



General Directorate for the Prevention of Money Laundering

Annual Report 2015

Tiranë, 2015

**Republic of Albania
Ministry of Finance**

**www.fint.gov.al
Ministry of Finance,
Boulevard "Deshmoret e Kombit",
no 3, Tirana.
Tel: +355 4 22 44 602**

CONTENTS

CONTENTS.....	3
ACRONYMS	4
THE MESSAGE FROM THE GENERAL DIRECTOR.....	5
INTRODUCTION.....	6
IMPORTANT MILESTONES.....	7
MAIN ACTIVITIES AND THE IMPLEMENTATION OF PREVENTIVE MEASURES AGAINST TERRORISM FINANCING.....	9
HUMAN RESOURCES MANAGEMENT.....	9
BUDGET SOURCES AND THEIR UTILIZATION BY GDPML	11
RAISING AWARENESS OF REPORTING ENTITIES.....	11
On/Off-site inspection.....	12
ADMINISTRATIVE MEASURES	14
COLLECTION, ANALYSIS AND DISSEMINATION OF FINANCIAL INFORMATION.....	15
Reporting of Cash Transactions.....	15
SUSPICIOUS ACTIVITY REPORTS.....	16
FINANCIAL ANALYSIS AND REFERRAL TO LAW ENFORCEMENT AGENCIES.....	18
TEMPORARY FREEZING.....	20
TEMPORARY MEASURES / FREEZING ORDERS.....	20
TYPOLOGY.....	21
STRATEGIC ANALYSIS SECTOR.....	25
TECHNOLOGICAL INNOVATIONS.....	26
INTER INSTITUTIONAL COOPERATION.....	26
INTERNATIONAL COOPERATION.....	27
Cooperation with FATF.....	27
Cooperation within the EGMONT group.....	27
COOPERATION WITH THE MONEYVAL COMMITTEE OF THE CE.....	28
Information exchange with FIUs.....	28
OBJECTIVES FOR THE YEAR 2016.....	30

ACRONYMS

FSA	Financial Supervisory Authority.
EU	European Union.
GDC	General Directorate of Customs.
GDPML	General Directorate for the Prevention of Money Laundering.
GDSP	General Directorate of the State Police
GDT	General Directorate of Taxation.
DSCI	Directorate for the Security of the Classified Information.
EGMONT	Network of Financial Intelligence Units in the World.
CPA	Certified Public Accountants.
ESW	Egmont Secure Web.
FATF	Financial Action Task Force.
FIU	Financial Intelligence Unit.
IMF	International Monetary Fund
ICRG	International Cooperation Review Group.
ICPA	Institute of Certified Public Accountants.
HIDAACI	High Inspectorate for the Declaration and Audit of Assets and Conflict of Interest.
CCFAML	Committee for the Coordination of the Fight Against Money Laundering.
CE	Council of Europe.
MONEYVAL	Committee of Experts for the Evaluation of Measures Against Money Laundering.
FIU	Financial Intelligence Unit.
JIU	Joint Investigation Unit for Investigation of Financial Crime and Corruption.
OSCE	Organization for Security and Cooperation in Europe.
PAMECA	Police Assistance Mission of the European of the European Community to Albania.
PEP	Politically Exposed Persons.
GPO	General Prosecutors Office
ML/FT	Money Laundering / Financing of Terrorism.
SAR	Suspicious Activity Report.
CTR	Currency Transaction Report
VTR	Value Transactions Report.
SIS	State Information Service.
IT	Information Technology.
CMD	Council of Ministers Decision.
EO	Exchange Offices.
CORIP	Central Office for the Registration of Immovable Property
PROTIK	Information and Communications Technology Resource Center
NAIS	National Agency for Information Society

THE MESSAGE FROM THE GENERAL DIRECTOR

The Albanian Financial Intelligence Unit has continued to play an active role in the prevention system, the investigation and the referral of suspicious cases. This role of GDPML would not have been possible without the collaboration of the reporting subjects, which usually, have shown increasing professional collaboration tendencies. Throughout 2015 we have noticed further consolidation in our relationship with the supervisory authorities and law enforcement agencies. We have identified unresolved issues and have taken steps to address them.

Thanks to the commitment of the institutions and the team that I have had the pleasure of leading, Albania, during the year 2015, has been removed from the list of countries under monitoring by FATF and MONEYVAL, processes that indicate the considerable and versatile work undertaken by the Albanian institutions with the growing support of the government.

During this year we have completed successfully the document for the national evaluation of risk for ML/FT, a document which fulfills the requirements of international standards, national needs and obligations, specifies the problems related to the supervision and investigation, the main acts and origins of wealth accumulated via criminal activities, the factors that reduce and increase the risk as well as the threats.

Additional attention has been shown toward the training and raising awareness of the subjects about the issues of terrorism financing and the collaboration with law enforcement agencies and intelligence agencies toward this goal.

In compliance with the circumstances and terrorism threats and/or radicalization that have affected the whole world, including the Balkans, we have undertaken tangible steps toward intensive collaboration with national and international agencies of investigation and inquiry, and showing attention to the training and raising awareness about this issue among the reporting subjects about the typology, the problematics and their solutions.

The publication of the yearly report is another occasion for me to thank the GDPML staff for their continuous, unsparing work, and for their work to be modestly seen as an example in the country.

General Director
Genti GAZHELI

INTRODUCTION

The publication of the yearly report, besides being a legal requirement of GDPML, is an opportunity to display in a condensed form all the work, the statistics, the national and international collaboration with a special focus on the relationship with the subjects.

In the report you can find information about:

- The types of received reports, grouped by the category of the reporting subjects;
- Processing, gathering and analysis of the received data;
- The distribution of suspicious cases to the law enforcement agencies;
- The national and international collaboration;
- The compliance of the subjects to the legal requirements, the inspections carried out, the measures taken and the realized trainings;
- The Typologies of ML/FT;

This data provides a high level overview on the organization/functioning of GDPML as well as the achievements and problems faced in the prevention system.

Through this report we aim to, first and foremost, inform the public and specifically the reporting subjects about GDPML's job, but also address the problems faced by the actual actors in the prevention and prosecuting system against ML/FT.

IMPORTANT MILESTONES

- On May 2000, the Albanian Parliament, based on requests by the European Council and the MONEYVAL committee passed legislation no. 8610 on 17.05.2000, “On the prevention of money laundering”;
- On August 2001, it was established for the first time the Directorate for the Coordination of the War against Money Laundering in the Ministry of Finance;
- On June 2003, the Albanian Parliament, in adherence to the requests of the second evaluation report of Albania by the MONEYVAL committee, passed important addendums to the law “On the Prevention of Money Laundering” by passing law no. 9084 on 19.06.2003 “On some addendums and changes in law no. 8610, date 17.05.2000 “On the Prevention of Money Laundering””;
- On July 2003, the Albanian Financial Intelligence Unit was made a member with full privileges in the EGMONT group during the plenary session held in Australia;
- On July 2004, the Albanian Parliament passed law no. 9258 “On the measures against financing of terrorism”;
- On August 2005, the Directorate for the Coordination of the War against Money Laundering was raised to the level of General Directorate for the Prevention of Money Laundering by the Ministry of Finance;
- On March 2006, the first yearly report of the General Directorate for the Prevention of Money Laundering was published;
- In August 2006, CCFAML enacted the National Program for the Control of Cash Money Movement in the territory of the Republic of Albania;
- On November 2006, law no. 9641, dated 20.11.2006, “On the ratification of the European Council Convention “On the Prevention of Terrorism” and law no. 9646, dated 27.11.2006 “On the ratification of the European Council Convention “On Clearing, Searching, Apprehension and Confiscation of Criminal Products and Terrorism Financing”;
- On January 2008, on decree of the Prime Minister of Albania, the new structure of GDPML was approved, in which the Information Technology department was first established.
- On May of the year 2008, the Albanian Parliament approved law no. 9917, dated 19.05.2008, “On the Prevention of Money Laundering and Terrorism Financing, which entered into force on September of the same year;
- On September 2009, the project on the “The Fight against money laundering and financial crime” in cooperation with the German Federal Criminal Investigation Office was completed;
- On October 2009, with the decree no. 1077, dated 27.10.2009, of the Council of Ministers, the National Strategic Document “On the Investigation of Financial Crime” was approved, in which GDPML had a leading role in drafting;
- On November 2009, GDPML presented before the Parliamentary Commission on National Security the two year work in the field of money laundering and terrorism financing prevention;

- On November 2010, the visit of the IMF’s Fourth Evaluation Mission on the measures undertaken by Albania in the area of the prevention and prosecution of money laundering and terrorism financing;
- On March 2011, the second project of cooperation, financed by the EU, “Support of the structures in the war against money laundering and the structures for the investigation of financial crimes in Albania” started;
- On March 2011, the Albanian Parliament made some changes in the law “For the prevention of money laundering and terrorism financing” via the approval of law no. 10391 date 03.03.2011;
- On April 2011, the MONEYVAL committee of the European Council approved the fourth round report on Albania, where it is displayed the growing assessment on Recommendation 26 of FATF that is directly related with the activity of GDPML as a financial intelligence unit;
- On February 2012, the evaluation of risk on the exposure of the non-profit sector in Albania pertaining to terrorism financing was completed in in compliance to special recommendation VIII of FATF;
- On June 2012 law no. 9917, dated 19.05.2008, “On the prevention of money laundering and terrorism financing” was amended;
- On October 2012 the document for “The national evaluation of risk in money laundering and terrorism financing” was completed and submitted to the Committee for the Coordination of the Against Money Laundering;
- On April 2013, the EU project on “Support for the Structures in the War against Money Laundering and the Structures for the investigation of financial Crime in Albania” was completed;
- On July 2013, the participation of the GDPML director in the plenary session of the EGMONT group of FIU;
- On October 2013, GDPML organized a regional conference of the leaders of FIU;
- On October 2013, the Albanian Parliament approved the Law “On the measures against financing of terrorism”;
- On February 2014, the Prime Minister approved the new structure of GDPML;
- In October 2014, the meeting of CCFAML under the leadership of the Prime Minister was organized;
- On May 2015, Albania concluded the process of the implementation of the FATF recommendations and was removed the public list of countries with deficiencies in the area of money laundering and terrorism financing;
- On June 2015 the review of the national risk ML/FT assessment was concluded and it submitted to partner institutions and authorities;
- On September 2015, the MONEYVAL committee of the European Council took under consideration Albania’s progress vis a vis the recommendations of the fourth round of evaluations based on the measures undertaken by the authorities deciding whereupon to end the compliance enhancing procedure;

MAIN ACTIVITIES AND THE IMPLEMENTATION OF PREVENTIVE MEASURES AGAINST TERRORISM FINANCING

The General Directorate for the Prevention of Money Laundering in accordance with law no. 157/2013, date 10.10.2013 “On the measures against financing of terrorism” has paid considerable attention and has repeatedly followed the changes that the list endured after the decree of the United Nations Security Council with the changes of the decree of the Council of Ministers no. 718, date 29.10.2004, “On the list of persons revealed as terrorism financiers”, amendments approved by 15 decrees of the Council of Ministers.

In implementation of resolution 1373 (2001) of the United Nations Security Council and article 15 of law no. 157/2013 “On the measures against financing of terrorism” it has been realized the pronouncement of persons as terrorists with internal procedures on the proposal of GDPML based on decree 589 date 01.07.2015 of the Council of Ministers.

REPORTS IN THE FRAMEWORK OF THE FIGHT AGAINST MONEY LAUNDERING

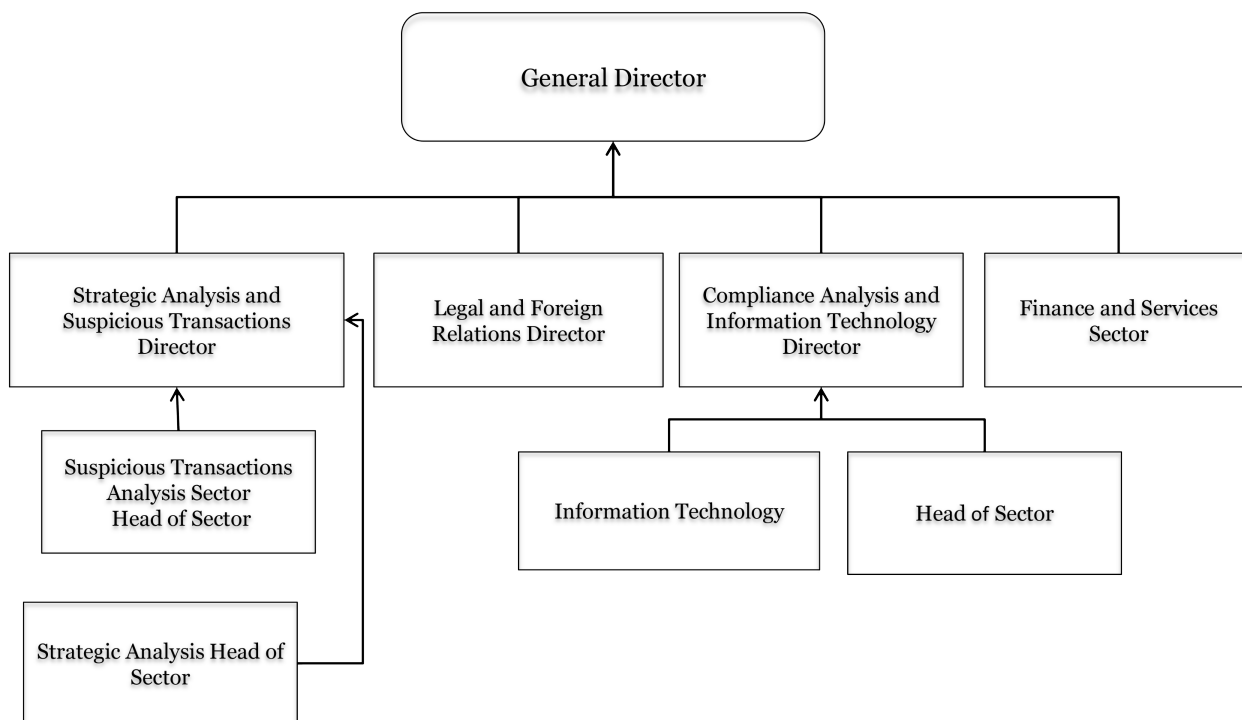
The General Directorate for the Prevention of Money Laundering has been actively involved in workgroups in the framework of processes related to the country’s integration to the EU, giving its contribution related to its activities. In this framework, GDPML is a member of the interagency workgroup on chapter 24 “Justice, Freedom and Security”, a member of the group for the assessment of the 5 EU priorities, specifically priority 4 “Fight against Organized Crime”. It is worth noting that all measures in the work plan and the established goals of these commitments have been fulfilled within the proposed deadlines.

HUMAN RESOURCES MANAGEMENT

The Human Resources Management and Services Sector during the year 2015 has had in its attention the efficient management of human, financial and logistic resources in the disposal of GDPML.

In this context, special attention has been paid by this sector to the well-functioning of GDPML in order to assure the institution’s optimal performance. For this purpose the evidenced problems have been treated with special care and appropriate solutions have been implemented.

During the year 2015 the new structure of GDPML has been implemented with the reorganization in three directorates. To give the proper importance to the relationship with homologous institutions and the third-party institutions in the exchange of information the Legal and External Relations Directorate has been established.



The plan for recruitment needs has been presented and within this plan the procedures for the application and acceptance of public officials in the administrative civil service have been followed upon with the Public Administration Department.

During this year we have continued the realization of the procedure of providing security certificates to GDPML employees with the cooperation and continued communication with the Information Security Directorate of the Council of Ministers.

The procedure of job and performance evaluation of each employee has been followed with rigor and special attention has been paid to the avoidance of conflicts of interest and fulfillment of the legal requirements in assets declaration, processes that have been monitored and positively appraised again this year by HIDAACI.

In order to further strengthen our human resources, GDPML employees have actively participated in training activities organized during the year 2015 by the EGMONT group, the MONEYVAL committee and the PAMECA IV project.

Following we are presenting some of the themes of the above-mentioned trainings:

- Best practices in the investigation and prosecution of financial crimes;
- Expert Evaluation by MONEYVAL on the FATF recommendations;
- Confiscation of products of cybercrime;
- Techniques of financial investigation and strategic analysis;

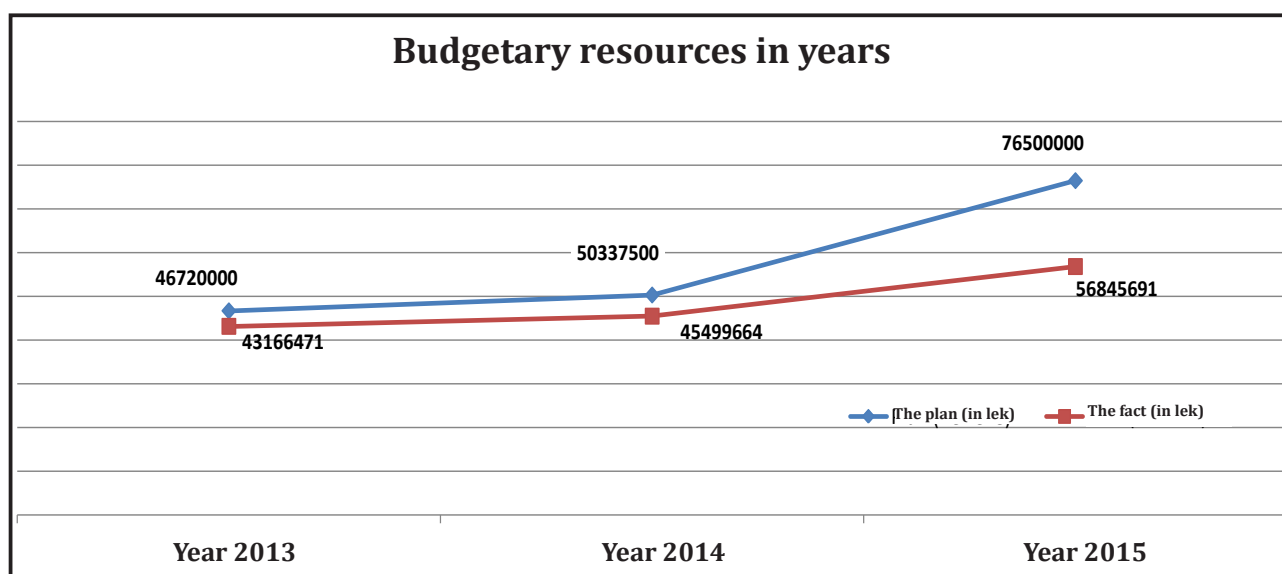
During this year special attention has been shown to trainings organized by local institutions, such as “The Albanian School of Public Administration”, “NAIS” and the “PROTIK” center, related to the creation of reference terminology in information technology projects in public administration.

BUDGET SOURCES AND THEIR UTILIZATION BY GDPML

In the meantime during the year 2015, based on the legislation and normative acts in the area of financial management, the use of budget funds allocated by the Ministry of Finance has been continuously tracked and detailed financial statements have been prepared and the realization of public procurements has been periodically reported.

The allocated funds and their use by GDPML in the period 2013 – 2015 are shown graphically below.

Graphic no. 1



RAISING AWARENESS OF REPORTING ENTITIES

In meeting the legal requirements, GDPML has been very active toward raising the awareness and training the entities subject to the law, by organizing meetings both with the subjects of the law and supervisory authorities but mainly the Albanian Association of Banks. The focus of GDPML has been raising awareness and sharing the best practices in the fight against money laundering and terrorism financing with financial entities and notaries.

During the year 2015, special attention in all trainings in various categories of entities has been paid to the measures against terrorism financing as a regional and international worrying issue, based on the terrorist acts that have taken place this year.

To this effect, the official website of GDPML serves as a hub where the entities subject to the law can acquaint themselves with the typologies, indicators and countries with incomplete implementations of international standards in the area of money laundering and terrorism financing.

Following below, some data on the categories and the number of entities trained in the period 2013 – 2015 are shown:

Table no. 1

SUBJECT	No of entities trained		
	YEAR 2013	YEAR 2014	YEAR 2015
Second level banks	84	120	285
Exchange Offices	151	70	73
Non-Bank Financial Institutions	0	68	115
Games of Chance	15	12	0
Notery	75	237	73
Chartered Accountant	63	1	0
Life insurance company	0	0	35
Supervisory Authorities and Institutions (FSA, CORIP, GDSP, GDC, GDT)	13	139	58
Car dealers	0	14	0
Non-profit organization	0	0	45
Construction company	0	38	0
Private Pension Institutions	0	0	5
TOTAL	401	699	689

The trainings have been organized by including all categories of the entities subject to the law and special attention has been shown to the categories that display a higher risk for ML/FT.

Also, with respect to NGOs, because of the high risk they represent with regards to FT, a training to raise awareness has been organized for this purpose and further collaboration with the GDT as their supervisory agency has been ongoing.

On/Off-site inspection

The compliance assessment of reporting entities to the legal obligations for preventing money laundering and terrorism financing is one of the most important functions that the General Directorate for the Prevention of Money Laundering performs.

The supervision of reporting entities during the year 2015 has included both on the premises as well as off-site inspections, analysis of reports and information administered by both the reporting entities and supervisory authorities.

Based on the analysis of the compliance risk, the supervision performed by the GDPML has been oriented toward those sectors that are more exposed to the laundering of products of criminal ventures and terrorism financing.

The year 2015 has also been important in the efforts of the coordination of the supervision activity with the supervisory and licensing authorities as well as the realization of joint inspections, mostly in financial subjects.

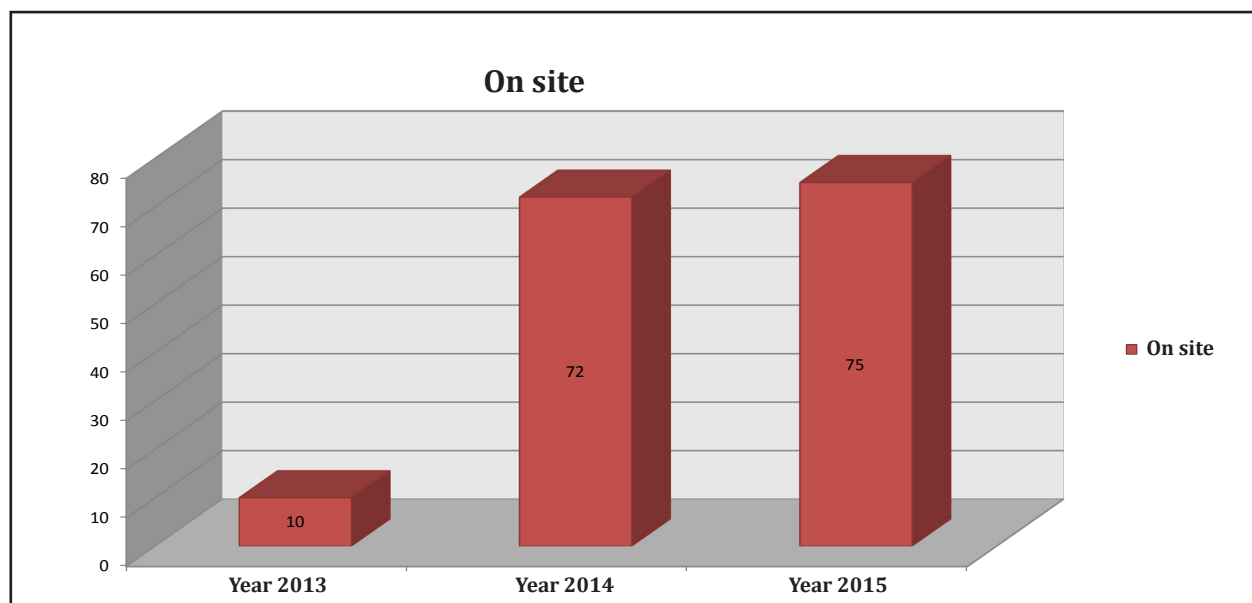
Inspections in the period 2013 – 2015.

Table no. 2

No	Subjects inspected	Year 2013		Year 2014		Year 2015	
		On site	off-site	On site	Off site	On site	Off site
1	Banks	7	-	7	-	6	7
2	Non-bank Financial Institutions	-	-	3	1	7	2
3	EO	2	110	19	8	22	6
4	Constructions company	-	10	18		15	7
5	Notery	1	19	4	67	13	1
6	Games of chance	-	-	3	-	-	8
7	Precious metals	-	-	3	-	-	-
8	CPA	-	27	3	16	5	1
9	Real estate	-	8	2	-	-	-
10	Motor vehicles	-	-	8	1	-	-
11	Life insurance	-	-	1	-	2	-
12	IPP	-	-	0	-	-	-
13	Travel agency	-	-	1	-	-	-
14	Law firm	-	-	-	-	3	-
15	Transport company	-	-	-	-	1	-
16	Artworks	-	-	-	-	1	-
17	Securities management company	-	-	-	-	-	4
18	Savings and credit company						4
	The amount	10	174	72	93	75	40
	TOTALI		184		165		115

As can be seen from the table, financial entities comprise almost half of those inspected in the country, which clearly shows an orientation of our resources toward this category of subjects.

Graphic no. 2



Some common compliance deficiencies that have observed are:

- Not reporting cash transactions that are over the legally defined limit;
- Not identifying customers and not saving identification documents as legally required;
- Not performing analysis on complex transactions, with high amounts, uncommon and unjustified from an economic point of view;
- Not pursuing the measures of “Enhanced Vigilance” for customer categories deemed as high risk;
- Not implementing a centralized system responsible for the gathering and analysis of data, including the minimally required data;

ADMINISTRATIVE MEASURES

During the year 2015 the acts and practices for which we have detected administrative violations have been investigated through inspections (both on the premises and remote) and we have followed the procedures of the taken administrative measures.

On this perspective, based on a well-defined administrative procedures, administrative measures have taken as a compelling measure for enforcing the implementation of the legal framework in the area of money laundering prevention from which 34 administrative measures have been taken.

Administrative violations by the entities subject to the law for AML/FT consist of:

- Violation of articles 4, 4/1 and 5 of the law for the identification and retention of the required documentation for identification as well as not gathering the information for the source of income;
- Violation of article 11 for preventive measures;
- Violation of article 8 related to vigilance toward PEP;
- Violation of article 12, clause 3 of the law for the reporting of transactions according to this article;

Table no.3 represents the number and the amounts of fines categorised according to the reporting entities.

Table no. 3

SUBJECTS	YEAR 2013		YEAR 2014		YEAR 2015	
	No. of measures	The value of fines in Lek	No. of measures	The value of fines in Lek	No. of measures	The value of fines in Lek
Second level banks	2	8'500'000	5	4'430'000	2	6'000'000
Exchange offices	6	5'700'000	7	4'300'000	8	6'800'000
Notary	5	1'700'000	29	9'700'000	4	2'700'000
Non-bank financial institutions	0	0	2	800'000	3	2'200'000
Games of chance	0	0	3	2'500'000	0	
Construction company	0	0	11	6'800'000	15	14'700'000
Travel agency	0	0	0	0	1	300'000
Life insurance company	0	0	0	0	1	2'000'000
TOTAL	13	15'900'000	57	28'530'000	34	34'700'000

Table no. 4 represents the administrative sanctions and amounts collected for the period 2013-2015.

Table no. 4

	Year 2013	Year 2014	Year 2015
Decisions on fines	13	57	34
Entities that have paid voluntarily	7	35	16
The total amount of the fines	15 900 000	28 530 000	34 700 000
The total amount paid	16 661 000	34 235 705	17 656 000

Throughout the year 2015 17 656 000 LEK have been collected in total, from which 12 656 000 LEK are collections from administrative measures imposed in the year 2014 and 5 000 000 LEK are collections from carried administrative measures imposed previous years.

From the administrative measures taken during this year, 16 have been accepted and voluntary paid by the entities whilst the others have been appealed through the courts. GDPML has meticulously studied the legal practices in the function of further improving the administrative process and the unification of the practices for enforcing the law on the prevention of ML/FT from the entities.

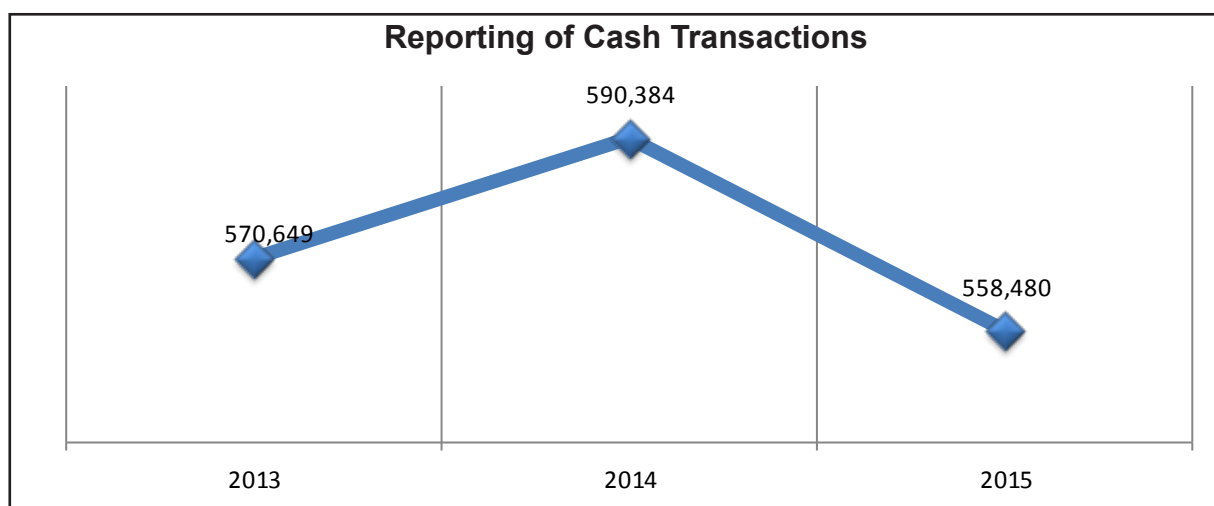
GDPML has shown special attention to the legal proceedings related to the administrative measures taken by the institution from whose there are in total 30 court cases completed throughout this year, from which 25 rulings have been given by the Administrative Court of the First Instance and 5 rulings have been given the Administrative Appeals Court.

GATHERING, ANALYSIS AND DISTRIBUTION OF FINANCIAL INFORMATION

Reporting of Cash Transactions

The reporting of cash transactions continues to be one of the sources of information that is reported by the entities subject to the law for prevention of money laundering. In the graph below the data related to the performance of this report for the period 2013 – 2015 is shown.

Graphic no. 3.



SUSPICIOUS ACTIVITY REPORTS

Suspicious Activity Reports continue their positive trend of qualitative growth and range of reporting entities, thus being the main and most important indicator that better presents the functionality of the preventive system and further directly reflects in the referral of suspicious cases from GDPML to law enforcement agencies. Thus the SAR for the period 2013 – 2015 are as follows.

Table no. 5

SUBJECT	2013	2014	2015
Banks	420	822	585
Transfers company	45	74	79
GDC	36	48	45
GDT	10	50	7
CORIP	20	64	210
Attorney	15	122	303
EO	8	16	17
HIDAACI	0	6	0
Auditing company	1	0	
Accounting expert	1	4	1
Microcredit financial institutions		2	
Lawyer	1	2	
Financial leasing company	0	4	
Construction company		4	1
Car dealers		9	36
Leasing Company			7
Travel agency			1
Savings and credit company			1
Delivery company			2
Electronic payments company			19
Other	1	3	5
Total	558	1 230	1 319

From the data in the table a growth of 7% of the number of SAR can be seen compared to the year 2014 and of 136% compared to the year 2013. Based on the detailed analysis of this data it is worth noting that:

- The decline in the SAR number reported from banks during the year 2015 can be mostly explained with the non-reporting of a specific typology (transfers of a business nature from individual accounts), an issue that thanks to the cooperation with the country's tax agencies has been reduced. If we exclude this typology, that during 2014 comprised almost 33% of the total number of SAR (407/1230), it results in an increase of the number of SAR from the banking sector. The SAR from the banking sector have usually been characterized from their dynamism and variety, as well as the timely reports which can be demonstrated from the freezing orders that GDPML has put out based on these SAR.

- The SAR that are directly related to the transfer of real estate (notaries and CORIP) have shown a considerable increase compared to any other year and comprise 41% of the total SAR for the year 2015. Problems in the description and rationalization of these transactions still remain but these have been addressed on a case by case basis as well as with the entities themselves, supervisory authority (Ministry of Justice) and in the framework of raising awareness through trainings.
- GDC reports have the same trend and typology compared to the previous year whilst GDT reports have a steep and unexplained decrease, an issue addressed via institutional means (by meetings and paperwork). For the GDT and GDC is noticed a need for sending the SAR in accordance to the trend and conclusions of the risk evaluation, according to which the funds generated from original transactions in the tax/customs area (thus commerce) compete with those from organized crime.
- Reports from money transfer agencies and EOs have kept the same trend and for these categories of entities many trainings have been organized in order to enhance their knowledge of new typologies, raising awareness and recognize the consequences of not sending the SAR.
- Reports from the motor vehicles trading companies have known an increase, a fact that shows that suspicious elements of the populace continue to invest their funds in motor vehicles.

Main SAR typologies for the year 2015 are as follows:

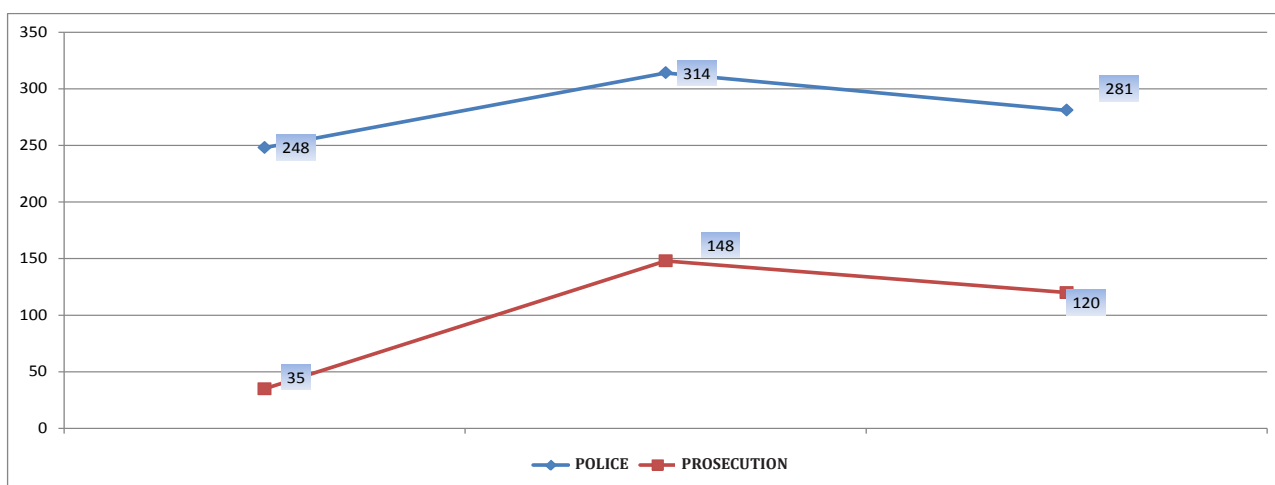
- Suspicious transfer to/from foreign countries
- Cash deposits in considerable amounts
- Using of individual accounts for business purposes/tax evasion
- Actions that fall out of the established profile of the customer
- Suspicions concerning the activities of import/export of goods
- Declaration/Non-declaration of marginal values
- Fraud
- Inclusion of PEPs in transactions
- Suspicions of terrorism financing
- Sponsorships/gifts/loans to/from third parties
- Buying of real estate/assets with an unknown source of funds
- Non identification of the beneficiary owner
- Transactions performed from non-profit organizations
- Executing fictive economic activity
- Transactions performed from/to gambling companies
- Financial transactions from persons suspected of involvement in criminal activities
- Usage of banking instruments with anomalies/falsified (letter of credit/cheque etc.)
- Suspicious use of banking loans
- Currency exchange in high amounts

With respect to the SARs taken from reporting entities, GDPML in compliance with their methodologies, nature and their description, the conclusions of risk evaluation, the experience from dealing with cases from law enforcement agencies has continued to define the priorities for dealing with them.

FINANCIAL ANALYSIS AND REFERRAL TO LAW ENFORCEMENT AGENCIES

Based on the analysis of the information received in compliance with the legislation on the prevention of money laundering and terrorism financing, GDPML for the years 2013 – 2015 has informed the responsible authorities as shown in the below graph.

Graphic no. 4



During the year 2015 the number of referrals to the State Police and/or the Prosecution has a decrease and this is affected by the fact that for some received signals/SARs that have been analyzed the information has been sent as a follow up for persons involved in practices referred previously (and thus have not been counted as new referrals) and also some SARs because of the specific methodology or involved persons have been sent with a single referral to the police and/or the prosecution.

A considerable number of referred cases have been accompanied with a temporary freezing of funds, from which about 70% have been sequestered with a court/prosecution order.

The indices for GDPML referrals to law enforcement agencies during the year 2015 are as follows:

Table no. 6

Indicia	SAR	CTR	Sector analysis	FIU partner	Announcements	Total
Referrals in Attorney	80	6	11	5	18	120
Referrals to the Police	212	4	41	7	17	281
Total	292	10	52	12	35	401

As can be observed in the table, about 73% of the cases referred to law enforcement agencies have as a source the SARs from the reporting entities, and further the sectorial analysis for money transfer companies has been an important source with about 13% of total referrals,

followed by 9% from notices (mostly from public institutions), 3% from the cooperation with counterparts and 2% from CTR.

With respect to the SARs that have served as indications for referrals, grouping them by the type of the reporting entity, for the year 2015 is summarized as follows

Table no.7

Referrals	SAR bank	SAR transfers company	SAR Notery	SAR State Institutions	Other	Total
Prosecution / Police	171	30	41	40	10	290

As in previous years, indications from banks dominate (59% of the total), followed by SARs from notaries, state institutions and money transfer companies.

Even though GDPML is a FIU of administrative purposes (with no investigation powers), based on confidential information or public sources, has managed to determine the possible connection with the origin act for a portion of the referred cases, which are displayed categorized as follows for the period 2013 – 2015.

Table no.8

Work of origin	2013	2014	2015
Not specified	196	300	224
Drug trafficking	18	50	48
Fraud / Forgery	17	20	20
Concealment of income / Tax evasion	28	40	38
Corruption	7	7	11
Robbery / theft	2	10	5
Trafficking in motor vehicles	2	2	0
Human trafficking / prostitution	4	9	6
Other criminal record	3	15	16
Murder		2	3
Not declaring in the border		4	14
Smuggling and manufacturing / sale of dangerous substances	1		2
Criminal proceedings for money laundering	2		4
Suspicion of terrorism financing	1	3	2
Creation criminal organization	1		6
Currency exchange	1		
Exercise of unlicensed gambling activity			3
Total	283	462	402

As can be seen above, the cases for which the originating criminal act could not be determined dominate, but financial analysis for these cases has reached the conclusions that:

- Circulating funds don't have a legal source
- Financial activities displayed obvious anomalies

- The economic-legal purpose was dubious
- Have shown well-known similarities to recognized international profiles

From the cases for which it was possible to pinpoint the originating activity, narcotics trafficking, income hiding/tax evasion, fraud, counterfeiting, human trafficking, corruption, non-declaration in customs, etc. dominate.

The categorization according to the originating activity will be shown special attention in the future, for its role that this process plays in the strategic analysis of information, identification of trends and profiles as well as the evaluation of the risk of ML/FT on the national level.

For the cases related to tax evasion/income hiding, GDPML has informed GDT to take further actions, within the basis of Joint Investigation Units and other such initiatives.

TEMPORARY FREEZING

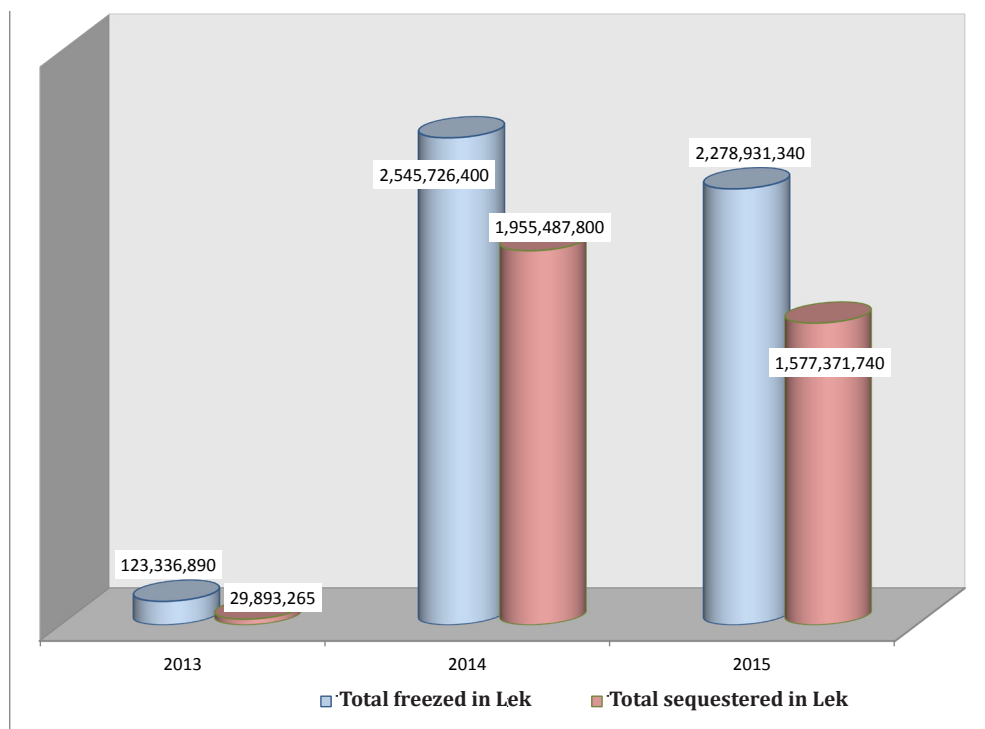
GDPML, in the purpose of fulfilling its role of prevention, issues freezing orders in the cases where there are indications or sufficient information that laundering of products of criminal activities or terrorism financing, and the data for the last years following:

TEMPORARY MEASURES / FREEZING ORDERS

For the year 2015, 47 freezing orders have been issued, which comprise the amount of about 16 million euro, from which about 11 million euro have been sequestered by court order.

Graphic no. 5

Freezing orders of 2015



For the cases for which a freezing order has been issued, special attention has been paid to the cooperation with the Prosecutor Office and the State Police Directorate, an action that has improved the funds sequestration process by the Court/Prosecutor.

TYOLOGY

Within the objective of further increasing the prevention capabilities of the entities subject to the law, following are some typologies of money laundering/terrorism financing that were subject to the work of GDPML.

Typology 1 – Transactions from non-residents

Foreign national, nonresident in Albania, “T”, in February of the year 2015 opened a personal account in our country together with Albanian citizen “B” in one of the banks operating in our country.

Immediately after opening the joint account, a transfer of 150 000 euro arrived from a country known as a ‘fiscal haven’ and the sender was the foreign national ‘A’ with no clear relation to the beneficiaries.

The amount was sent based on loan contract, according to which the citizen “T” had loaned from citizen ‘A’ for a 2 year term.

After the arrival of this amount, the foreign citizen “T” appeared at the bank and withdrew 50 000 euro and reason for the withdrawal was that he would invest in real estate in our country. On the same day, this citizen appeared in another branch of the bank and requested the remaining amount of the balance to be returned back to original sender with the description “return of funds”.

Some months later, citizen “T”, together with another foreign citizen “D” registered a business in our country where each of them owned 50% of the shares. Company ‘@’ registered by them had as an object of its activities the sales and processing of precious metals and the administrator was the Albanian citizen “B”, with whom citizen “T” had a joint account as mentioned above.

One month after the registration, in this company another foreign citizen is involved as a shareholder (has the same citizenship as the other two shareholders), citizen ‘M’, who bought 30% of the shares of the company.

Company ‘@’ opened an account in one of the commercial banks in our country and some days from the opening of this account under the name of this company some transfer from abroad with high amounts arrived from company ‘&’ operating abroad. To justify these transfers, some sales receipts were shown, according to which company ‘@’ (who benefitted the funds) had sold to the sending company precious metals valued the same as the transferred amount.

Also some sales receipts were shown, according to which company ‘@’ had bought from individuals from the country where the transfers had originated, considerable amounts of gold.

After the funds arrived to the bank account of company ‘@’ in our country, most of the funds were withdrawn from the administrator and one of the shareholders, declaring that they would be used to buy ‘precious metals’ in our country.

From the verifications carried on, it turned out that on the same day as the withdrawal of the funds, the citizens that had performed the withdrawal, had declared in customs funds with the same amounts as the withdrawn ones and with destination out of the country.

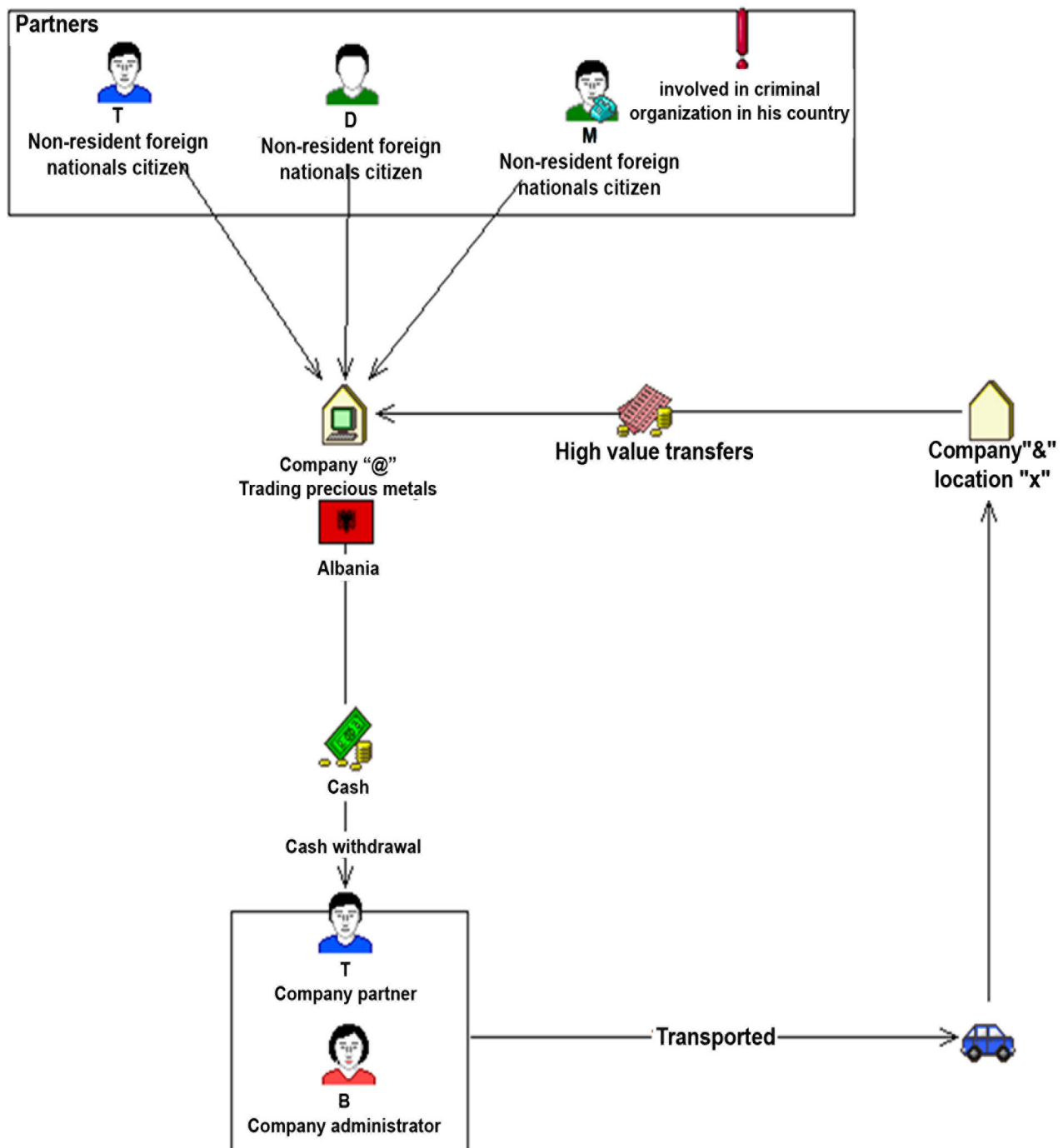
Further analysis of the case showed that:

- One of the shareholders, specifically citizen ‘M’, was involved in a criminal organization well known in his country

- The funds that were arriving from abroad were being withdrawn by the administrator or the shareholders and they were being transported back to the country from which they came
- No customs clearances were declared under the name of company “@”
- Even though company ‘@’ was registered in our country, based on the shown receipts, its activity was carried on abroad, whilst the funds that arrived in our country, were withdrawn and then transported toward the same country they had originally arrived from

With all above said, the case has been send for further investigation from law enforcement agencies.

Schema no. 1



Typology 2: Suspicious investments from Politically Exposed Person

GDPML has been informed by an entity subject to the law that a foreign citizen (PEP) with a bank account opened in one of the Albanian banks had requested a transfer of 200 000 euro in favor of his son in a European country to buy an apartment.

Considering the substantially high amount of the transfer, the presence of a PEP as well as other information from our database, GDPML thought it worthwhile issuing a temporary freezing order on the accounts of this citizen, with an actual balance of a high amount.

During the investigation of the case of this citizen it has been noted that:

In the year 2008, citizen "D" (PEP) had opened two bank accounts in Albania and on the same day had deposited 1 000 000 euro in cash, whilst some days later deposited the amount of 250 000 euro as well.

During the period 2011 – 2015, citizen "D" had performed some transactions in his bank accounts in Albania including cash withdrawals and some transfers abroad, specifically:

- The amount of 250 000 euro in favor of a company in a European country to buy a residence
- 412 000 euro transfer to his personal bank account abroad
- 300 000 euro in favor of a company "X" in the US for buying an apartment
- 100 000 euro transfer to Canada in favor of a company for a loan payment under the name of his wife
- Cash withdrawal of 126 000 euro

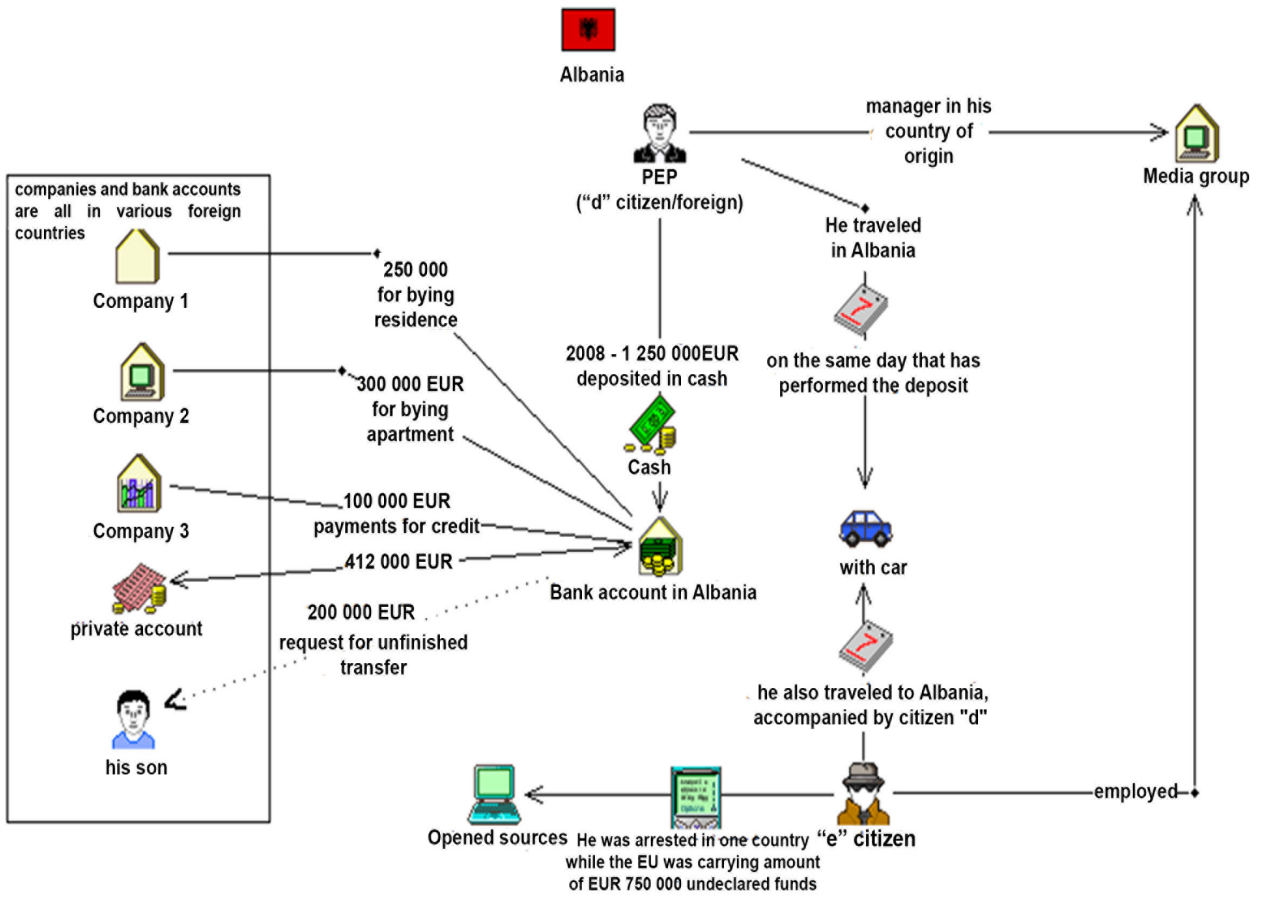
Further verifications in the TIMS system showed that this citizen had several entries and exits and also on the day of the 1 000 000 euro deposit he had travelled with foreign citizen "E" in the same car.

From public sources of information we have further learned that:

- Citizen "D" is a general manager in a private entity in his country and that citizen "E" is an employee and a close collaborator of his.
- In the year 2010 citizen "E" has been arrested in an EU country for being in possession of 750 000 euro in cash undeclared. This funds originated from the company of citizen "D" and he has declared that he was going to use those to invest in this country.

Taking into consideration the above suspicions and the involvement of several foreign countries, we have send information not only to the JIU and GDSP but to counterpart institutions in the foreign countries involved in this specific case as well.

Scheme no. 1



STRATEGIC ANALYSIS SECTOR

In the year 2015, the job of the Strategic Analysis Sector mainly consisted in:

- The review of the national risk for ML/FT
- Carrying out a sectorial analysis of money transfer companies from whose data examination made possible the referral of a number of suspicious cases suspected of being linked to narcotics trafficking, organized crime, etc.

Our country, based on the best international practices, in October of 2012, completed and presented to the Committee for the Coordination of the Fight against Money Laundering (CCFAML) the first document for the National Risk Evaluation for Money Laundering (ML) and Terrorism Financing (FT).

Further, with the entry into force of the new recommendations of FATF, specifically recommendation no. 1, which is the essential innovation of these recommendations and one of the most important, that forces countries to implement national risk evaluations, and on the basis of such evaluations to take the necessary measures for minimizing/decreasing the. Based on this recommendation, but also from legal requirements, the Strategic Analysis Sector during 2015 has been engaged in gathering, analysis and processing of data in the interest of implementing an updated evaluation, taking into consideration the accumulated experience and more innovative practices.

The document of risk evaluation has been sent again to CCFAML, to the relevant institutions in the country, supervisory agencies, financial entities and its conclusions have been discussed in interinstitutional meetings and trainings as well.

In this context, we adjudicate that it is worthwhile to display in a condensed version the risk evaluation conclusions:

1. Over the years, on the basis of approaching the international standards and continued assistance, strides have been made toward building a more effective prevention system and currently the system works, regardless of the presence of sectors that must be reevaluated in depth to guarantee the continuity of reports and their diversity.
2. The supervision level of the free non-financial professions, games of chance, precious metals and stones merchants has ample space for further improvements.
3. Based on the gathered data, it seems like the possibility of discovering suspicious cases on the intelligence side is in a good level, however the investigation site displays noticeable issues, and this influences the number of cases sent to the courts. The investigation of the cases of autonomous money laundering (when the person has not performed the originating activity) is still very low.
4. Investigation efficiency is also affected by the fact that for a considerable number of cases the executions of request letters from foreign court authorities, an action that is executed with great delay and that negatively affects in the investigation, forcing the dismissal or suspension of criminal procedures.
5. The implementation of law no. 10192, changed on date 03.12.2009 "On the prevention and attacking of organized crime and trafficking through preventive measures against assets", is far from the expectations and opportunities that this law provides in the seizure of criminal products.

6. The main identified risk/threat is the criminal merchandise, which is appraised to come mostly from narcotics trafficking, crimes in the customs and tax area (like smuggling, tax evasion, fraud with VAT) and corruption, activities that are thought to dominate criminal income.
7. Informality in the economy and wide use of cash remain a problem with respect to the identification and investigation of ML/FT as they hinder it.
8. Also, the transport of cash in the entry/exit border crossing points is still a problem, since from a number of clues it can be concluded that it still continues on a massive scale, but the declarations and penalties for non-declarations are minimal.

In compliance with the risk evaluation findings and other information or known factors, GDPML has aimed its work and has:

- Performed a detailed analysis of the transactions from money transfer companies, based on defined parameters and a timeframe of up to 5 years, with a focus on transactions with high risk countries.
- The data has been taken into consideration within the goal of planning and verifying the compliance of the reporting entities to the requirements expressed by the law.

TECHNOLOGICAL INNOVATIONS

Information Technology is one of the most important elements to ensure the well-functioning of the process in the GDPML, given that that amount of reported and processed information has known an increase.

A special emphasis has been given to the electronic reporting from the entities subject to the law, which has been made possible thanks to the improvements to the user modules and the trainings held, which have brought simplicity, security and fast transmission of information.

Another aspect of the work is the improvement of the infrastructure of GDPML, which affects the future growth of the efficiency and information analysis.

INTERINSTITUTIONAL COOPERATION

The cooperation with the State Police and General Prosecutor has continued even during the year 2015, and it has been accompanied with the quick and effective handling of the cases for which GDPML has issued temporary freezing orders.

Other than the cases that GDPML refers to the Police/Prosecutor, it receives requests continuously from them and replies for persons under investigation. The table displays data for the requests (and involved persons) that GDPML has received in the year 2015.

Table no. 9

	Requests	No. of persons
Prosecutor/Police	303	1775

Cooperation has taken place with other institutions as well, such as:

- With SIS, in the investigation of organized crime cases, macro financial crimes and especially in the cases suspected of terrorism financing.
- With GDT, in handling a prevalent typology (that of performing business transactions from individual accounts), for which specific measures have been taken and very positive results have followed.
 - o GDT has replied in time and in the correct manner to the requests for information from GDPML within the joint units of investigation or in a broader extent. GDT has been notified of 85 cases that were related to tax evasion/income hiding.
 - o With respect to GDT, it is still an issue the low number of SARs send from them and the supervision still not in a satisfactory level from the tax authority of NGOs, a requirement that is well established by law.
- The cooperation with HIDAACI has known further growth and has given tangible results.

INTERNATIONAL COOPERATION

Cooperation with FATF

In the year 2015 GDPML has continued its work to follow with priority the reporting process to FATF, within the action plan drawn up in previous periods. In this context, growing attention has been paid to the interinstitutional coordination with the institutions included in this process (Ministry of Justice, Ministry of Foreign Affairs, Financial Supervision Authority and Bank of Albania) and the cooperation with the Albanian Association of Banks and National Chamber of Notaries and Bar Association.

Within this framework, in the month of January 2015, a group of experts from FATF visited Albania, to evaluate the measures taken from the state agencies and private entities toward the recommendations given for this purpose.

Based on effectiveness of the above mentioned measures, in the FATF plenary session, held in the month of February 2015, it was decided to remove Albania from the list of countries with deficiencies in the implementation of the international recommendations in the area of money laundering and terrorism financing.

Cooperation within the EGMONT group

In the year 2015, GDPML has continued its active engagement in the effort of the EGMONT group of Financial Intelligence Units, which is displayed in details as follows.

On 27 – 28 of January 2015 the meetings of the EGMONT working groups were held in Berlin, in which GDPML has been regularly represented. On 27.01.2015, the outreach group has continued the discussion related to the issue of the membership of Kosovo's FIU in the EGMONT group and has looked into the information prepared for this purpose.

An important issue of this meeting was the reorganization process of the regional groups, following which the GDPML representative was elected to coordinate for a two year period

the work of the Europe II group, a group that includes twenty units of financial intelligence in central and eastern Europe.

On the dates 07 – 08 June of 2015, in Barbados was held the 23rd plenary meeting of the EGMONT group, in whose committee meetings GDPML directors took an active part, specifically the Outreach and Legal group.

In this plenary session special attention was shown to the relationship between the EGMONT group and the Global Coordination Network of the FATF; the reports of the regional groups, within which the presentation of the Europe II group outlined by GDPML, accompanied by specific proposals for the further well-functioning of the regional work model (Regional Footprint), the methods of communication with FIUs that are not recognized internationally; the implementation plan objectives and the coordination of the activity within the transition in the new work groups; terrorism financing risks that are linked to the Islamic state; further consolidation of the capacities and security of FIU, as well as the training of FIU directors in the risk evaluation and effective implementation of international recommendations.

COOPERATION WITH THE MONEYVAL COMMITTEE OF THE CE

GDPML representatives have continued to lead the Albanian delegation in the active participation in the plenary sessions of the MONEYVAL Committee of the Council of Europe held in the months of April, September and December of 2015.

In this context, an important part of the directorate's activity has been the continuous interinstitutional coordination with Bank of Albania, Financial Supervision Authority, General Prosecutor, Ministry of Justice, Ministry of Foreign Affairs, as well as the State Police Directorate.

In the 48th plenary session held in the month of September 2015, the committee considered the report prepared by the Albanian authorities, which presented the progress in the implementation of international recommendations in the area of money laundering prevention and terrorism financing.

The cooperation with this committee has been further extended in the direction of strengthening the capacities in the function of implementing the international recommendations of the FATF, implementation of the Warsaw Convention, evaluation of the country's readiness to accomplish the obligations of the resolutions of United Nations Security Council against terrorism financing.

Information exchange with FIUs

International cooperation with other FIU counterparts, comprises an important part of the job of the General Directorate for the Prevention of Money Laundering and detailed statistics are displayed in the table no.10.

INFORMATION EXCHANGE WITH COUNTERPARTS

Table no. 10

YEARS	Requests from FIUs	Replies from GDPML	Requests by GDPML	Replies from FIUs
2013	56	70	35	28
2014	62	48	66	50
2015	77	63	58	47

In order to increase the efficiency of replying to the requests received from counterparts, GDPML strives to complete this process within the deadlines specified in compliance with the principles of the EGMONT group, while specific cases have been handled with high priority.

OBJECTIVES FOR THE YEAR 2016

- Analysis and referrals of cases to law enforcement agencies.
- Inspections of entities subject to the law deemed to be in high risk with respect to compliance.
- Increase of influence, specifically through onsite inspections in the financial sections, especially the banking sector.
- Coordination of work with supervisory and licensing authorities with the purpose of joint inspections as well as the addressing of problems related to supervision.
- The consolidation of the capacity and infrastructure of IT.
- Archive digitalization.
- Acquisition and implementation of international experience.