



ANNUAL REPORT 2019



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ABBREVIATIONS

ASP	– Albanian State Police
BoA	– Bank of Albania
CEO	– Currency Exchange Office
CoE	– Council of Europe
CISD	– Classified Information Security Directorate
CSA	– Cadastral State Agency
EU	– European Union
FSA	– Financial Supervisory Authority
GDC	General Directorate of Customs
GDPML	–General Directorate for the Prevention of Money Laundering
GDT	– General Directorate of Taxation
Egmont	– Network of Financial Intelligence Units
FATF	– Financial Action Task Force
FIU	– Financial Intelligence Unit
IT	– Information Technology
HIDAACI	– High Inspectorate for the Declaration and Audit of Assets and Conflict of Interest
Moneyval	– Committee of Experts for Assessing the Fight against Money Laundering
ML/FT	– Money laundering and financing of terrorism
NBC	– National Business Center
NPO	– Non-Profit Organization
NBFI	– Non-bank financial institutions
OSCE	– Organization for Security and Co-operation in Europe
PO	– Prosecutor’s Office
SAR	– Suspicious Activity Report
UNODC	– United Nations Office on Drugs and Crime

MESSAGE FROM THE GENERAL DIRECTOR

In my capacity as the General Director of the General Directorate for the Prevention of Money Laundering, I am pleased to present the Annual Report for the year 2019. This report outlines the directions, our key activities, changes undertaken, outcomes, issues as well as the objectives of the Financial Intelligence Unit.

GDPML's activity during this year has been multifaceted and in addition to the primary role as the Financial Intelligence Unit in Albania, was also focused on the effective performance of the supervisory role concerning implementation by the reporting entities of the current legislation, provision of continuous outreach, further approximation of the Albanian legislation with the international standards and EU's legal framework, reporting to the MONEYVAL Committee and the ICRG Group of the FATF, as well as in the framework of the evaluation

process of Albania.

This year, marked also the conclusion of the document on the ML/FT national risk assessment. This document is based on international standards as well as national needs and obligations and it highlights issues in terms of supervision and investigation, main predicate offenses generating criminal assets, factors that mitigate or increase the risk as well as threats. Another aspect of our activity has also been the cooperation with the new structures in charge of the transitional evaluation of Judges, Prosecutors and senior police officers.

In conclusion, I would like to acknowledge the efforts, dedication and the work of GDPML's colleagues, who through their commitment have made possible the achievement of relevant developments presented in this report.



IMPORTANT LEGAL CHANGES

During 2018, Albania has undergone its 5th round of evaluation conducted by the Moneyval Committee of the CoE, and the report was published on 05 July 2018. This evaluation report has identified the shortcomings and made relevant recommendations for the technical compliance with the FATF Recommendations.

In the framework of the need to address the recommendations and their relevant criteria, the following legal acts have been approved.

1. Law no. 33/2019 dated 17.6.2019 “On some changes and additions to the law no. 9917, dated 19.5.2008, “On the prevention of money laundering and terrorist financing” (amended);

The focus of these amendments were the recommendations assessed as non-compliant or partially compliant, such as transparency and beneficial ownership of legal arrangements, customer due diligence, reliance on third parties, politically exposed persons, risk assessment and risk based approach, wire transfers, internal control as well as foreign branches, tipping off and confidentiality, record keeping and high risk countries.

2. Law no. 32/2019 dated 17.6.2019 “On some changes and additions to law no. 157/2013, “On measures against terrorist financing” (amended);

This law aimed to meet the obligations of Recommendation 6 of the FATF, the relevant criteria of this recommendation and the immediate outcome 10, that was assessed as partially met. It is worth noting the special importance of fulfilling the obligations of Recommendation 6, given the fact that it is one of key recommendations in the overall AML/CFT system.

3. Decision no. 847, dated 24.12.2019 “On some additions and changes to the decision no. 343, dated 8.4.2009, of the Council of Ministers, “On the ways and procedures of reporting of licensing and supervisory authorities”

This decision updates the titles of the supervisory authorities, as well as expands their competencies in supervising all **legal obligations against ML/FT.**

COLLECTION, ANALYSIS, DISSEMINATION OF FINANCIAL INFORMATION AND TEMPORARY FREEZING ORDERS



One of the most important GDPML's functions is to collect, analyze and disseminate suspicious cases to law enforcement and intelligence agencies.

The most important resource for the preventive system remain reports of suspicious transactions from a number of reporting entities and state institutions, that are submitted in accordance with the law, international standards and best practices.

Other essential information for the analysis of cases includes requests for cooperation from partner FIUs, from state institutions, as well as various sectoral analysis. In analyzing the information provided by these entities or institutions, priorities  are defined for the relevant cases, available data undergoes analysis and if suspicions are warranted, information is disseminated to law enforcement institutions, and if deemed necessary temporary freezing measures are applied for the transactions.

The general analysis of the statistical data presented hereunder, underscores the continuous improvement and further focus on the preventive system, concluding therefore .

- The growing number of SARs submitted by the reporting entities that predominate in terms of ML/TF prevention such as banks and money transfer companies, but also the continuous improvement in the quality of reporting entities in general;
- Increase of funds frozen temporarily and seized by the Court compared to the previous year. During the last three years a steady trend has been maintained in terms of the ratio of funds or assets seized versus those that are frozen;
- Further enhancement of the information disseminated to law enforcement authorities that is accompanied with thorough data and financial conclusions aimed at further strengthening the effectiveness of cases prosecuted by competent authorities;

Reports of suspicious activity

SAR's submitted by the reporting entities constitute an important and essential process due to GDPML's particular role for the prevention of ML/TF.

In this framework during 2019, 1,424 SAR's were submitted to GDPML by reporting entities as reflected in Table 1. A decrease of 6.6 % is noted when compared to 2018, due to the fact that some reporting entities have become increasingly aware of the need to enhance SAR's quality according to the AML/CTF priorities and avoid unsubstantiated reporting. The decrease is noted for notaries, CSA, leasing and electronic payments companies.

With regard to the lower number of SAR's submitted

by notaries we note that this has come as a result of training provided by GDPML and their awareness to increase the quality of reporting and focus in cases with indications and genuine ML / TF anomalies.

Furthermore an increase is noted in the number of SAR's submitted by banks and money transfer companies, an important indicator of the heightened attention they have paid to AML/CTF matters.

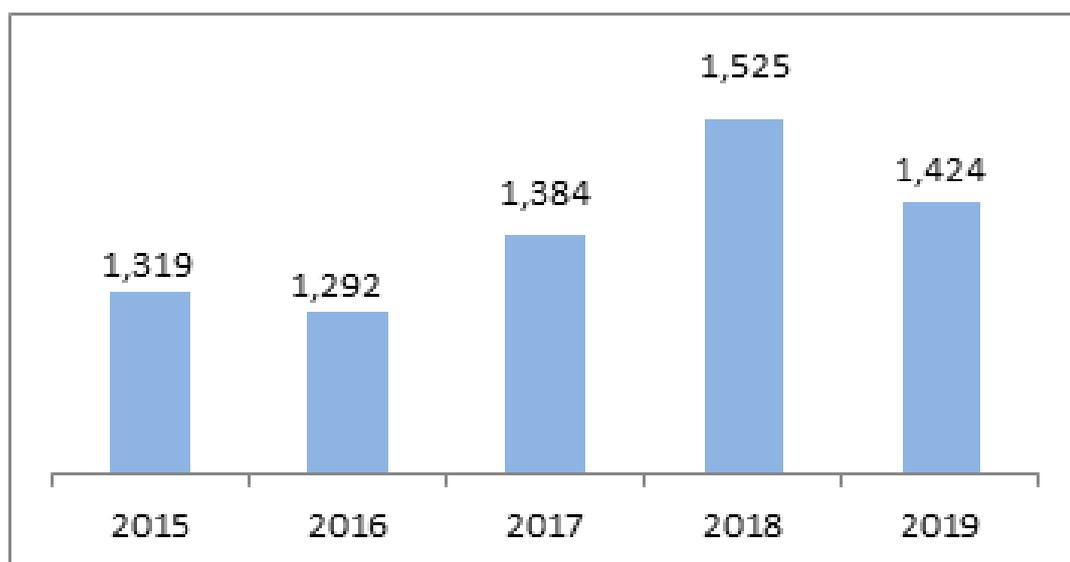
Table 1: SARs submitted by reporting entities during 2015-2019:

Reporting entities	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019
Banks	585	619	686	563	651
Money Transfer companies	79	209	165	247	319
GDC	45	47	46	49	43
GDT	7	3	5	10	12
CSA	210	134	83	164	33
Public Notaries	303	205	254	469	335
CEO	17	14	20	7	6
Accountants	0	1	0	0	0
Certified Public Experts	1	0	0	0	0
Non-Bank Financial Institutions	0	2	10	2	0
Lawyers	0	0	0	0	0
Financial leasing companies	7	15	5	2	0
Construction company	1	0	5	0	5
Car dealers	36	35	101	6	10
Travel agencies	1	0	0	0	0
Savings and loans associations	1	0	0	0	0
Transportation companies	2	0	0	0	0
E-payment companies	19	6	2	6	0
Other	5	2	2	0	10
Total	1,319	1,292	1,384	1,525	1,424

The increasing number of reports from various reporting entities as well as their qualitative improvements is achieved through GDPML's effective measures regarding:

- Informing the reporting entities about ML/FT trends and typologies ML/FT
- A risk based supervision in line with the ranking of the reporting entities;
- Higher attention towards reporting entities characterized by a diversity of indicators as well as enhanced opportunities for detection of suspicious cases;
- Continued cooperation with reporting entities through provision of feedback with respect to the quantity and quality of their reporting;
- Administrative sanctions imposed for reporting entities aimed at better implementation of the legal obligations;
- Cooperation and coordination with the licensing and supervisory authorities on the basis of cooperation agreements;
- Outreach awareness raising activities for the reporting entities;

Graph No.1 Performance of the SARs submitted during 2015-2019.



SAR's performance over the years can be interpreted through Chart 1, whereby despite the slight decline in reports of several reporting entities, the banking system continues to be the predominant factor for the overall AML/CFT system.

In 2019, banks have submitted 651 SAR's, or 15.63% more than those submitted in 2018, while money transfer companies submitted 319 SAR's, or 29.15% more compared to 2018. Even the latter category appears to have become more aware of the prioritization of transfers carried out in risky

countries.

Based on the SAR's submitted, continue to predominate typologies such as: purchase of real estate or movable property with unknown source of funds, suspicious transfers, high cash transfers, suspicions of terrorist financing, actions by suspected persons as involved in criminal activities, the use of individual accounts for obvious business purposes, tax evasion, lending or borrowing from third parties, sponsorships and donations, non-disclosure of cross border transportation of cash etc.

Analysis and referrals to law enforcement agencies



Information analysis is a complex process and in any case is based on elements of indicators detected. The database updated regularly as well as the best examples of international practices, support the evolvement of this process through adaptation with the dynamics of reality as well as staying aware of the necessity to keep abreast with the rapid technological development.

During 2019 special attention has been given to the analysis process:
Regarding prioritization of reports by giving due

importance to complete cases with suspicious elements and other indicators that lead to a better quality of cases disseminated to law enforcement agencies;

- Prompt assessment to ensure in close cooperation with law enforcement agencies, the timely freezing of funds, suspected as proceeds of illegal activity,.

The cases disseminated to law enforcement agencies in 2019 are presented in the following table.

Table 2: Cases referred to law enforcement agencies for the period 2015-2019

	2015	2016	2017	2018	2019
Disseminations to PO	120	120	131	33	25
Referrals to ASP	281	291	270	343	241
Total	401	411	401	376	266

In 2019, in addition to the dissemination of cases to Prosecution Office and ASP, 43 cases have been submitted to GDT with grounded conclusions of tax evasion, concealment of income or other violations of tax legislation.

In addition to dissemination of new cases, follow-up information or new information related to the

previous cases remains of particular importance due to the fact that it may substantiate or even enhance suspicions observed thereto.

In line with the trend of the previous year, most of the cases in 2019 have been disseminated to ASP, as a specialized body for conducting investigations.

Table 3: Cases disseminated to ASP in 2019 and relevant referrals.

	2018	2019
Disseminations to ASP from GDPML	343	241
ASP referrals based on GDPML's disseminations	127	190

From the cases disseminated by GDPML, 190 of them have served as indications for referrals that ASP has made pursuant to Article 287 of the Criminal Code, which represents a 50% increase compared to the previous year.

For 2019, there was a change GDPML's strategy, that has also been reflected in the reduction of

the number of cases disseminated, by focusing particularly on cases that were comprehensive and having grounded suspicions, that were further enhanced through analysis and financially supported conclusions.

This strategy aims to enhance the effectiveness of follow-up by competent authorities, in order to

contribute towards meeting the country objectives regarding the increase of ML/FT criminal convictions.

The reduction of the GDPML's disseminated cases to law enforcement agencies was also as a result of a wider range of databases accessible within the institution, therefore allowing for thorough verifications.

In the cases disseminated to the Prosecutor's Office about 56% were submitted to Tirana Prosecution, while the remainder was submitted to district PO's of Korçë, Fier, Elbasan, Lezhë, Vlorë, Serious Crimes PO and General PO.

During the year GDPML has held an open and ongoing official communication with ASP, concerning disseminations and their follow-up. This initiative has led to improvement and increased effectiveness of GDPML's disseminations.

SAR's from reporting entities constitute the predominant underlying source for the cases disseminated to law enforcement agencies with 90% of the total cases.

Table 1 Indicator for cases disseminated in 2019.

	SARs	Sectoral analysis	Partner FIUs	Notification	Total
Disseminations to the PO	23	1	-	1	25
Disseminations to ASP	221	7	7	6	241
Total	244	8	7	7	266

GDPML attaches particular importance to the identification of the modus operandi and typologies involved in ML/FT and the following indicators of suspicious activity have been noted during this year:

Considerable investments in real estate with unknown source of funds generally credited in cash;

- investments in luxury goods from people that do not justify the source of funds or persons with criminal records;
- suspicious wire transfers (incoming or outgoing including attempted transactions) involving foreign entities or citizens lacking supporting documentation;
- Sponsorships, donations, loans with third parties without a clear link among persons involved;
- unusual transactions that do not fit customer's financial profile;
- fraud of various forms;
- financial transactions carried out by persons with previous criminal records or their associates;
- failure to identify the ultimate beneficiary or difficulties in its definition;
- suspicious transfers to countries considered at risk, including newly registered entities that act like 'call center, broker';

During the analysis of the information, in addition to the identification of ML/FT mechanisms and typologies particular attention is paid to establishing the source of funds and source of wealth, the underlying criminal activity as well as potential criminal connections of persons and entities concerned.

Table 4. Categorization of predicate offences during 2015-2019

Predicate offences	2015	2016	2017	2018	2019
Trafficking of narcotics	48	30	43	31	28
Trafficking of human beings, sexual exploitation	6	7	2	2	5
Establishment or involvement in criminal organization	6	6	5	3	4
Terrorist financing	2	8	5	2	4
Fraud, cybercrime	12	17	15	13	18
Forgery	8	2	5	2	4
Abuse of power and corruption	11	9	13	5	10
Non-declaration of cross border transportation of cash and valuables	14	2	1	1	3
Theft, robbery, coercion, murder consequence	8	3	7	6	5
Trafficking of motor vehicles, evasion of custom duties, smuggling	2	4	0	0	3
Suspicious of tax evasion	41	9	16	5	14
Previous criminal proceedings	20	12	17	19	17
Unknown	224	302	272	287	151
Total	402	411	401	376	266

Table 4, indicates cases disseminated to law enforcement agencies (PO and ASP), where identification of predicate offence was possible.

The predominant number of identified criminal offences in 2019 pertains to predicate offences of trafficking of narcotics, fraud, former criminal records, and abuse of office, tax evasion and

concealment of income.

In line with previous years, for the majority of disseminated cases it has not been possible to establish the predicate offence. Upon the relevant analysis of information it was concluded that:

- Use of funds did not have legal sources;
- Financial operations have had obvious anomalies;
- Economic and legal purpose was convincingly suspicious;
- They have had significant similarities with recognized international typologies.



Freezing Orders

GDPML exercises the right of freezing for 72 hours transactions and assets submitted by reporting entities, to prevent the alienation of criminal proceeds or their use for terrorist financing, in cases where there is evidence and proof that this is happening or is being attempted.

During 2019, a total of 16 temporary orders have been issued, mainly for bank accounts, with a total value of approximately 9.7 million Euros. From this amount approximately 7.8 million Euros were seized by order of Prosecution or the Court decision.

Based on GDPML's disseminations related to proceeds from criminal activities, ASP has reported that real property in the amount of 940,000 Euro was also seized increasing the overall total amount of assets seized based on GDPML's financial information to approximately 8.7 million Euros.

Table 5 Freezing orders and seizures for the period 2015-2019 (In Euros)

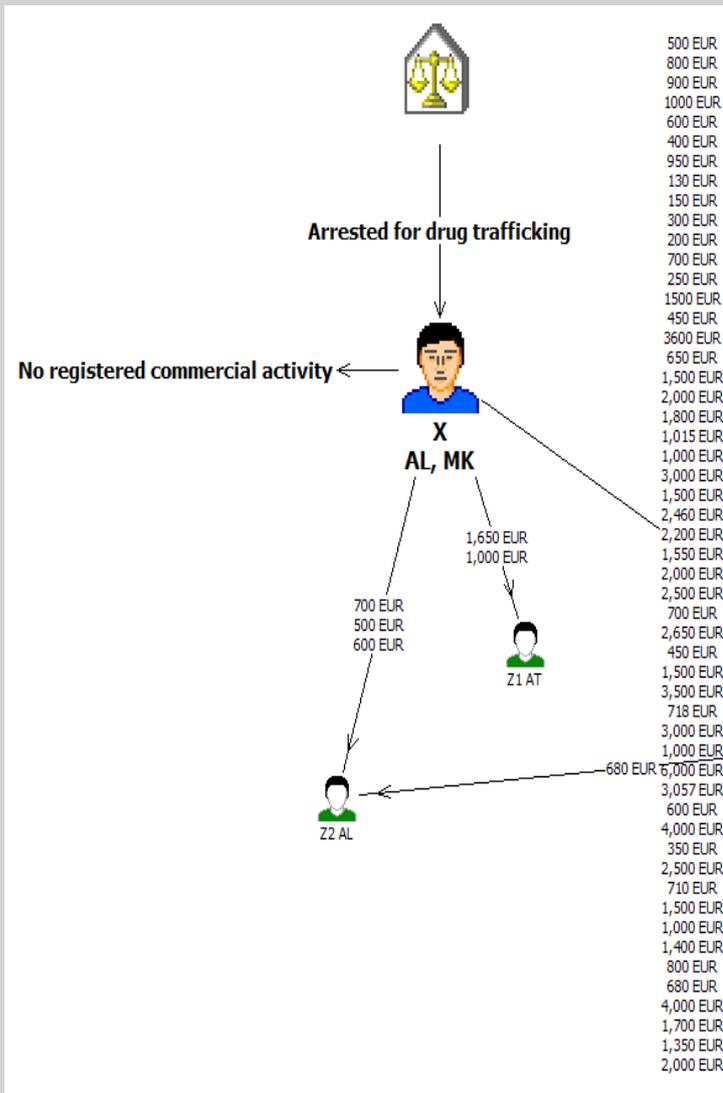
Year	Number of freezing orders	Total amount frozen	Total amount seized	Percentage
2015	47	16,278,080	11,266,941	69.20%
2016	61	28,772,733	8,129,000	28.30%
2017	52	11,263,587	9,096,233	80.80%
2018	24	5,428,270	4,536,595	83.60%
2019	16	9,699,690	7,841,091 ¹	80,83%

The data from the table indicates that despite of the decrease in the number of freezing orders compared to 2018, there is an increase in the total value of funds frozen and seized. The ratio of funds seized to those frozen has remained constantly over 80% during the last three years that in our view constitutes a consolidated positive indicator for the effectiveness of the preventive system.

TYOLOGY OF CASES REFERRED TO LAW ENFORCEMENT AGENCIES

Typology 1: Transfers made by citizens with criminal records.

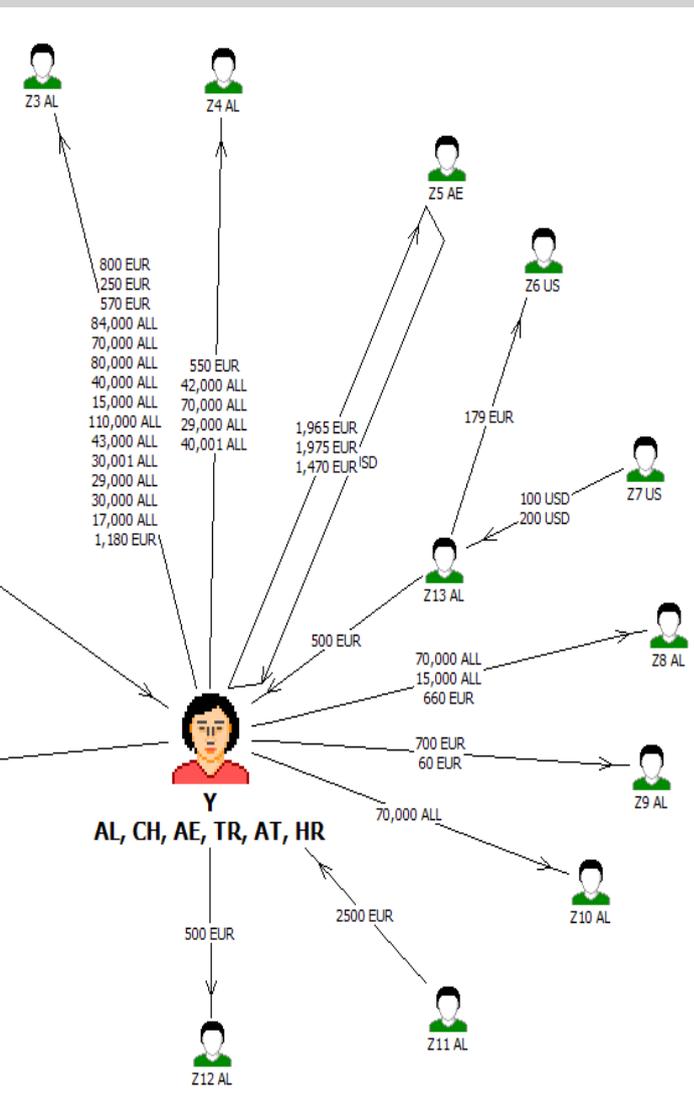
Scheme 1:



Citizen X, during a 3-year period, has made significant wire transfers to different countries, mainly to citizen Y (Albanian national) but also citizen Z1 and Z2 - foreigner and Albanian, without a clear connection among them. The transfers range from 60 - 6,000 EUR; 15,000 - 110,000 Lek and 100 - 200 USD.

Further inquiries indicate that citizen X has not registered commercial activity in Albania, while Y is an entrepreneur offering services related to movable and immovable property. For citizen X, it was found that he was a former administrator in a state institution and was arrested for his links to trafficking of narcotics.

Based on the high number of wire transfers nationally and internationally carried out from citizens X and Y with various citizens, the lack of clear connections among them as well as data on the involvement of citizen X **nationals** in illegal activities, the case was disseminated for further investigation to the law enforcement agencies.



An Albanian citizen X (21 years old), turns out to be a single partner and administrator in two companies: company 'D' Ltd founded in 1998 involved in 'Marketing of all goods, mainly tobacco' and the company 'E' Ltd established in 2019, active in construction and infrastructure works.

During 2019, citizen X received in his personal account, an international wire transfer from a Middle Eastern country '@', amounting to 300,000 EUR having as originator person 'Y' (age 45) a citizen of another country at risk in the Middle East 'β' and resident in the country '@'.

The stated purpose of the transfer was to finance the company 'E' Ltd, based on a one-year loan contract signed a day after the founding of the company 'E' Ltd. The terms of the contract state that in case of failure to repay the loan within 2019, 'Y' has the right to obtain 49% of the shares of the company.

The anomalies of this case are summarized as follows:

- Signing of the contract among citizens a day after the incorporation of 'E' Ltd with the declared purpose "for investments in the newly established company 'E' Ltd";
- Lack of clarity regarding the relationship among the individuals and the considerable loan amount involved;
- Uncertainty about motives citizen 'X' seeks to perform investment for new business through a loan from a citizen of country '@', while sufficient equity of 555 million Lek in his company 'D' is available;
- The condition imposed in case of non-repayment of the loan, may affect the equality of the newly established parties;

Typology 2: Suspicious wire transfers by a citizen of a country at risk

From research on open sources, there is evidence about cooperation among citizens 'X' and 'Y' in the field of manufacturing and exporting of cigarettes. Society 'D' has had a contract for production of cigarettes with the company 'F' Ltd, owned by citizen 'Y'. 'F' Ltd was established in one of the countries considered a tax haven, making investments in production of cigarettes and tobacco, transportation, oil, gas, telecommunications, etc and was accused of committing smuggling in cigarettes trading in several countries.

to be used for money laundering, through funds generated illegally and their inclusion in the financial system for the purpose legitimizing them through a third party, namely a foreigner who is suspected of practicing illegal activities and the creation of illegitimate funds from these activities;

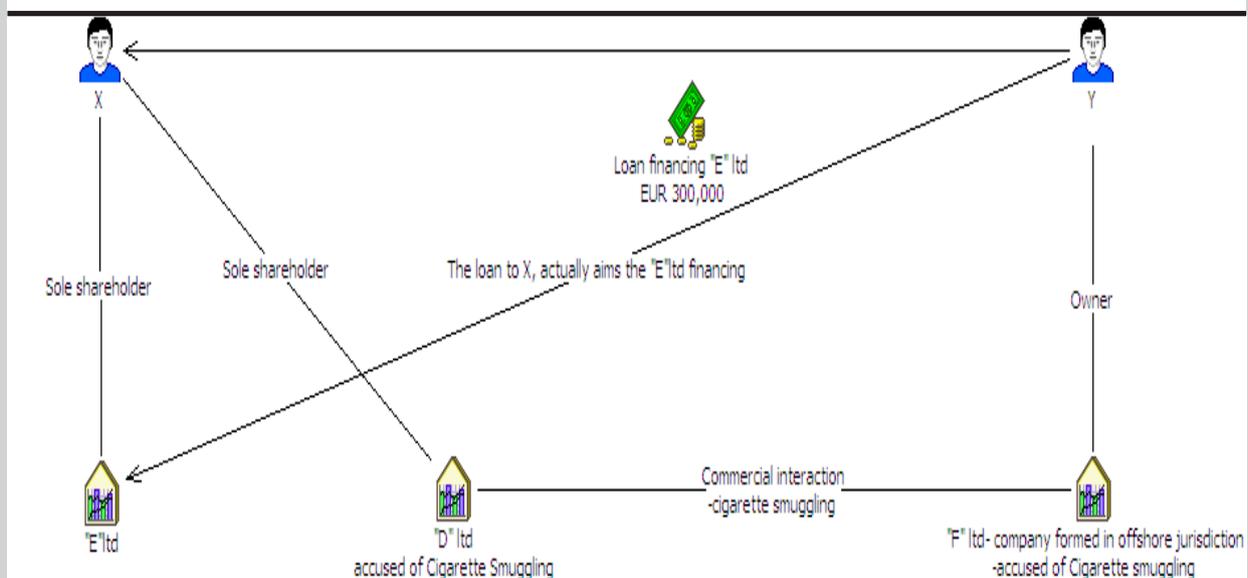
- Unusual conditions stipulated in the loan contract, questioning the ability of repayment;
- Suspicions that citizen 'X' might not be the de facto beneficial owner of these companies;

Based on:

- Suspicions about the source of income of the foreign national that seem to be generated from illegal activities;
- The financing of a new company in the construction business, an activity known

It was suspected that this was a money laundering scheme performed through the establishment of companies with minimum equity and then selling of the company shares at a higher price. The case was disseminated to law enforcement agencies.

Scheme 2:



Typology 3: Suspicious wire transfers benefited from fictitious economic activity

During April 2019, citizen 'X' registered in the NBC two commercial companies 'A' Ltd and 'B' Ltd, having both as a partner and administrator the citizen 'X' (foreign citizen from a country of the EU) and the same object of activity in the field of financial consulting, market research, etc.

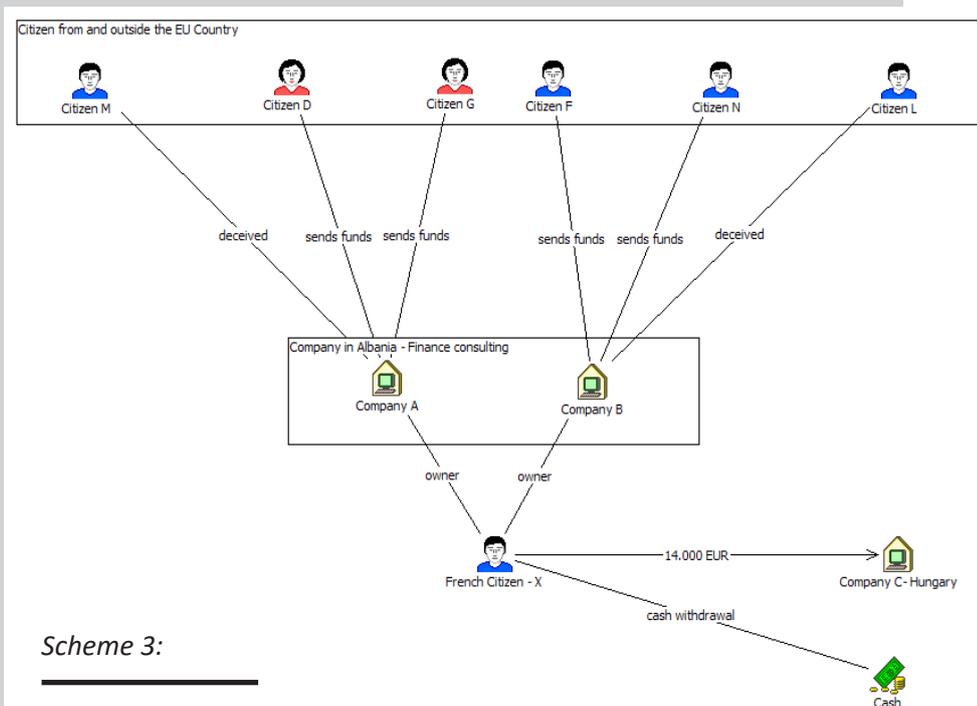
Information was requested from the reporting entities and analysis of the bank data regarding the two companies indicated that:

- From the moment of their registration in the NBC and onwards, the companies have benefited from frequent transfers in values from 985 to 15,927 EUR with the description "Finance consulting".
- Originators of these funds are from more than ten different countries worldwide including EU countries.
- Transferred funds are withdrawn in cash by citizen 'X' and only the amount of 14,000 EUR is transferred to an EU country, for company 'C' established as off-shore (a country known as a tax haven).

the description 'Finance Consulting' and then the ordering citizen has requested the return of funds, claiming that he was involved in a fraudulent investment by the company 'B'.

Considering:

- Allegations of fraud by citizens transferring funds to companies administered by citizen 'X',
- Citizen 'X' has established two companies with the same object of activity, which have benefited transfers in significant values in a relatively short



Scheme 3:

Commercial entities have not carried out genuine economic activity, based on the declarations made in the relevant institutions.

In October 2019, bank 'Z' received a message SWIFT from the correspondent bank 'V', through which information is given that their client, citizen 'M', has deposited with the police of another state (non-EU country) a report of fraud in connection with a transfer made by him to the company 'A' in the amount of about 1,000 USD.

Moreover, company 'A' has received in October 2019, two transfers in the total amount of about 2,000 EUR from the bank 'Z' by citizen 'L' (non-EU country), with

period of time;

- The transfers made are of the same typology (finance consulting) and originate from different entities and countries without a visible connection among them.
- Part of the funds received were transferred from the bank accounts of the companies 'A' Ltd and 'B' Ltd to an EU country, on behalf of the company 'C' established in an off-shore country;

The case was considered abnormal and therefore the information was dismissed for further investigation to the law enforcement agencies.

Typology 4: Considerable incoming wire transfers to Call Center companies.

During January -August 2019, a number of incoming wire transfers were made in bank X having as beneficiaries several Call Center companies. These funds were then immediately withdrawn in cash from the authorized persons of these companies.

Citizens A and B, acting as authorized persons in companies without an apparent connection, turned out to be acquainted.

During the in-depth analysis of the case, it was noticed that about 16 companies of the type "Call Center" with the same object of activity were established in 2 single days. Partners of these companies were different citizens from an EU country, namely citizens 'D', 'E', 'K', 'L' and 'M'.

After verifying their entry-exit patterns in Albania,

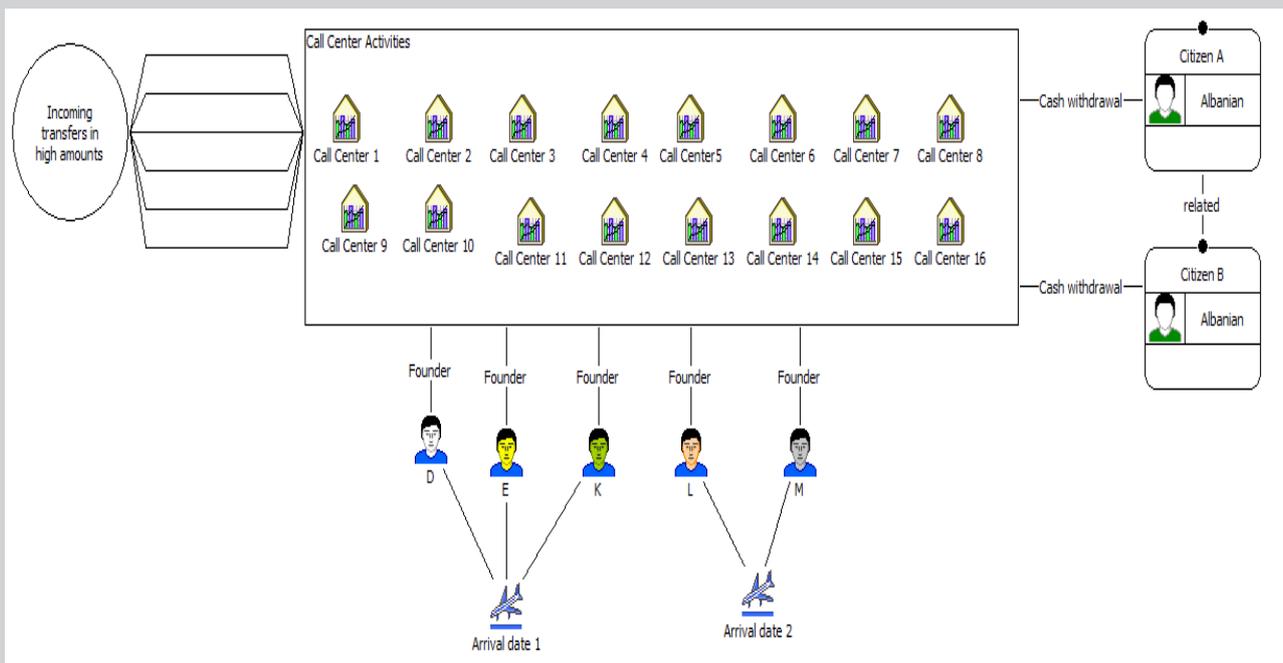
it turned out that these citizens had entered or left our country on common dates, that precede the establishment of companies.

Considering:

- Incoming transfers, followed by immediate cash withdrawals, from Albanian citizens who are acquainted;
- Companies established with the same object of activity, by different foreign nationals from the same EU country, who have traveled on the same dates;

The case was considered abnormal, therefore the information was disseminated for further investigation to law enforcement agencies.

Scheme 4:



Typology 5: Suspicious incoming transfer from a citizen of a high-risk country in the Middle East

In March 2019, an incoming transfer in the amount of 50,000 Lek in bank 'Z', had as a beneficiary Albanian citizen 'X'. The transfer was ordered by a citizen 'A', born in a Middle Eastern country and residing in an EU country. This transfer originated from a non-EU country.

Beneficiary 'X' stated that this amount was sent in order to 'assist in the development of an economic activity in Albania'. Funds transferred were not of high value and this raised doubts about the purpose of the transfer, which could be to test the system for the arrival of funds to the destination, while

through such amount it is not expected to achieve the declared goal.

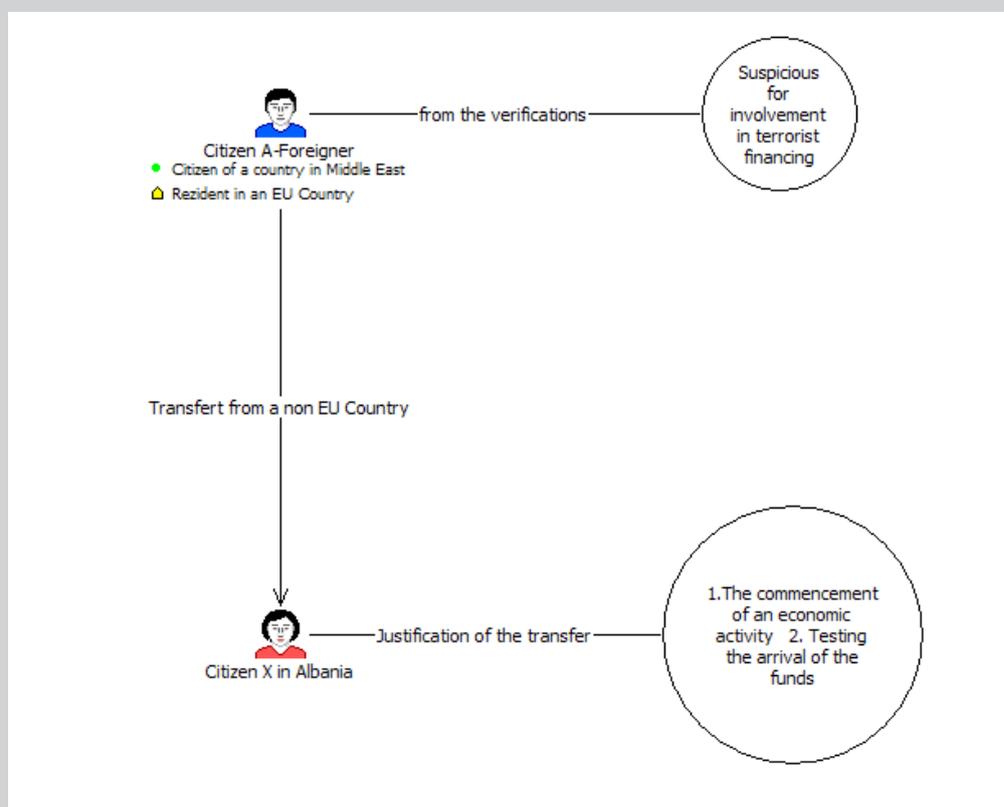
From the verifications carried out by the financial institution, in the *World Check* data, it results the generalities match of the name and surname of the citizen 'A' and his birthplace, as a person suspected of involvement in militant and terrorist groups.

Considering:

- The transfers originating from a non-EU, from a citizen of a country at risk in the Middle East and residing in a EU country;
- Suspicious description of the incoming transfer regarding its intended purpose;
- Lack of the connection among the parties;
- Indication of a match of the originator information with that of a person involved in militant and terrorist groups;

the case was considered suspicious, therefore information was disseminated for further investigation to the law enforcement agencies within the country and spontaneous information was sent to the country of origin of the transfer.

Scheme 5:





STRATEGIC ANALYSIS

The activity of the **Strategic Analysis Sector** has consisted mainly in reviewing the national risk assessment for ML/FT  but also in conducting analyses of sectors  such as: informal loans, analysis in relation to the reports of money transfer companies, based on which information on suspicious activity has been processed and disseminated to law enforcement agencies.

Based on the FATF recommendations, namely Recommendation 1, that obliges countries to conduct national risk assessments, but also from the obligation expressed in the law, the **Strategic Analysis Sector** during 2019 was engaged in collecting, analyzing and processing data in order to perform an update of the former assessment, while taking into account both the experience created and the recent practices.

The National Risk Assessment document is the second ML/FT revision undertaken by the Albanian authorities and is the result of a close inter-institutional cooperation and consultation with a number of public and private actors, aimed to ensure better comprehension of ML/FT  risks, an effective approach to the prevention and tackling of these criminal activities and the persons involved.

The risk assessment document has been presented to the Committee for the Coordination of the Fight Against Money Laundering, to all relevant institutions in the country, supervisory bodies, financial entities and further, based on its conclusions an action plan has been adopted in order to undertake measures to mitigate the main risks identified .

AWARENESS RAISING OF THE REPORTING ENTITIES AND COMPLIANCE ASSESSMENT

Awareness raising of the reporting entities

In order to effectively fulfill its legal obligations, GDPML has continuously paid special attention to the process of awareness raising and outreach to reporting entities. In this regard, during 2019, a series of meetings and outreach activities were conducted with the reporting entities, providing a venue to discuss issues related to addressing the recommendations of Moneyval Committee of the CoE and other monitoring institutions, the implementation of simplified, due and enhanced diligence measures for the customers, risk profile and ML/FT categories of high risk customers, analysis and reporting of complex transactions, getting acquainted with the latest changes in the anti ML/FT legislation, implementation of international sanctions for designated persons pursuant to United Nations

Security Council resolutions, anti ML/FT typologies at national and international level.

In addition to organizing individual training sessions, GDPML has continued to cooperate with supervisory and licensing authorities, in order to better present the preventive experience of institutions and to assess the level of compliance of entities with anti ML/FT legislation.

Through these outreach activities, it was intended to extend their impact to a wider range of reporting entities, particularly the medium and high risk ones. The following table, represents periodic data, regarding the number of persons trained according to the relevant reporting entities.

Table 1. Number of trained persons during 2015 - 2019.

Reporting entity	2015	2016	2017	2018	2019
Bank	285	108	364	203	208
CEO and Money transfer agents	73	77	35	73	273
NBFI	115	188	115	126	7
Brokerage companies	0	0	0	3	0
Gaming companies	0	6	3	1	0
Notaries and Lawyers	73	127	30	221	72
Accountants	0	1	3	2	114
Insurance Companies	35	1	1	2	35
Supervisory Authorities and Institutions (FSA, CSA, ASP, GDC, GDT)	58	108	27	24	20
Car dealers	0	3	3	0	10
NPOs	45	0	0	0	48
Construction companies	0	8	14	18	13
Collective investment and pension funds	5	1	1	0	8
Real estate agents	0	0	0	29	0
Total	689	628	596	702	808



During 2019, the priority categories for the persons trained have been banks and financial entities, CEOs that in certain cases also as money transfer agents, legal auditors and notaries. The main topics discussed in these trainings were:

- Intensifying the analysis of transactions and activity of high-risk customers;
- Increasing attention to cash transactions incompatible with customer's economic profile;
- Measures against terrorist financing, international sanctions for persons designated as terrorists;
- Revisiting of risk assessments by reporting entities and measures to address the risks identified in the National Risk Assessment document;
- Continuous updating of knowledge based on regional typologies and beyond;
- Further increase of focus in order to detect suspicious cases and specialization by structures at the local level of financial entities;

In these meetings, special attention was paid to the authorities that license and supervise the reporting entities of the "On the prevention of money

laundering and terrorism financing" while informing them about cases of deficiencies in order to raise their awareness on the role they perform and the need of cooperation to strengthen the preventative system in the country.

An important role is also played by GDPML's on-site inspections of reporting entities, which in addition to assessment of the implementation of legal obligations, do also serve to provide assistance to representatives of entities in terms of effective implementation of the legal obligations accompanied with relevant practical cases.

In addition to meetings, outreach or on-site inspections, GDPML has widely used electronic means to communicate with certain categories of the reporting entities in order to provide instructions or share ML/FT typologies.

Taking into account the practices of other countries and their growing attention to NPO and assessing their exposure to FT risks, GDPML has organized during 2019 several outreach activities in cooperation with the GDT as the authority responsible for NPO supervision.

Compliance assesement, on-site and off-site inspections

The compliance of the reporting entities with the requirements of the legal and sub-legal acts of anti ML/TF, constitutes one of main objectives of GDPML's activity.

In order to ensure an increasing level of effectiveness of the compliance supervising process, our activity was focused on those categories of reporting entities that represent a medium or high level ML/FT risk.

During 2019 GDPML has continued its activity to guide preventive work of the reporting entities, especially of financial institutions towards individual ML/FT risk assessment, underscoring factors related to customer's

risk, services and products offered, geographical risk and indicators of terrorism financing in order to further enhance and consolidate their preventive structures.

Coordination and cooperation with supervisory and licensing authorities has been one of the main pillars and for this purpose a series of joint inspections have been carried out in financial entities in cooperation with BoA as well as life insurance companies, broker agents and custodians of collective investment funds in cooperation with FSA.

The following table presents the data for on-site and off-site inspections in 2019, compared to the previous years.

Table On-site and off-site inspections for the period 2016-2019.

No.	Reporting Entities	2016		2017		2018		2019	
		On-site	Off-site	On-site	Off-site	On-site	Off-site	On-site	Off-site
1	Bank	9		5	2	7	7	5	
2	NBFI	9		5		7		3	9
3	Brokerage companies			1		3			
4	CEO	12	1	18	27	19	20	16	25
5	Accountants	1	1	3	9	2	11	10	3
6	Construction companies	8	14	14	19	9	14	13	27
7	Car dealers	3	1		5				5
8	Notaries	21	28	6	17	10	39	11	20
9	Gaming companies	6		3	3	1			
10	Life insurance	1		1		2			
11	Law firm				15	3			4
12	Securities companies								
13	Savings and loans	2		1					5
14	Transportation Companies								
15	Artworks								
16	Precious metals			1					
17	Real Estate	4		3	5		19	1	8
18	Investment Funds, pensions and custodians	1		1		1		3	
19	Travel Agencies			1	6		8		8
	Amount	77	45	63	108	64	118	62	114
	TOTAL	122		171		182		176	



For 2019, a total of 176 subjects were inspected, out of which 65% were off-site inspections. GDPML's compliance activity is oriented towards the ML/FT risk and in this context 73% of the total inspections carried out were focused on high risk reporting entities (Bank 5, CEO 41, NF  construction companies 40, notaries 31).

Compliance assessment for 2019, indicates improvements from reporting entities in their efforts to meet legal obligations. During this year administrative sanctions were imposed in about 1 out of 10 inspections, compared to 1 out of 7 in 2017 and 1 out of 4 during 2013-2016. The main shortcomings identified include:

- Non-reporting of threshold cash transactions, although the cases are rather sporadic and

declining;

- Improper monitoring of the business relationship with their customers;
- Shortcomings regarding the centralized system responsible for the collection and analysis of data;
- Lack of in-depth analysis of complex, unusual or high value transactions that are not justified from the economic point of view;

Pursuant to these shortcomings, GDPML has continued the process of reviewing encountered violations, while making recommendations to improve reporting entities preventative system and at the same time duly inform supervisory authorities.

ADMINISTRATIVE SANCTIONS AND JUDICIAL PROCEEDINGS

Administrative sanctions

During 2019, a number of reporting entities were identified as having an inadequate level of compliance with ML/FT law, that have been subject of administrative proceedings, examinations of cases and application of sanctions in accordance with relevant provisions.

This compliance assessment has included both the on-site as well as the off-site inspections based on questionnaires, or the indications of infringements of legal obligations resulting from the monitoring of the entities.

The fines imposed range from 300,000 to 800,000 Lek. The total amount of fines imposed in 2019 was 5,700,000 Lek.

The majority of administrative sanctions were imposed to construction companies (5 administrative sanctions amounting to 3 million Lek), followed by 2 sanctions

imposed on notaries amounting to 1 million Lek.

There is a decrease in the number of administrative sanctions compared to the overall inspections, a general indicator of the increase of preventing measures in the country, effectiveness of training provided to reporting entities as well as the timely and qualitative response towards common challenges.

A total of 10 administrative sanctions have been imposed, pursuant to assessment of examination reports.

The administrative infringements for sanctioned entities consist of:

- Failure to comply with the obligation to report threshold transactions;
- Failure to comply with the customer and enhanced due diligence measures.



Table 1 Number and value of sanctions applied to relevant entities during 2015- 2019 (in Lek).

Reporting entity	2015		2016		2017		2018		2019	
	No:	Amount	No:	Amount	No:	Amount	No:	Amount	No:	Amount
Bank	2	6,000,000	5	10,700,000	5	17,000,000	0	0	0	0
CEO	8	6,800,000	5	3,500,000	8	3,600,000	3	1,100,000	1	500,000
Notary	4	2,700,000	11	3,400,000	2	1,000,000	4	2,800,000	2	1,100,000
NBFI	3	2,200,000	2	1,000,000	1	500,000	0	0	1	500,000
Gaming companies	0	0	4	3,600,000	1	500,000	0	0	0	0
Construction Company	15	14,700,000	4	3,800,000	9	6,000,000	10	9,800,000	5	3,000,000
Travel agencies	1	300,000	0	0	0	0	0	0	0	0
Life Insurance Company	1	2,000,000	0	0	0	0	0	0	0	0
Car dealers	0	0	2	4,000,000	0	0	1	500,000	1	600,000
TOTAL	34	34,700,000	33	30,100,000	26	28,600,000	18	14,200,000	10	5,700,000



Performance of administrative sanctions and judicial proceedings.

During 2019, the total amount of monetary sanctions collected was 5,018,000 Lek. From this amount 1,900,000 Lek belong to sanctions imposed in previous years and 3,118,000 Lek belong to the reporting year.

Tabela 9: të dhëna për arkëtimet për periudhën 2015- 2019

	2015	2016	2017	2018	2019
Decisions	34	33	26	18	10
Total amount in Lek	34,700,000	30,100,000	28,600,000	14,200,000	5,700,000
Total amount collected in Lek	17,656,000	31,786,000	27,788,000	22,590,643	5,018,000

Regarding the administrative sanctions that were imposed during this year, 5 (five) of them have already been collected, while the remaining cases are on-going.

In order to improve the efficiency of the enforcement of administrative measures, GDPML has carefully followed the stages of execution with the bailiff's offices, increasing the efficiency of this activity, until the fulfillment of relevant stages of compulsory execution.

GDPML has diligently followed the judicial proceedings related to application of the administrative sanctions and the outcomes of the completed court cases are as follows:

- The Administrative Court of the First Instance has already ruled for 11 cases, where 81,8 % upheld GDPML's decision;
- The Administrative Court of Appeal has already ruled for 11 cases, which in the amount of 81.8% upheld GDPML's decision (specifically two decisions of the First Instance Court);

Judicial files have been thoroughly assessed in order to further improve the administrative process and to harmonize the approach applied by the reporting entities regarding the ML/TF legislation.

NATIONAL AND INTERNATIONAL COOPERATION

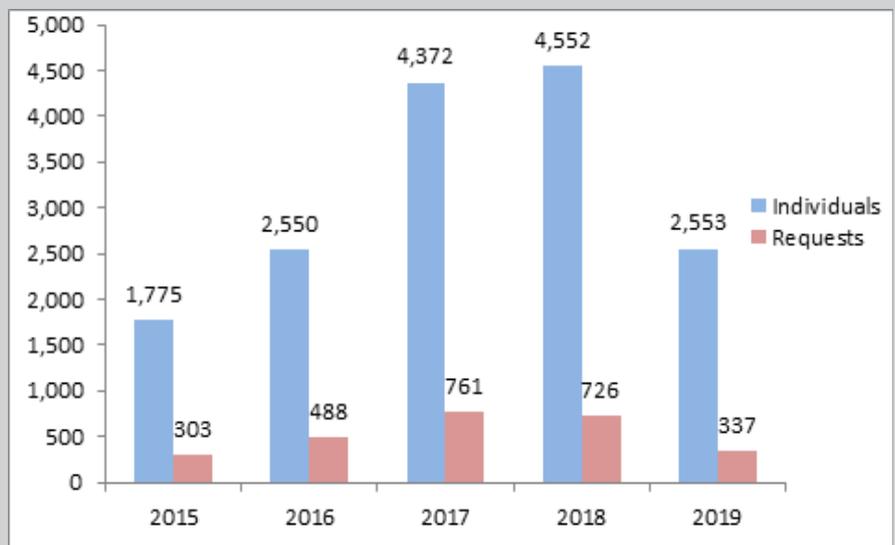
Inter-institutional national cooperation

Maximum commitment has been shown in terms of coordination and inter-institutional cooperation with other institutions within the country, in fulfilling GDPML’s role as coordinator of the evaluation process by the Moneyval Committee as well as in the framework of cooperation on issues of prevention of money laundering and financing of terrorism.

During 2019, the need for information exchange and timely effective response to cases under investigation and proceedings was emphasized through the recurring correspondence with the ASP and the District Prosecutor’s Office particularly for the cases disseminated by GDPML.

During this year GDPML has received 186 requests from ASP and has provided relevant information for about 1,293 individuals. Various District PO’s have submitted 151 requests to GDPML and provided relevant information for about 1,060 individuals. With regard to these requests GDPML has performed verifications with reporting entities and has informed in a timely manner the relevant PO’s.

Graph 2: Number of verification requests and individuals involved.



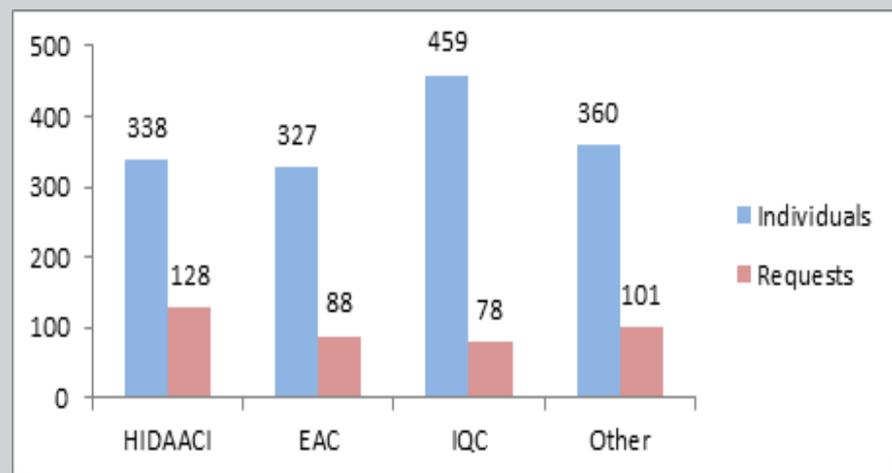


The cooperation with the Task Force “Power of Law Operation” has continued through the representative of GDPML, reacting quickly, especially to the requests considered a priority by the Task Force.

Cooperation with supervising authorities has continued with regard to joint training and common supervising activities, to ensure an efficient use of resources as well as to facilitate the examination processes for the reporting entities.

An important aspect of GDPML’s activity, that requires extensive commitment of human resources, has been the cooperation with the relevant institutions or those established recently, with which we exchanged information in response to their requests, such as: External Assessment Commission (EAC), Independent Qualification Commission (IQC), HIDAACI, BoA, DS, FSA etc. During 2019, verifications were made and relevant information was provided for 1,484 individuals in response to 395 requests received from various institutions.

Graph. 3: Number of verification requests and individuals involved.



Cooperation with the State Intelligence Service continues to be a priority for GDPML, as a partner and strategic institution in the fight against crime. GDPML maintains a constant communication relationship with this institution.

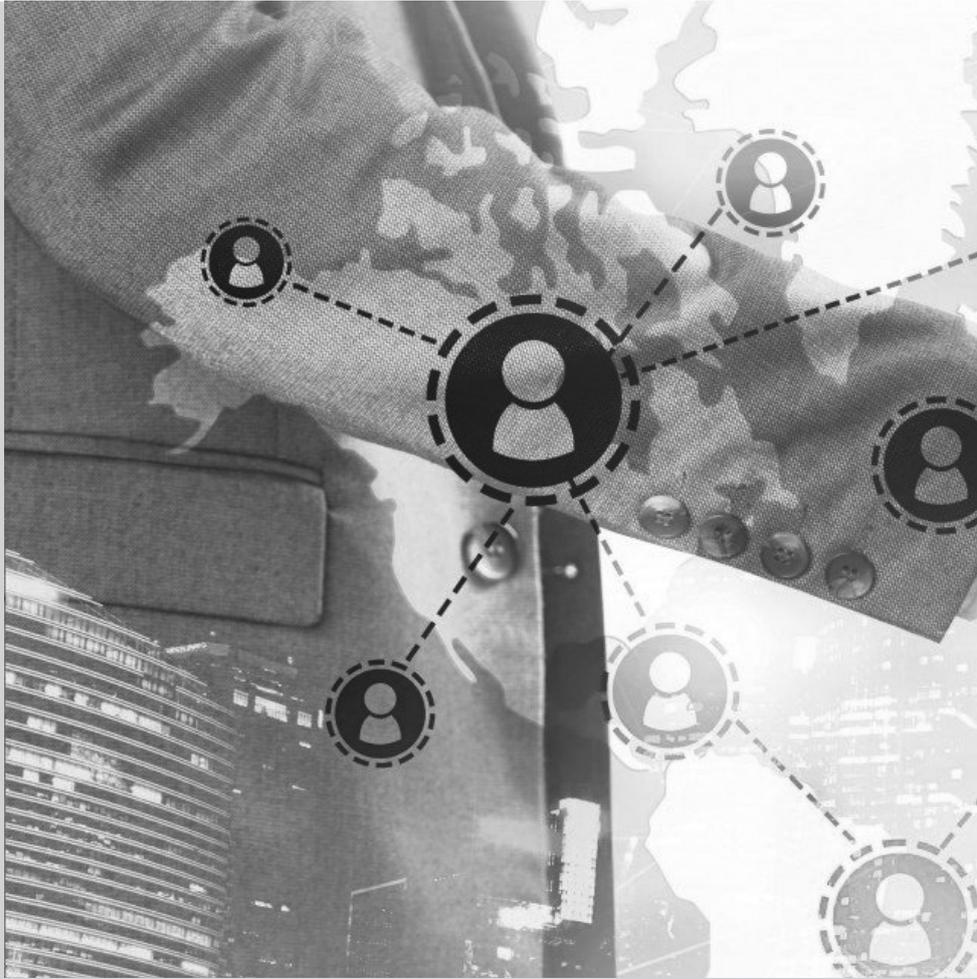
Pursuant to the findings of financial analysis, GDPML has duly informed the GDT for 43 cases that were concluded with suspicions of tax evasion. Close inter-institutional cooperation with GDT, included the NPO’s risk assessment. A specific analysis of this sector was carried out during 2019 and will serve to further guide the risk based supervision of the relevant entities.

International Co-operation

In the framework of strengthening regional cooperation, the annual meeting of the FIUs of the region was held in October 2019, in Ohrid, Northern Macedonia. Attendees included representatives from FIUs of Albania, Bosnia and Herzegovina, Croatia, Montenegro, Northern Macedonia, Serbia and Slovenia. FIU experts held discussions and exchanged experiences regarding regional ML/FT trends and typologies, experience of countries concerning assessments made by the Moneyval Committee of the CoE, implementation of EU ML/FT directives, and participation in meetings of the Egmont group of FIUs etc.

During 2019 GDPML was regularly engaged in the activities of the Egmont Group, by participating in various projects, where the cooperation has been requested, but also in the plenary meeting of Egmont group held in July 2019 in the Hague, Netherlands.

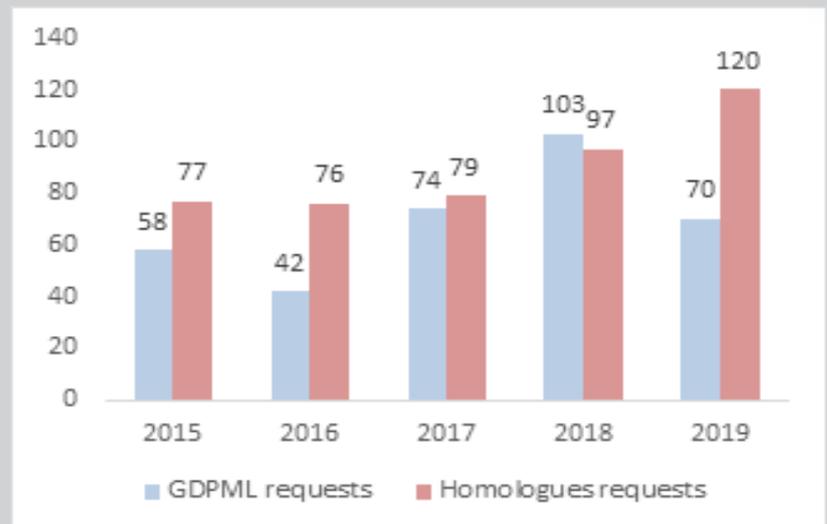
In September and October 2019, GDPML held two high-level working visits to FIU Greece and the United Kingdom, focused on the issues of bilateral cooperation concerning the fight against ML/FT. An important step was the signing of a revised agreement on cooperation with FIU Greece.



Exchange of information among FIUs

During 2019 GDPML has exchanged information among FIUs, members of the Egmont Group, as reflected in the graph:

Graph no. 4: Exchange of information with FIUs.





Evaluation process by the Moneyval Committee of the CoE

During 2019, Albania has undergone an enhanced follow-up process by Moneyval Committee, as well as monitoring by the International Cooperation Review Group (part of the FATF). The two processes of evaluation/monitoring, of Moneyval and ICRG, are intertwined and yet independent of each other.

During its 59th plenary session in December 2019, the Moneyval Committee adopted Albania's first monitoring Report that addressed technical compliance. Thanks to the measures undertaken there was a re-rating for 6 FATF recommendations¹. In this meeting, the Albanian delegation was headed by the General Director of GDPML and included representatives of the PO, ASP, GDPML, BoA, FSA and NBC.

The reporting to ICRG and FATF on the effectiveness the ML/FT preventive system in Albania took place during November-December of 2019 and will continue during 2020.

1. Specifically, Recommendations 8, 18 and 35, originally rated as PC (partially compliant), were re-rated as LC (Largely Compliant). Recommendations 6 and 19, originally rated as PC, were re-rated as C (Compliant). Recommendation 21 originally rated as LC, was re-rated as C (compliant).

BUDGET, HUMAN RESOURCES AND IT

Management of budgetary resources

During 2019, GDPML has spent a total of 81.5 million Lek, or 17% more compared to 2018. Actual expenditures incurred were 91% of the amount planned.

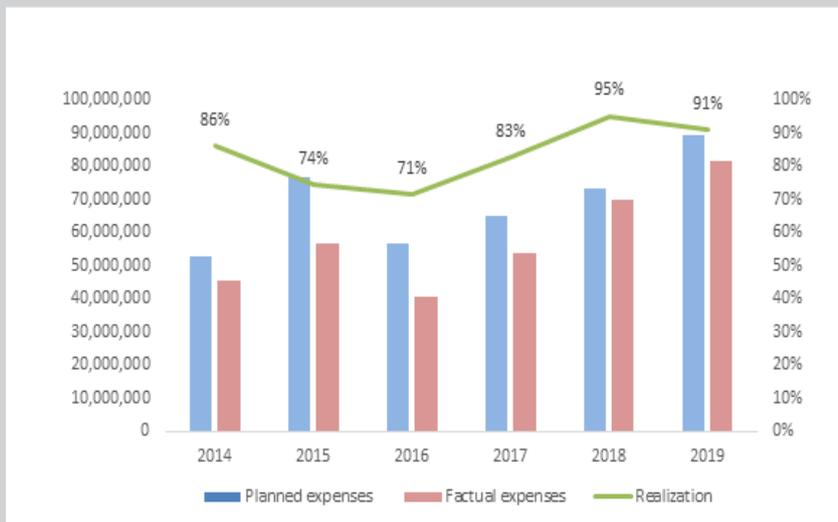
Expenditures were divided into 57 million Lek in current expenditures and 25 million Lek in capital expenditures. The ratio of current and capital expenditures incurred were 68% and 32% respectively compare to the total amount. Compared to 2018, when the expenditure structure was 76% current and 24% capitals, there is an increase in the relative weight of capital expenditures to the total, as a result of increased investment,

mainly in IT infrastructure.

Current expenditures increased by 5.5% compared to the previous year and were 89% of the amount planned. The outstanding amount has come as a result of the insufficient usage of “Goods and other services”, without affecting the main services such as maintenance and security services of IT infrastructure.

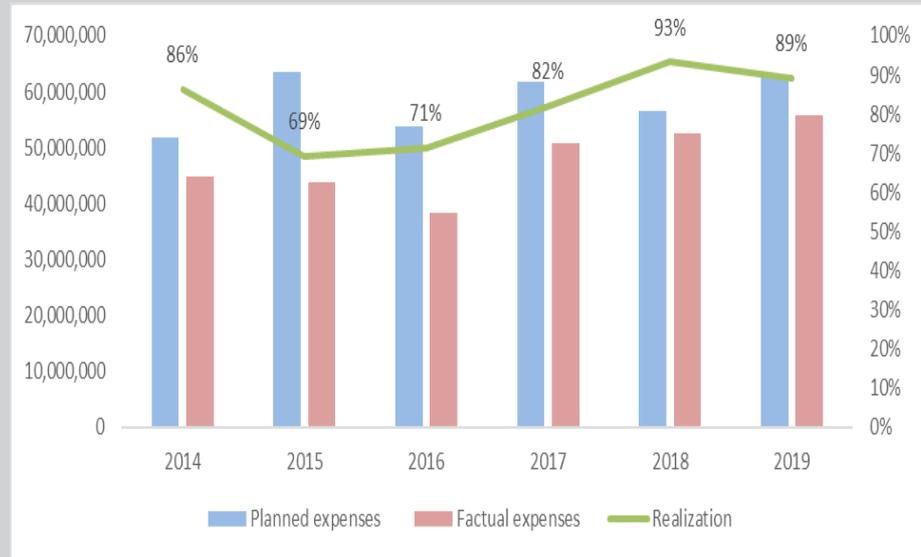
Capital expenditures reached a high level, with 1.5 times more when compared to 2018 and 10 times higher than in 2017. Their actual utilization was 96% compared to the amount planned for 2019.

Graph 4 Budgetary funds available and their use over the years





Graph 5 Current expenditures and their use over the years



Graph 6 Available capital expenditures (investments) and their use over the years.



GDPML will continue to be engaged in active management of the budgetary resources, the transparency and improvement of the planning process, aiming to increase efficiency and effectiveness in the use of allocated public funds, in order to increase professional capacity and further development of IT infrastructure, enabling the implementation and achievement of institutional objectives in the fight against ML/FT.



Management of human resources

During 2019, the organizational structure of GDPML was increased with 6 more employees, reaching a total of 45 employees and with an average of 80% of the positions completed. During this period, in cooperation with the Department of Public Administration, restructuring procedures were carried out in November 2019 and recruitment procedures were initiated to fill 10 vacancies, due to voluntary dismissal or other additions to the institutional structure, pursuant to Law 152/2013 “On Civil Servant”, amended. Out

of these vacancies, 6 have been executive-level recruitments and 4 in management-level positions.

Through the responsible structure, human resources have been supervised and administered, in accordance with the principles and criteria of current legislation, as well as the processes of employees’ performance assessment, in accordance with the legal deadlines.

GDPML has promoted employees’ professional



Information Technology

The increase of IT capacities has continued to be one of the priority aspects of GDPML's activity during 2019. Funds allocated for investments have been primarily used for improving IT infrastructure and systems in GDPML, the normal progress of electronic reporting by the reporting entities, upgrading of equipment, increasing the capacity of data collection and processing.

The collection, processing and storage of information is ensured continuously thanks to a close cooperation of IT specialists in GDPML, with their colleagues of the National Agency for Information Society, ASP, CISD, GDC, GDT, CSA, BoA, General Directorate of Road Transport Services, the General Directorate of Civil Registry and the private sector.

Thanks to this ongoing cooperation, GDPML has managed to ensure viable access to databases of these institutions to enable a comprehensive and qualitative analysis of information related to ML/FT prevention.

Particular attention has been paid to meeting the relevant recommendations of the CISD on security issues, which serve as a basis for ongoing needs planning and training in specific areas.

The data reported by the reporting entities, constitute the bulk of information collected and processed by GDPML and to this end efforts have continued unabated, to ensure a seamless functioning of the reporting modules, provide continuous technical support to reporting entities and a number of state institutions.

The cooperation of the GDPML at the international level, has dictated the need to ensure a timely operation of the secure information exchange mechanisms with partner FIUs, by means of a continuous monitoring in accordance with Egmont operational standards.

Electronic communications tools have been widely used to inform certain categories of legal entities about issues that are considered as medium or high risk in terms of ML/FT prevention, in accordance with GDPML practice consolidated over the years.

During this year, special attention has been paid to increasing the capacity of human resources of the IT Sector, in order to ensure the normal progress of the operation of IT infrastructure and fulfillment of the functional tasks of the institution.

OBJECTIVES FOR 2020

Efforts and institutional activity during 2019 will serve as a starting point for furthering the objectives for the prevention and tackling of ML/FT. GDPML remains committed to further improvements in the legal framework, regulations, procedures and work related processes.

During 2020, in addition to the legal objectives of GDPML that are part of the core functions of the institution, special emphasis will be given to:

- Coordination of measures in the Albanian system of the prevention and tackling of ML/FT;
- Reporting to ICRG  ATF;
- Carrying out risk analysis for specific sectors;
- Further improvement of IT infrastructure;
- Further consolidation of the ML/FT risk based supervision of the reporting entities and closer cooperation with the supervisory authorities;
- Continuous provision of quality for the reporting entities and GDPML staff.¹

1, Considering 940.000 Euro and immovable property seized under reference sent by the FIU, the total value is EUR 8.7 million 



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