis and International Relations approved with order no.46 of the 15.04.2013 of the Prime Minister constitutes an important structural development for 2013.

Training of the GDPML staff during 2013

The workshops with the partner institutions within the country and abroad are focused in the training of the staff in the framework of the twinning project “Support to Anti-Money Laundering and Financial Crimes Investigation Structures in Albania” as well as other training activities such as the ones carried out with the partner Financial Intelligence Units.

The number of training and workshops performed within the country by the GDPML are presented in a summarized manner in table no. 1.

Table no.1

No	Type of activity/Program	No. of Activities	No. of Participants
1	Workshops Twinning Project IPA 2009	6	20
2	Workshop on Information Technology CoE	1	2
3	Workshop organized by ILEA	1	1
4	Workshop by the French Ministry of Justice	1	2
5	Workshop Moneyval	1	2
6	Training with TRACFIN	2	14
	Total	12	41

GDPML experts have also participated in the following training activities, organized at the international level.

- Assessors training for the implementation of the Council of Europe Convention “*On Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism*”, organized on 3 – 4 of October 2013, in Armenia;
- Regional workshop “*Financial Intelligence Units (FIU), Fight against money laundering, institutional relations and best practices*”, organized in Bulgaria on 23-25 of October 2013, with the support of the French authorities;
- Training of evaluators for the recommendations of the Financial Action Task Force

(FATF), organized by MONEYVAL on 4-8 November 2013, in France;

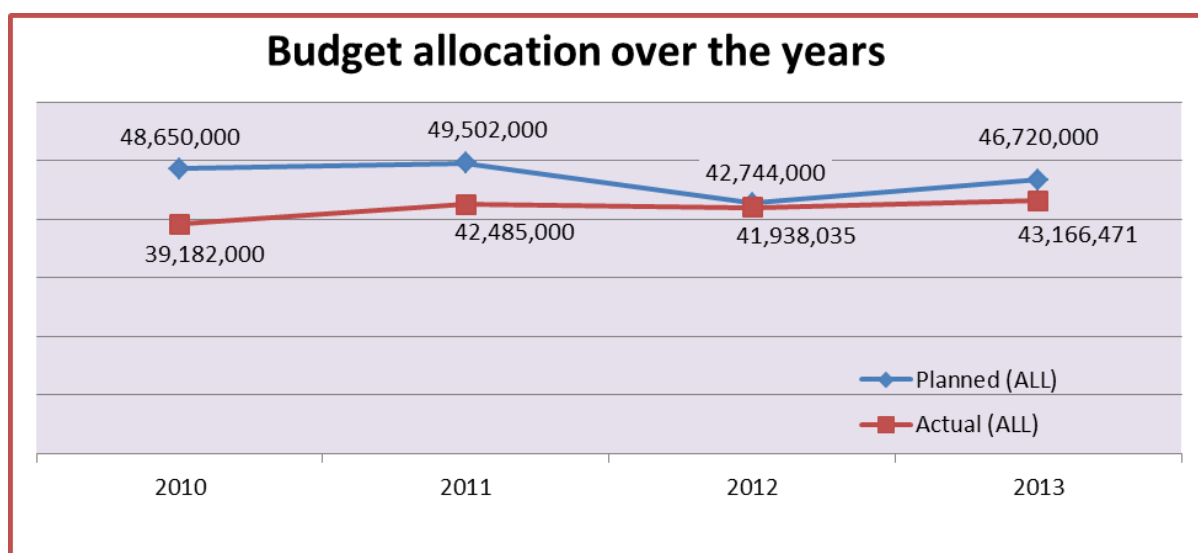
Utilization of the budgetary resources

One of the main aspects of the directorate's work during 2013 was the monitoring of the effective implementation of the GDPML's budget.

To this end, pursuant to the law no.119/2012 of December 17, 2012 "On the year 2013 budget", a detailed breakdown of the budgetary categories was drafted along the program for the public procurement as well as the Mid-Term Budgetary Program for 2014 – 2016.

Graph no.1 represents the budgetary data for the period 2010 - 2013.

Graph no.2. Budgetary allocations



INVOLVEMENT IN PROJECTS AND CONFERENCES

Twining project

The EU supported the project "Support to Anti-Money Laundering and Financial Crimes Investigation Structures in Albania" was concluded In April 2013. GDPML along with the Prosecutor General, ASP and the Agency for the Administration of Seized and Confiscated Assets were beneficiary institutions of this project which aimed further strengthening institutional capacities, concerning the investigation of criminal offenses in the area of financial crime.



Training activity held in the framework of the twinning project

The project was made possible through the support of the European Union Delegation. It had duration of two years (2011 - 2013) and was developed in close cooperation with the relevant Spanish and Bulgarian authorities.

Regional conference of Financial Intelligence Units

The 7th Conference of Regional Heads of Financial Intelligence Units was held in Durres on 10 - 11 of October 2013, having as a theme “*The strengthening of cooperation against money laundering and terrorist financing and the fight against corruption in Southeast Europe*”. Participants to this regional initiative are FIUs from Albania, Bosnia and Herzegovina, Croatia, Montenegro, Macedonia, Serbia and Slovenia. Heads of FIU Kosovo and Greece were also invited to attend this event, enabling thus further expansion of cooperation in the Balkan region.

The conference was organized by the General Directorate for Prevention of Money Laundering (GDPML) in cooperation with the generous support of the OSCE Presence in Albania, as well as the assistance of ABA. In addition to experts from the FIUs in the region, the conference was attended by the General Prosecutor’s Office, ASP, ABA, the National Chamber of Notaries, the High Inspectorate of Declaration and Audit of Assets, as well as representatives of OPDAT, PAMECA IV, INTERFORZA, etc.

The participation of the OSCE Ambassador to Albania, Mr. Florian Raunig, Director of Cabinet of the Minister of State for Local Issues Mrs. Eridiana Çano, EU Delegation representatives for Justice and Home Affairs, Mr. Marcello Repici, was an added value for this event.

Training cycle

Through the generous support of the French Embassy in Tirana, on September 30 2013, began a series of workshops with the theme “*On the fight against money laundering*”, involving experts from GDPML, General Prosecutor’s Office as well as the Ministry of Interior.

The main goal of this cycle was the increase of the efficiency of inter-institutional cooperation, as well as the acquisition of best practices employed in France, with respect to financial crime investigation and particularly those related to laundering of proceeds of crime.

ENHANCING THE AWARENESS OF THE OBLIGED ENTITIES

In fulfillment of its legal obligations, GDPML has increasingly paid attention to the enhancement of awareness of the reporting entities, either by organizing meetings with subjects of the law as well as supervisory/licensing authorities.

Periodical publications on GDPML's official website, have contributed to further informing subjects of law, with regard to acquaintance with the legal framework; activities, typologies and standards for the prevention of money laundering and terrorist financing; reports from international bodies concerning Albania; persons designated by United Nations as terrorist financiers; the FATF list of countries with strategic deficiencies in the implementation of standards, etc.

A number of training activities for the subjects were performed in 2013, in cooperation with the Unit for Gambling Supervision, the Financial Supervisory Authority (FSA), the Ministry of Justice, National Chamber of Notaries, the Bank of Albania, and ABA as well as on individual basis.

Categories and the number of trained subjects for the last three years are presented in table no.2.

Table no.2

SUBJECT	No. of persons trained		
	2011	2012	2013
Banks	94	116	84
<i>Bureaux de change</i>	182	179	151
Non-bank financial institutions	5	50	---
Games of chance	22	--	15
Construction companies	26	--	---
Notaries	44	71	75
Lawyers	--	5	---
Accountants	34	88	63
Insurance Companies	6	18	---

Travel Agencies	6	--	---
Supervisory authorities	--	37	13
Car dealers	2	--	---
Real estate agents	2	--	---
Private Pension Institutions	6	3	---
TOTAL	429	589	401

The organized trainings included all categories of reporting subjects and particular attention was paid to categories that represented the highest risk level.

ON/OFF-SITE INSPECTIONS

The process of supervision of the reporting subjects is based on a dynamic analysis of the level of risk to which subjects were exposed, including parameters related to the level of compliance with AML/CFT legal obligations, potential involvement in illegal activities, the kind of products and services offered to customers, their activity at national or international level.

In performing its supervisory functions, aimed to achieve an effective balance between on-site as well as off-site inspections of the subjects of the law, aiming to achieve an appropriate utilization of both human and technical resources.

To ensure an ever increasing compliance of the subjects, during this year GDPML, alongside the examination and assessment of the level of compliance through inspections, has also held meetings both individually and with groups of subjects having deficiencies in record keeping or the level of knowledge of legal requirements.

The level of compliance with the AML/CFT legislation was assessed through on-site/off-site inspections while paying at the same time particular attention to the establishment and functioning of the internal system for analyzing information and documenting of followed procedures as well as conclusions concerning those cases where doubts arise concerning the source of funds or large/complex transactions clearly lacking an economic background.

Table no.3 represents detailed data on inspections conducted on-site/off-site, according to the category of the reporting entities;

Table no.3

Subjects inspected						
	Year 2011		Year 2012		Year 2013	
	On-site	Off-site	On-site	Off-site	On-site	Off-site
<i>Bureaux de change</i>	25	111	20	87	2	110
Insurance companies	3	-	0	3	0	0
Notaries	8	45	6	54	1	19
Accountants	14	1	0	45	0	27
Travel Agencies	3	-				
Real estate agents	1	1	0	2	0	8
Games of chance	10	-	7	45	0	0
Banks	9	-	5	0	7	0
Non-bank financial institutions	-	1	5	24	0	0
Construction Companies	13	61	15	4	0	10
Car dealers	1	-	0	19	0	0
Private Pensions	3	-	0	3	0	0
Leasing companies			1			
Precious metals and stones			2			
TOTAL	90	220	58	286	10	174
	310		347		184	

As can be noted from the 2013 statistical data, the supervisory endeavors were directed towards off-site inspections. This was a result of the structural changes, carried out during the year that led to a reduction of the number of inspectors to two, from three that had been in previous years.

Inspections conducted and meetings held with the subjects of the law, in addition to raising their level of awareness, were also focusing their attention to the correct assessment of the functioning of subject's preventive measures as well as identification of deficiencies among which the following prominently stand out:

- Customer identification process and appropriate documentation;
- Deficiencies of internal audit;
- Non-reporting of cash transactions;
- Documenting and analysis of large/complex transactions lacking an economic background;
- Internal system of disseminating information and alerts based on relevant indicators and typologies defined by the subjects;
- Risk assessment and profiling of customers according to relevant categories.

Based on the large number of the reporting subjects and the available number of inspectors, GDPML's enforcement capabilities *vis a vis* the subjects' undertaking of preventive measures for money laundering and reporting is already insufficient.

An in-depth analysis of the data (number of subjects per category, money laundering risk in different categories of subjects and their geographic location, the number of reports submitted and the quality of their typology, data obtained from the analysis of cases, etc.) assessment of compliance of the subjects, intensive and systematic cooperation with supervisory authorities and state institutions, coupled with training, sensitization and inspections, is expected to ensure reporting subjects' progressive increase of compliance regarding preventive measures.

ADMINISTRATIVE SANCTIONS

GDPML, in addition to training and cooperating with subjects of the law, during its annual activity continued also to check their implementation of the law and bylaws. In this framework, violations encountered and identified were followed by administrative measures that have been categorized in table no.4:

Table no.4

ENTITIES	No. of sanctions	Value of pecuniary fines in ALL
Banks	2	8 500 000
<i>Bureaux de change</i>	6	5 700 000
Notaries	5	1 700 000
TOTAL	13	15 900 000

Administrative measures and cashing of the relevant amounts are represented comparatively with previous years in table no.5.

Table no.5.

Categories	Year 2011	Year 2012	Year 2013
Sanctioning decisions	26	22	13
Voluntary cashing by the subjects	9	5	7
The total value of sanctions	32 667 394	24 800 000	15 900 000
The value of sanctions cashed-in for 2013	14 619 062	7 200 000	10 600 000

Value of outstanding sanctions cashed-in	5 977 600	11 169 890	6 061 000
Total value cashed-in	20 596 662	18 369 890	16 661 000

It should be noted that out of the total value of administrative measures imposed during the year, 66% are accepted and voluntarily cashed-in by the reporting subjects, while the rest were appealed in court. GDPML has closely studied, the judicial practices in order to further improve the administrative proceeding and standardizing of practices for subjects compliance with AML/CFT legislation.

COLLECTION, ANALYSIS AND DISSEMINATION OF FINANCIAL ANALYSIS

REPORTING OF SUSPICIOUS TRANSACTIONS

Table no.6 represents the number of SARs, comparatively for the years 2012 and 2013, categorized according to the reporting subjects:

SUBJECT	SAR 2012	SAR 2013	Difference
Banks	352	420	+68
Money services businesses	73	45	-28
GDC	30	36	+6
GDT	33	10	-23
CORIP	29	20	-9
Notaries	19	15	-4
<i>Bureaux de change</i>	14	8	-6
HIDAA	2	0	-2
Auditing companies	0	1	+1
Accountants	0	1	+1
Lawyers	1	1	-
Other	2	1	-1
Leasing companies	1	0	-1
Total	556	558	+2

In the context of information analysis, categorization of the main typologies is performed continuously and a comparative outline with previous year is represented in table no.7.

Table no.7

SAR's typologies	Year 2012	Year 2013
Suspicious transfers	218	189
Cash deposits in considerable amounts	60	96
Use of individual accounts for business/tax evasion	52	44
Operations outside the profile of the customer	29	60
Suspicious related to import/export activities	19	13
Declaration/ non-declarations of currency in the border crossing points	11	23

Fraud (including computer fraud)	1	4
PEP involvement in the transactions	9	0
Financing of terrorism suspicions	3	4
Sponsoring/donations/loans	15	18
Acquisition of immovable property with funds whose source is unknown	37	29
Acquisition of movable property with funds whose source is unknown	7	0
Non identification of beneficial owner	24	1
Attempted transactions	17	26
Transactions carried out by NPOs	5	4
Performance of fictitious business activity	23	5
Transactions from games of chance	7	2
Actions from persons suspected for involvement in criminal activity	0	9
Forged bank instruments (letter of credit/cheques)	5	4
Suspicious use of bank credit	3	8
Other	11	19
Total	556	558

- From 558 SARs reported in 2013, the reporting subjects have asked the consent from GDPML to perform the transaction for 41 of them (7.3%).
- Out of 558 SARs, 115 cases were disseminated to ASP (20%) and 17 cases to Prosecution's Office (3%).

Following the recommendations made in MONEYVAL's, IV round report for Albania, the submitted SARs, undergo a prioritization process, that is being used also in the strategic assessments undertaken by GDPML.

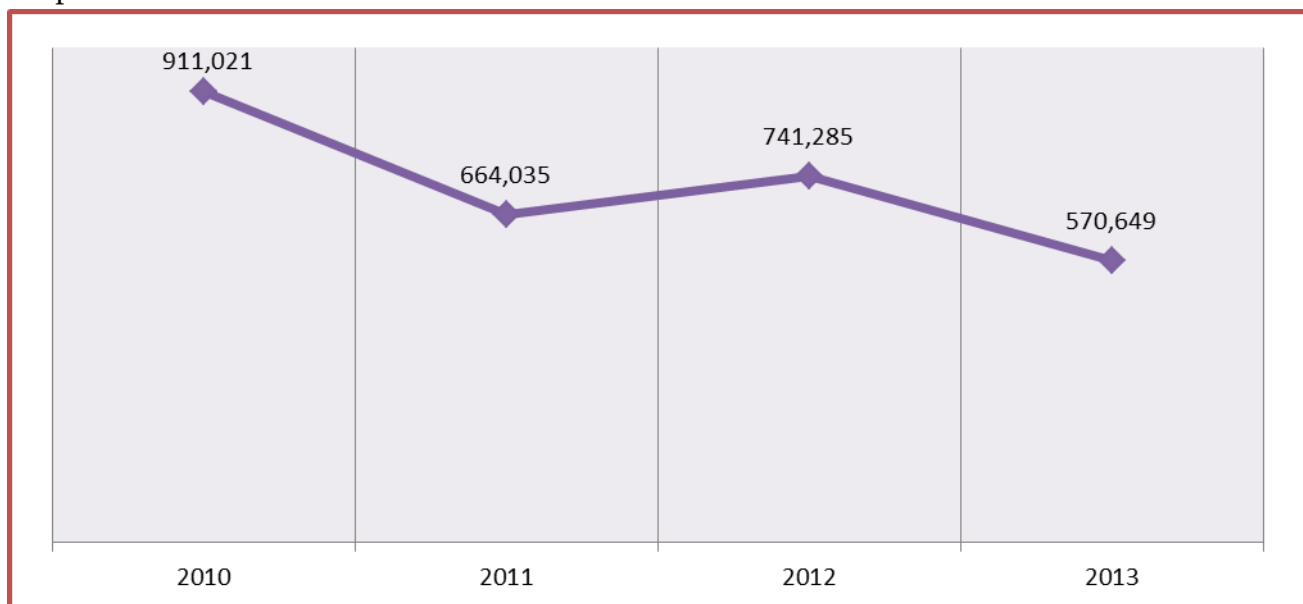
CURRENCY TRANSACTION REPORTS

Reporting of threshold reports (CTRs), as one of the obligations of reporting subjects of the AML/ CFT law, is kept under GDPML's constant attention. Despite changes concerning the manner they are conducted, applicable threshold as well as reporting timeframe, they constitute a valuable source for GDPML's analysis activity.

Based on the latest legal changes of 2012, all subjects of the law are already obliged to report any transaction in cash, exceeding the threshold of 1 million ALL, performed either as a single transaction or a series of linked transactions within 24 hours

Graph no.2 represents the data of currency transaction reports submitted for the period 2010-2013.

Graph no.2



Reporting of CTR by banks constitute the bulk of reports and GDPML has given special importance to the continuous streamlining of the procedures and further consolidation of this system, enabling the overall submission of the reports electronically.

A decrease in the number of reports was observed in 2013 when compared to 2012. This is due to the reduction of the reporting period of linked transactions from 72 hours to 24 hours, lower use of the cash in the economy stemming by the fiscal legislation as well as the impact of the economic crisis in the country.

Reporting by the notaries is perceived as a priority by GDPML, since the information available to them, is an important factor in the analysis process of a high number of cases, as it is related to activities that have a higher level of risk for laundering the proceeds of crime.

An increase has been noted during 2013, for both the number of the reports as well as notaries submitting reports. This is a result of new licenses issued that have led to a substantial increase in the number of active notaries in the country.

Deficiencies found with respect to the reporting of suspicious activities, are communicated to the Ministry of Justice, in its capacity of supervisory and licensing authority for these subjects as well as to the National Chamber of Notaries.

FINANCIAL ANALYSIS AND THE DISSEMINATION TO LAW ENFORCEMENT AGENCIES

In the context of the exercise of its functions, GDPML has continued during 2013 to process and analyze reports of subjects of law as well as any additional information obtained from them or data exchanged with law enforcement authorities and other state institutions. Detailed information on the relevant conclusions are disseminated to law enforcement

agencies and table no.8, represents the statistical data on the number of cases disseminated to submitted ASP and Prosecutor's Office for the period 2009 - 2013.

Table no.8.

Year	2009	2010	2011	2012	2013
Disseminated to Police	135	137	160	171	248
Disseminated to Prosecution	59	64	51	34	35
TOTAL	194	201	211	205	283

Table no.9, represents the sources of information for the cases disseminated during 2013.

Table no.9.

Source	ASP	Prosecution	Total	%
SAR (2013 or previous years)	195	19	214	75.6%
Initiated by GDPML Threshold reports banks/notaries	34	5	39	13.8%
Open sources	2	1	3	1.1%
Inquiries/Notification from ASP/ Prosecution	10	1	11	3.8%
Partner FIUs	5	4	9	3.2%
Notifications	2	5	7	2.5%
Total	248	35	283	100%

Despite its administrative model, GDPML based on open or confidential sources, has managed to establish connection with the predicate offence for 87 cases disseminated. Table no.10 represents the categorized data.

Table no.10.

Predicate offence	ASP	Prosecution	Total
Criminal investigation for money laundering	2	-	2
Suspicious for financing of terrorism	1		1
Trafficking of narcotics	8	10	18
Trafficking of human beings	3	1	4
High level tax evasion	25	3	28
Corruption	5	2	7
Fraud	9	3	12

Forgery	4	1	5
Robbery/theft	1	1	2
Establishment of criminal organizations	1	-	1
Smuggling, production and sale of hazardous materials	-	1	1
Unlicensed exchange operations	1	-	1
Trafficking of motor vehicles	2	-	2
Criminal precedents	2	1	3
Undefined	184	12 ¹	196
Total	248	35	283

The most predominant suspicions for 2013 consist of:

- The criminal offense of significant tax evasion for 25 cases disseminated to the police and 3 cases disseminated to the Prosecutor,
- When the dominant offense was, that during this year takes a relatively important second place with eight cases disseminated to the Police and 10 cases disseminated to prosecutors.

During this year, a growing attention was also paid to other criminal acts in the area of fraud, corruption and forgery of documents.

Categorization of predicate offences will continue to be deemed as particularly important due to the very role this process has in the strategic analysis of information, trends identification, typologies and ML/FT risk assessment nationwide.

Table no. 11 represents the data for disseminations to prosecutors' offices for the period 2009-2013.

Table no.11

Prosecution/ years	2009	2010	2011	2012	2013	Total
JIU Tiranë	39	35	14	17	3	108
JIU Tiranë and General Prosecution					1	1
JIU Tiranë and ASP					15	15
JIU Tiranë and Prosecution of Serious Crimes					1	1
JIU Vlorë		6	11	5	2	24
JIU Fier	3	3	13	1	5	25
JIU Durrës	1	7	6	5		19
JIU Korçë	5	2	1			8

JIU Shkodër	4	1		1	6	12
Prosecution of Serious Crimes		7	1			8
General Prosecution	2	1	1			4
JIU Gjirokastër	1	1	2			4
Prosecution Office Elbasan			1	3		4
Prosecution Office Lushnje		1	1			2
Prosecution Office Lezhë	2				1	3
Prosecution Office Berat	2					2
Prosecution Office Pogradec				1		1
Prosecution Office Kurbin					1	1
Prosecution Office Sarandë				1		1
TOTAL	59	64	51	34	35	243

In this regard, special attention is paid increasingly to the geographical distribution of cases based on the location where the suspected transactions have occurred, the place of origin, followed in some cases by the residence of citizens or the respective business location used for conducting suspicious activity.

Therefore, there have been cases of dissemination to two institutions simultaneously such as JIU and ASP or even to General Prosecutor's Office.

As it can be noted from the relevant statistics there is a widespread distribution in the regional Joint Investigation Units.

TEMPORARY FREEZING

During the period January-December of 2013, 15 freezing orders were issued with regard to funds and bank accounts suspected as being associated with illegal activities. The amount seized is 29,890,522.8 ALL, which constitutes 24.2% of the total amount frozen of approximately 123,433,898 ALL. The detailed data of temporary freezing are presented in table no.12:

Table no.12.

Period	Year 2013
Number of Freezing orders	15
Frozen in EURO	579 756
Frozen in USD	33 967
Frozen in LEK	38871 358.8
Seized	202 486 EUR 27 382.8 LEK 15 151 USD

STRATEGIC ANALYSIS SECTION

The Sector of Strategic Analysis and International Relations began operating in July 2013 and its activity is focused on the analysis of money laundering in the real estate sector, precious metals and stones and in the use of cash in the economy.

This sector has, at the same time, played an important role in the preparation of reports that GDPML presents under the monitoring that our country undergo by the MONEYVAL Committee of the Council of Europe, the Egmont Group and the FATF working groups; implementation of the obligations arising from the National Plan for the Implementation of the Stabilization and Association Agreement; national ML/FT risk assessment; effective exchange of information with partner FIUs; translation into the Albanian language of FATF best practices, etc.

TYPLOGIES

Case 1

Suspicion on corruption generated proceeds

GDPML has obtained information about a citizen 'D' who had transferred a substantial sum from his account in Albania, into an account held abroad. The declared source of funds was a loan received from a domestic company in our country (company 'M').

Pursuant to the unusual nature of these transactions, a further analysis was carried out revealing the following:

- There was an incoming transfer into his individual account, recorded in 2012 having as an originator company 'M'. The amount of the transfer was 50 000 EUR bearing the description '2012 dividend'. Furthermore an incoming transfer, in the amount of 250 000 EUR, was recorded in 2013 bearing the description 'fund transfer to owner's account.
- Incoming transfer, into his individual bank account in 2013 in the amount of 100 000 EUR, with no description. The originator in this case was person 'S'.

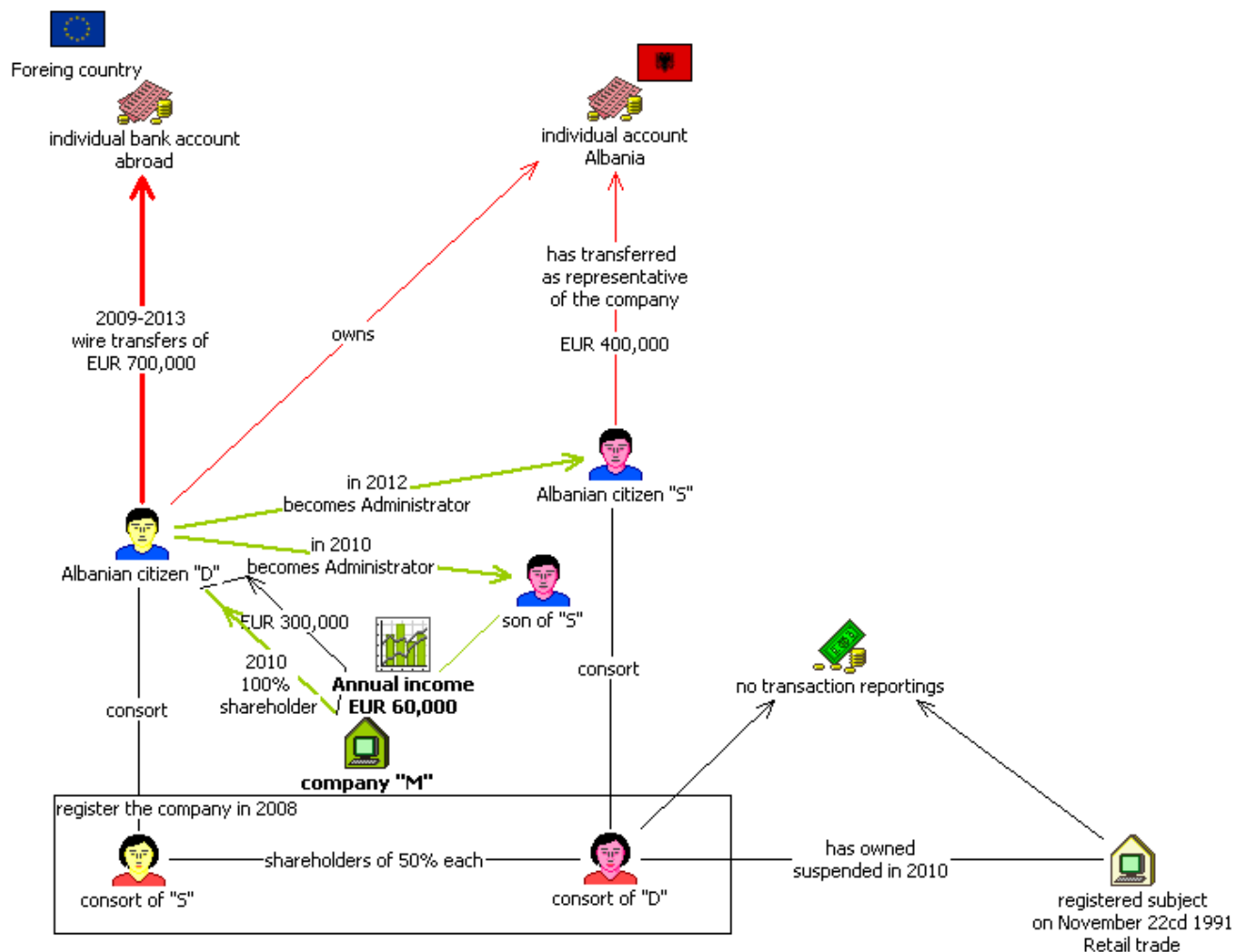
A number of checks were performed with regard to company 'M', revealing that it was owned by of citizen 'D' while citizen 'S' was appointed in 2012, the administrator of this company. Verifications in GDPML's database showed that:

- Citizen 'D' had signed a loan contract with the citizen 'S', borrowing the amount of 500 000 EUR, for 12 years. Loan repayments were to be made through the profits generated by company 'M'.
- The financial investigation showed that an additional 300 000 EUR was transferred to his personal account abroad. This transfer has as an originator citizen 'S' in her capacity of the representative of company 'M'.

GDPML carried out further verifications with regard to citizens and companies involved in those transactions, whereby it did find out that:

1. Citizen 'S' did neither possess these considerable amounts, nor had any other source of comparable income.
2. Company 'M' was originally established by the spouses of citizens 'D' and 'S', and later on full ownership was transferred to citizen 'D'. Citizen S and his son had acted as administrators of the company.
Data from the Directorate General of Taxation regarding company 'M' showed that profits generated since its creation, in total were approximately 60 000 EUR and were not commensurate with the aforementioned transfers;
3. Citizen 'D' had been employed since 2006, in managerial positions at three different institutions and then had resigned in order to move abroad.

In conclusion, suspicions did arise from the description of repayment from the profits generated by the company 'M', where the borrower owns 100% of the shares. Therefore the source of funds cannot be established, through unearned profits. GDPML has disseminated the case to law enforcement bodies, for further investigation.



Case 2

Proceeds generated through tax evasion

GDPML was informed by the reporting subjects that the commercial entity X (having as an administrator and partner the citizen A) conducted large and complex transactions and the relevant documents submitted were rather unusual and failed to justify the source of wealth.

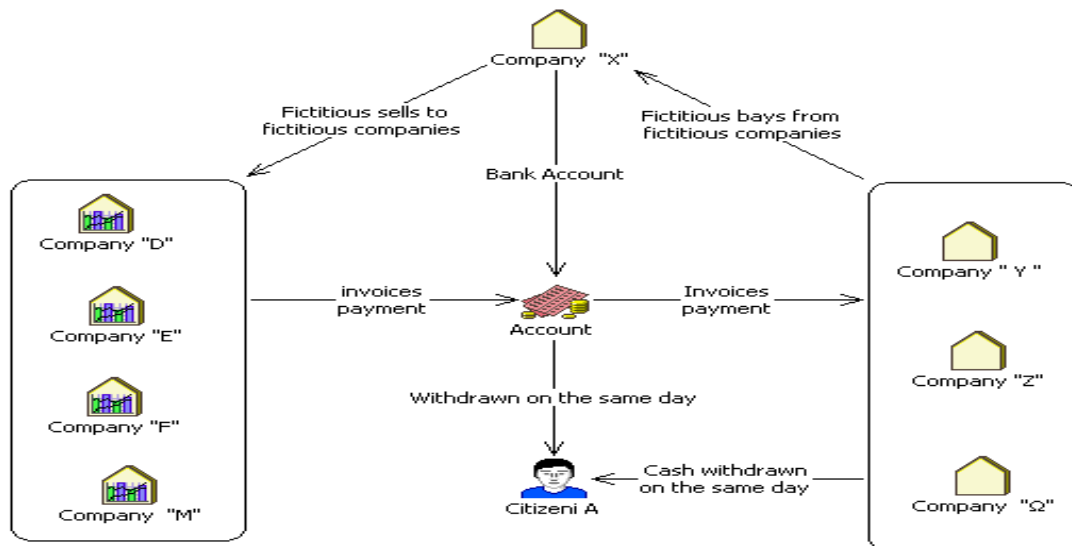
In addition to the already available information in its own databases, GDPML did request information from the reporting subjects. The analysis of this information indicated that:

- Citizen A had established in May 2009 company X and had sold it in September 2012 to Citizen B.
- In April 2011, citizen A registered another company Y, having the same scope of activity, with the first company X;
- Citizen A carried out financial transactions, as an authorized person on behalf of another company Z, in addition to companies X and Y;
- In the exercise of its activity the company X, according to the submitted invoices purchased significant amounts of goods from companies Y, Z and Ω that were sold thereafter to companies D, E, F, etc.
- The analysis of the performed bank transactions showed that:
 - Citizen A (administrator of the companies X and Y) performed some significant cash deposits in the accounts of the company X, that were transferred in favor of companies Y, Z and Ω, in order to settle purchases made. These amounts were subsequently withdrawn on the same day by citizen A from corporate accounts of Y and Z in subsequent manner.
 - Companies D, E, F performed transfers in favor of company X or Y, and funds were subsequently withdrawn in cash by citizen A and the very same day were deposited in the accounts of companies D, E, F, etc.
- As to companies X, Y and Z, the authorities had exercised control with respect to their business activities, whereby it was found that these companies had false addresses, no employees and did not carry out any real trading activity.

Based on the findings of the financial analysis and suspicions on the exercise of fictitious activity GDPML disseminated the complete information for further investigation to the law enforcement agencies.

Indicators:

- ✚ *Abnormal financial transactions;*
- ✚ *Fictitious activity;*
- ✚ *Purchases through fictitious invoices avoiding legal obligations;*



Case 3

Large and complex transactions incompatible with the economic background

The Albanian citizen A, (having also the citizenship of another European country) had declared in various exits from the territory of Albania the aggregate amount of 250 000 USD. The declared purpose for such disclosures was 'vehicle purchase' and 'business';

The aforementioned citizen, starting from 2010, had performed quite significant transactions in the banking system in our country, mainly in considerable amounts in cash, whereby the source of income declared was interchangeably 'savings', 'migration', 'borrowing' and 'business'.

Considering the numerous declarations at border crossings, very high turnover further verifications were conducted for the case, where it resulted that:

Citizen A is involved in a number of businesses in our country:

Has registered in 2008 the company 'β' Ltd, involved in the: 'Acquisition, development, sale and leasing of real property'.

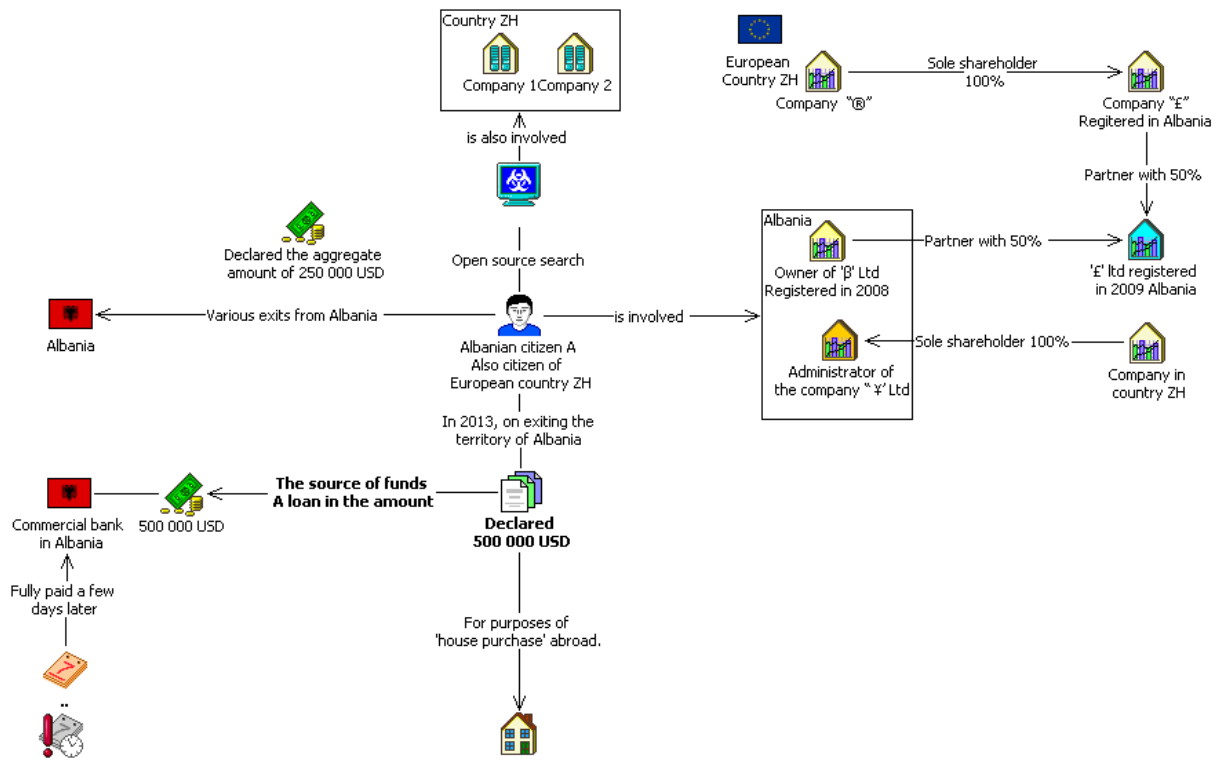
This company is a partner with 50% in the company 'ε' ltd registered in 2009, having the same scope of activity. The other shareholder of the company 'ε', is company 'Ω' having as a representative a foreign citizen. Society 'Ω' has a sole shareholder the company '®', which is registered in the European country, whose citizenship citizen A holds.

Open source search, revealed that this citizen, besides the business activity in our country is also involved in two companies in the aforementioned European country.

In 2013, citizen A on exiting the territory of the Republic of Albania declared the amount of 500 000 USD, for purposes of 'house purchase' abroad.

Further verifications showed that this citizen had earlier taken a loan in that amount, in one of the commercial banks operating in our country that was fully paid a few days later.

Based on the analyses above, transportation of significant amounts outside the border, the questionable use of credit facility, frequent use of cash, etc., the information was disseminated to law enforcement authorities.



INTER-INSTITUTIONAL AND INTERNATIONAL COOPERATION

INTER-INSTITUTIONAL COOPERATION

Cooperation with the state Police and Prosecution

One of GDPML’s main areas of work is inter-institutional cooperation, without which there can be no successful fight against money laundering and terrorist financing.

The main actors involved in this collaboration are the State Police and the Prosecution, who are also recipients of GDPML’s disseminations. We have continuously participated in training with representatives of the State Police and Prosecution, meetings have been organized and communication on specific issues has been ongoing in particular with the

State Police. By applying a proactive approach concerning cases under consideration there has been an increasing attention in cooperation with the State Police and the Prosecutor's Office in the framework of preventing alienation of property held by suspect persons.



Inter-institutional cooperation with General Prosecution.

As noted from the statistical data, the number of money laundering cases disseminated by GDPML has grown while in terms of their progress at the State Police or Prosecutor's Office, a consolidated system for tracking them is still lacking, although it should be mentioned that an agreement to this end has been signed. Regardless of the fragmented and the unconsolidated data, the number of money laundering cases brought to trial remains low. This conclusion is also expressed in Albania's progress report for 2013, publicized by the EU Commission.

Based on the data that we had available and those obtained through constant requests concerning case progress, we have steadily and institutionally have expressed our position on the gaps identified in the handling of suspected cases of money laundering, either by State Police or Prosecution.

During 2013 GDPML has continued to offer an important contribution and provide responses for the requests for information from the competent authorities (Police/Prosecution) and the relevant detailed information are represented in table nr.12.

Table no.12

	Requests	Persons /Companies
PROSECUTION	192	1162
POLICE	79	726
	271	1888

INTERNATIONAL COOPERATION

Cooperation in the framework of the EGMONT Group

GDPML's directors have participated in the Egmont Group plenary meeting held in July in South Africa, in which a typology related to the area of money laundering presented, in the context of competition that this group develops annually.

Cooperation with the Moneyval committee of the CoE.

GDPML's experts have participated during 2013, regularly in plenary meetings of MONEYVAL Committee of the Council of Europe, held in the months of March, September and December, contributing thereby towards increasing compliance procedures for the shortcomings identified for a number of FATF recommendations (R.5, R.6, and RS RS.II VIII).

These meetings have an important role, due to their impact in getting acquainted with practical experience of member states and engagement in concrete projects of this committee concerning the study of AML/CFT trends and typologies.

GDPML's representatives have also participated in the FATF's working group meetings, in the framework of our country's monitoring by this body and presented timely information or data, requested to this end.

Exchange of information with FIUs

International cooperation with partner FIUs is an important component of the GDPML's work and detailed statistical data are presented in the following table no.13.

Table no.13.

	Requests		Responses	
	Sent by GDPML	Received by partner FIUs	Sent by GDPML	Received by partner FIUs
Year 2013	35	56	70	28

In order to increase the effectiveness of responding to requests from partner FIUs, GDPML has aimed at completion of this process, within the timeframe specified in accordance with the principles of the EGMONT group, while individual cases are handled as high priority.

In the framework of international cooperation, GDPML has signed during this year a Memorandum for the exchange of information with Panamanian FIU.

OBJECTIVES FOR THE YEAR 2014

GDPML's work and achievements since its establishment onward have created the appropriate pre-conditions to successfully meet the legal function as the financial intelligence unit in Albania, as well as to implement strategic commitments undertaken by the Albanian government in terms of Euro-Atlantic integration of the country. In this context, the main objectives of for 2014 will be.

- Further consolidation of inter-institutional cooperation with agencies and institutions involved in the prevention and combating of money laundering and terrorist financing;
- Analysis of information reported by the subjects of the law in the framework of operational, tactical and strategic analysis of information;
- Representation and involvement in the activities of the MONEYVAL Committee of the Council of Europe's, FATF and the Egmont Group;
- Further approximation of legislation to prevent money laundering and terrorism financing with the international standards of the Financial Action Task Group and the *Acquis Communautaire*;
- Increased cooperation with supervisory/licensing authorities of the subjects of the law towards the increase of their compliance with the legislation on the prevention of money laundering and terrorist financing;
- Further improvement of the system of statistical data regarding cases, reports from various law subjects, disseminations, communication with third parties, etc.;
- The consolidation of human resources, through employee training activities in cooperation with local and foreign institutions;
- Verification, analysis and responding to the partner FIUs requests in timely, qualitative and fruitful manner;
- Implementation of the obligations arising from the strategic documents in the field of combating organized crime, corruption and investigation of financial crime;