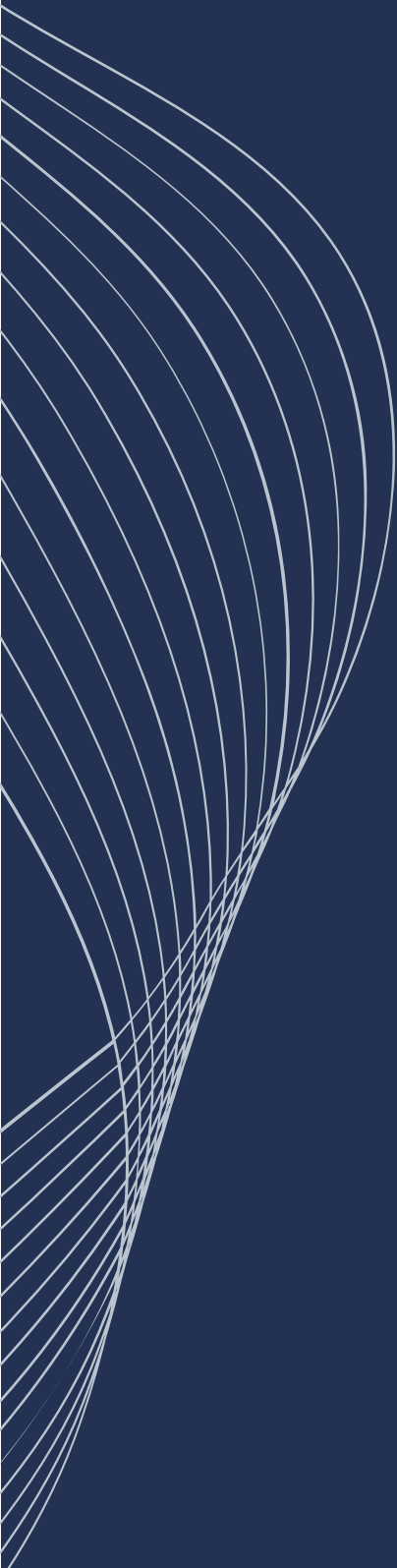




Office for Prevention and Fight against Money Laundering



ANNUAL REPORT

2024

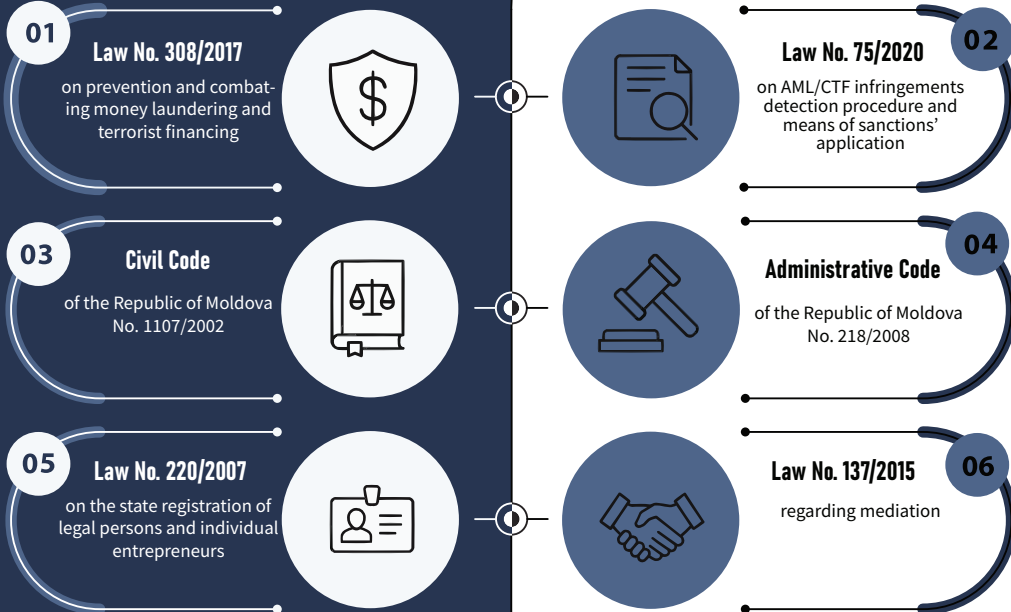


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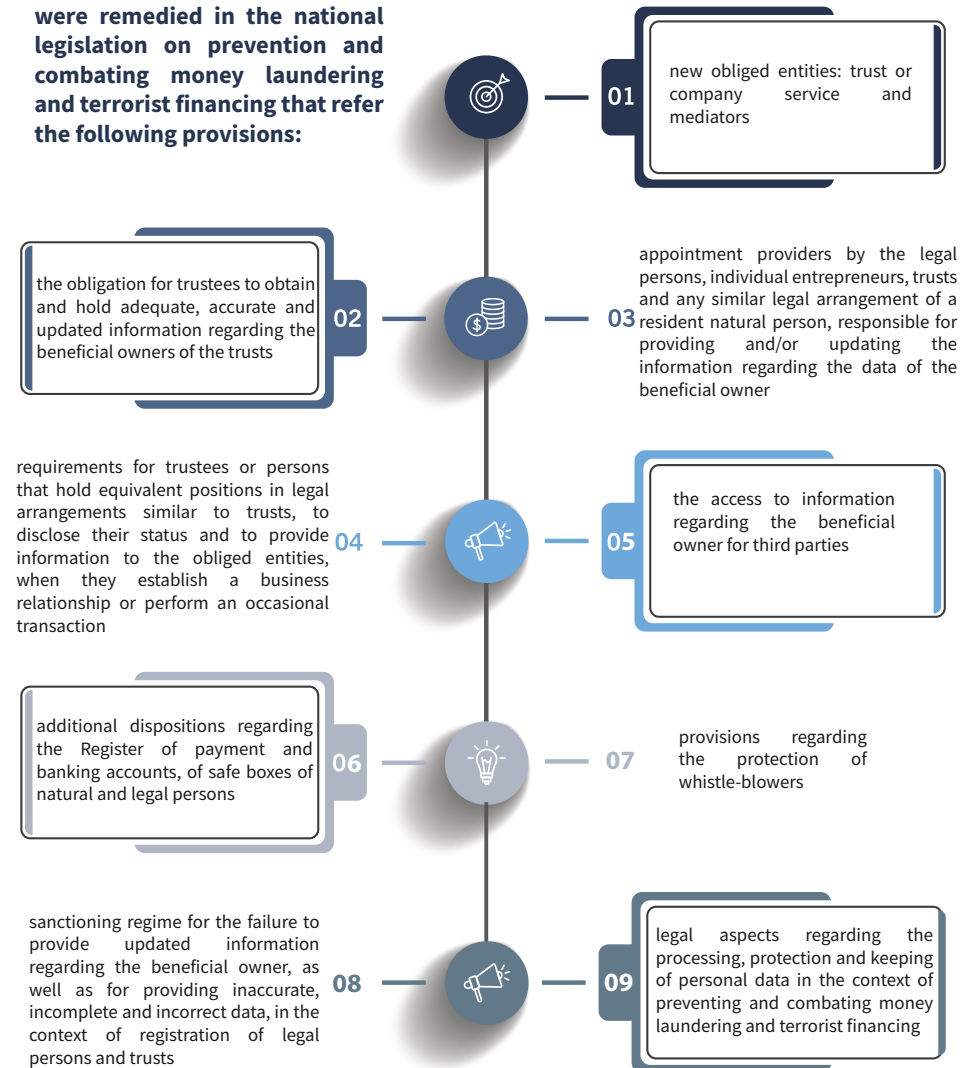
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Legal framework

In order to ensure the alignment of the national legislation in the area of preventing and combating money laundering and terrorist financing with the legislation of the European Union and the Recommendations of the Financial Action Task Force, the Law No. 268/2024 for amending several legal acts was adopted, which aims to amend and supplement the following laws:



Through the approved amendments, the existent deficiencies were remedied in the national legislation on prevention and combating money laundering and terrorist financing that refer the following provisions:



National strategy for preventing and combating money laundering and terrorist financing

implemented measures

49

measures in the process of implementation

29

measures partially implemented

5

On the basis of information submitted by the responsible authorities regarding the measures implemented according to the Action plan for the implementation of the National strategy for preventing and combating money laundering and terrorist financing, the Office performed an assessment of the efficiency and impact of the implemented measures according to the Action plan, by establishing the implemented measures, measures in the process of implementation and partially implemented measures.

In the reporting period, an important achievement obtained in this area was the approval of the Law No. 268/2024 for amending several legal acts (additional implementation in the internal normative framework of the Recommendations of the Financial Action Task Force (FATF)).

Thereby, through the adopted law were remedied the deficiencies established by the experts of the Moneyval Committee of the Council of Europe, which are related with the national legal framework, that will contribute to the strengthening of the national system for preventing and combating money laundering and terrorist financing.

The amended legal framework imposed the necessity of approval by the competent authorities of secondary normative acts, which generated reform processes and the consolidation of the national system for preventing and combating money laundering and terrorist financing.

Simultaneously, the national competent authorities carried out money laundering and terrorist financing risk assessments for the following sectors:

the use of legal persons, trusts and similar legal arrangements for the purpose of money laundering and terrorist financing



virtual assets and virtual assets service providers



the use of non-profit organisations for the purpose of terrorist financing



Moreover, in order to ensure the efficient implementation of the new legal provisions, were organised informative measures, trainings and other events designed for the representatives of the reporting entities, bodies with supervision functions and law enforcement agencies.

As permanent measures of the Action plan, the responsible authorities continued the implementation of actions regarding the assessment of the compliance degree by the reporting entities with the provisions of sectorial legislation, the application of effective, proportionate and dissuasive sanctions in cases of detection of violations, the assessment and improvement of internal systems and procedures of the reporting entities for the identification and reasoning of suspicions of money laundering and terrorist financing and ensuring an operative and efficient exchange of information between the Office and the competent institutions.



Sectorial money laundering and terrorist financing risk assessments

The sectorial assessment processes were carried out for the purpose of implementing the provisions of the Law No. 308/2017 on preventing and combating money laundering and terrorist financing, as well as for ensuring compliance with the international standards established by the Financial Action Task Force (FAFT).



Thereby, the assessment process was performed by using the methodology of the World Bank, adapted to the national context, and it was carried out with the support of an inter-institutional working group, composed from the representatives of the competent authorities. This includes statistical data, analyses from open sources and conclusions from thematic reports.



On the basis of the assessment results, the authorities shall optimise the normative and institutional framework and the policy in the area of preventing and combating money laundering and terrorist financing; shall distribute efficiently the material, financial, human resources and inform the public authorities, the profile associations and the reporting entities regarding the money laundering and terrorist financing risks identified in this area.



Assessing the risks of using the legal persons, trusts and similar legal arrangements for money laundering and terrorist financing purposes

Findings:



Lack of secondary legal framework



Insufficient capacities and resources of the state registration body for ensuring the procedures for updating the information regarding the beneficial owner of legal persons



Lack of mechanism for the identification of violations of the provisions regarding the beneficial owner and means of sanctions' application



Limited technical capacities for obtaining the information regarding the beneficial owner recorded in the State register of legal units



Lack of mechanism for the identification of the use of legal persons in money laundering and terrorist financing offences

Conclusion:

medium

Legal persons that have the legal form of **limited liability companies** have a **medium level** of exposure to money laundering and terrorist financing offences

low

Legal persons that have the legal form of **joint stock companies, state majority capital companies, associations and funds** have a **low level** of being used for money laundering and terrorist financing offences

Money laundering and terrorist financing risk assessment associated with virtual assets (VA) and virtual asset service providers (VASPs)

Findings:

Regulation deficiencies: The Republic of Moldova currently does not have a regulation framework dedicated to the supervision of VASPs. This regulatory lack limits the efficient supervision and creates opportunity for criminal exploitation

International cooperation and data accessibility: VASPs global operations lead to the spreading of essential data regarding transactions and KYC information in different jurisdictions, by often placing data for Moldovan clients in less cooperating regions outside the EU

The prohibition of VASPs activity did not achieved the desired result. The VA activity in Moldova still persists. Instead, it is noted that it has been transferred to peer-to-peer markets, the consumers investing in solutions for enhancing the anonymity

Increase in the number of suspicious transaction report: the reports of banks indicated an increase of suspicious transactions with the involvement of VA, often being linked with the illegal VA services, fraud and drug trafficking

The high rate of VA and VASPs activity, which are being carried out in the informal economy contributes to the incapacity to perform a comprehensive and qualitative assessment of money laundering and terrorist financing risk

Fiscal ambiguities: the current fiscal legislation in the Republic of Moldova does not express specifically the taxing regime for income generated from VA

The shadow economy: the data collected during the assessment indicates a rapid expansion of illegal activities related to VA

Lack of personnel from public authorities with appropriate knowledge in the area

Insufficient IT tools specialised in the analysis of virtual assets

Crypto-mining activity carried out in the transnistrian region

Conclusion:

high

The money laundering and terrorist financing risk associated with the VA/VASPs is assessed as being **high**

Assessing the risks of using the non-profit organisations for terrorist financing purposes

Findings:

1

The use of cash: large scale use of cash, sometimes being the only available resource at the stage of collection and distribution of funds



2

The collection of funds: especially public donations, which represents the principal form of financing, often carried out through cash and, as a result, has a reduced traceability



3

The lack of awareness of the terrorist financing risks among the non-profit organisations (smaller). Bigger non-profit organisations have in general a better understanding of risks and the capacity to implement efficient measures in this sense



4

The majority of non-profit organisations are carrying out certain verifications, but few of them include inspections for the identification of criminal behaviour or links with terrorist or violent extremist activities



5

Although the financial reporting by the non-profit organisations is mandatory, the submission level of financial reporting remains low. As a result, the real number of active non-profit organisations cannot be identified



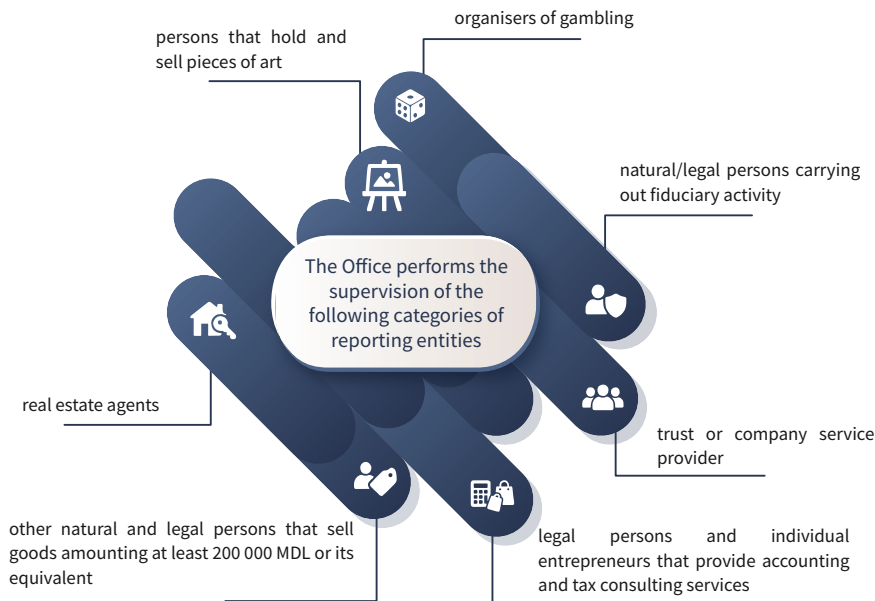
Conclusion:

low

The risk of use of non-for-profit organisations for the purpose of terrorist financing is **low**

Supervision Control

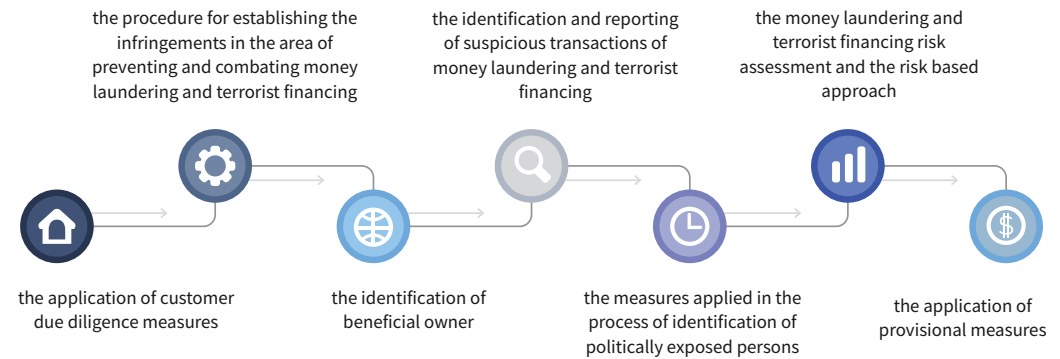
The supervision and control activity represents another basic component of the attributions of the Office, oriented on the assessment of the compliance degree of the reporting entities' activity with the requirements of the legal framework, as well as the manner for the application of provisions regarding preventing and combating money laundering and terrorist financing



The supervision activity is being performed according to pre-established procedures, that entails a risk based system, which determines the exposure degree of the obliged entities against the money laundering and terrorist financing risks

Another important aspect in the activity of the Office are the trainings organised for the representatives of the reporting entities, having as purpose the explanation of the manner for the application of legal provisions in the area of preventing and combating money laundering and terrorist financing and increasing the awareness degree of obliged entities regarding money laundering and terrorist financing risks

During 2024, the Office organised **26** training sessions dedicated to obliged entities, within which the following topics were approached:



Reporting entities

Participants

Banks	55
Notaries	121
Authorised administrators	86
Lawyers	45
Bailiffs	33
Mediators	28
Auditors	81
Real estate agents	38
Payment service providers	12

Strategic Analysis

The strategic analysis is an important part of the analytical activity carried out by the Office, because it offers a higher level of generalisation and systematisation of findings of financial investigations, the analysis of money laundering and terrorist financing tendencies and the formulation of recommendations for undertaking the necessary measures, as the case may be, by the Office and other authorities with competences in this area

The strategic analysis puts the accent on the general picture of certain medium and long term tendencies, performing predictions, forecasts and estimations meant to substantiate the approval of some strategic decisions or to constitute support for managing some situations/events with important impact in the area of preventing and combating money laundering, including the dissemination of gathered information

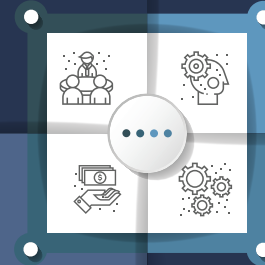


The strategic analysis is being carried out after all the possible information were collected and analysed. To be mentioned, that the strategic analysis needs a larger diversity of used data categories, compared to operational analysis, as well as analysts with wider experience

Purposes and objectives of the strategic analysis that is being carried out through the activities of the Office can be materialised in:

establishing criminal models that evolve in a particular group or in the creation of a profound perspective over the criminal models in development at the national level

identification and clear understanding of sectorial and national money laundering and terrorist financing risks



creation of analytical studies regarding the tendencies and typologies in the area of money laundering and terrorist financing by informing the law enforcement agencies, supervision bodies, reporting entities and other authorities with direct and indirect competences in this area

identification of sectors with high risk of money laundering and terrorist financing in the sector under the analysis with the formulation of proposals including legislative

In order to implement the strategic analysis objectives, the Office uses specialised programs and models, that offer integrated services for processing, analysing, graphic and dynamic representation of accumulated data in the area of preventing and combating money laundering and terrorist financing at the national level

Operational Analysis

The operational analysis activity is structured on components and involves a series of stages:

01 stage



Receiving, recording, analysing and processing the information regarding the suspicious activities of money laundering, predicate offences and terrorist financing, submitted by the reporting entities, as well as other relevant information obtained on the basis of legal provisions in the area

02 stage



Accumulation of information from the accessible data bases, request of information, including confirmation documents, from the obliged entities within the limits of competences

03 stage



Performing operational analysis and/or financial investigations of suspicious transactions of money laundering, predicate offences and terrorist financing, with the creation of analytical report on each particular case

04 stage



Application of provisional measures in relation to suspicious transactions or activities of money laundering, including suspicious goods with illicit origin

05 stage



Dissemination of information to competent bodies and/or similar services foreign immediately as suspicions of money laundering and other offences were established that ended up with obtaining of illicit goods, as well as the Intelligence and Security Service in the part related with terrorist financing

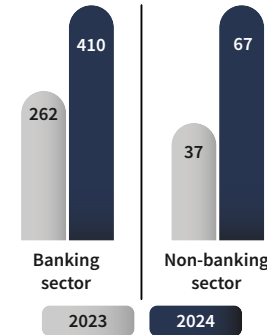
06 stage



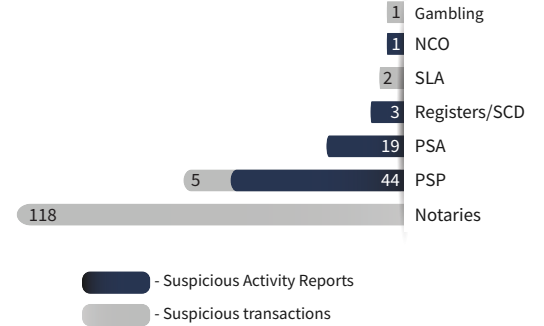
Monitoring the results obtained by the competent authorities as a result of examining the disseminated information and ensuring the record keeping of statistical data

Reported transactions	Banking sector		Non-banking sector	
	2023	2024	2023	2024
Suspicious	135	198	502	126
Cash	3 216 282	5 180 992	37 671	59 147
Threshold	1 414 969	2 140 718	19 566	32 787
Money remittances	29 582	78 103	117	267
Total	5 468 495	7 400 011	57 851	92 327

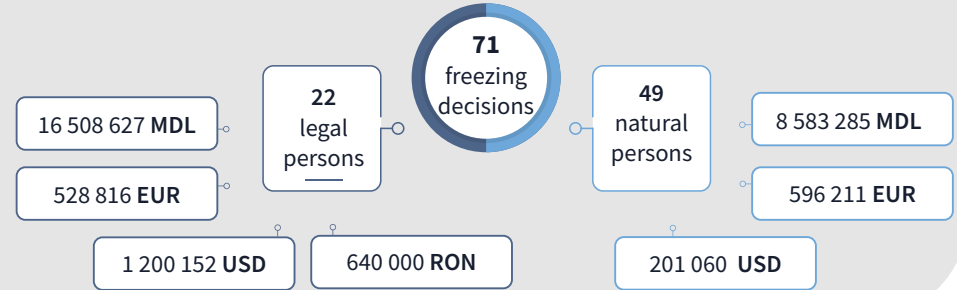
Suspicious Activity Reports



Number of SARs/suspicious transactions reported by non-banking sector



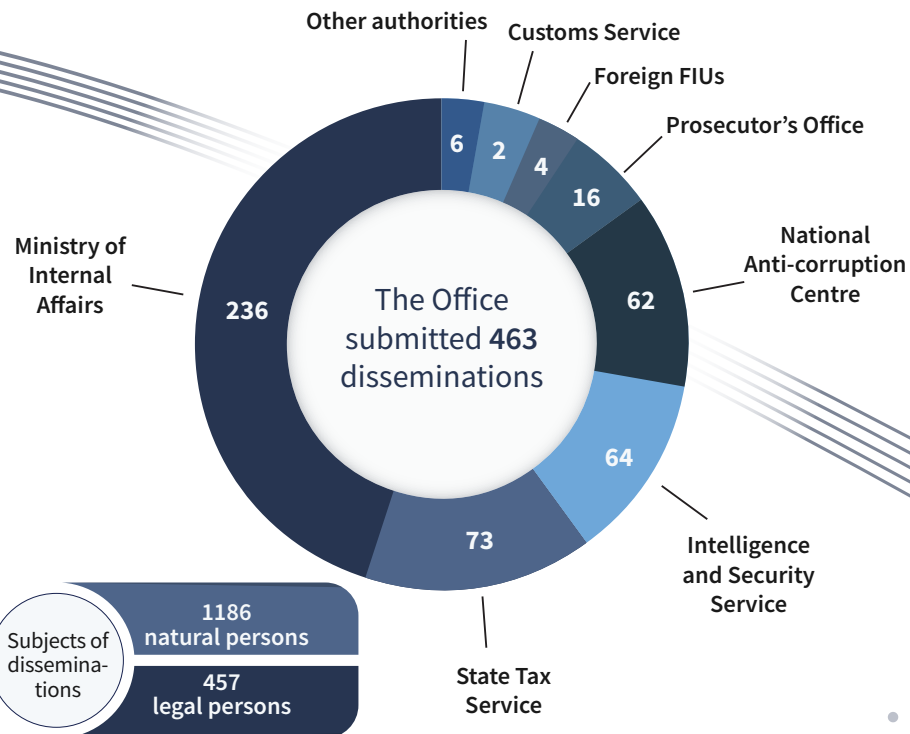
Within the operational analysis process **530 analytical notes** were prepared



National cooperation

In the context of information exchange with the national authorities, according to the legal provisions, the Office disseminates the results of analytical processes, performed on the basis of the information received from the reporting entities on the basis of art. 11 of the Law No. 308/2017, to the national authorities and/or foreign similar services according to the competences

Moreover, the Office analyses the requests received from law enforcement agencies and bodies with supervision functions of reporting entities, which include the provision of data and information held by the Office, received in accordance with the legal provisions, as well as the results of analyses and financial investigations of transactions identified in association with the subjects of the requests



International cooperation

The Moneyval Committee of the Council of Europe

According to the established procedures, during the plenary meeting of the Moneyval Committee of the Council of Europe, which took place in May 2024, was approved the 2nd Progress Report of the Republic of Moldova. Through this report, were established the progresses achieved by the authorities of the Republic of Moldova in mitigating the technical deficiencies of compliance, which have an impact over the application of specific financial sanctions linked with terrorism, terrorism financing and the proliferation of weapons of mass destruction (FATF Recommendations 6 and 7).

At the same time, the Moneyval Committee established that the Republic of Moldova has made only limited progresses in mitigating the deficiencies which affect the application of the FATF standard regarding virtual assets (Recommendation 15). Thereby, the Recommendations 6 and 7 were re-rated as being “largely compliant”, and the Recommendation 15 as being “partially compliant”. The mitigating measures taken by the authorities since the adoption of the Evaluation Report, approved in July 2019, and of the 1st

Follow-up Progress Report, approved in May 2022 have contributed to the re-rating of the compliance degree of 6 of the 12 Recommendations, which were rated as being “partially compliant”. From 40 FATF Recommendations, in 2024, the Republic of Moldova was rated as follows:

- Compliant – 9 recommendations
- Largely compliant – 25 recommendations
- Partially compliant – 6 recommendations

None of these recommendations were rated as non-compliant. The Republic of Moldova shall present its progresses to the Moneyval Committee within one year.



The EU High Level Advisers' Mission to the Republic of Moldova

The project is funded by the European Union with a two-year implementation period, from January 2023 until January 2025. Its overall objective is to support the Moldovan authorities in the implementation of the reform agenda and in particular, in developing the capacities required for the implementation of the Association Agreement (AA), including the Deep and Comprehensive Free Trade Area (DCFTA), as well as assist towards the EU Accession negotiation process.

At the same time, the project aims at strengthening policy-making at sector level, strategic planning and policy management capacities, enhancing stakeholders' knowledge and awareness of EU policies, legislation and regulations.

During 2024, the EU High Level Advisers' Mission to the Republic of Moldova offered sectorial advice to the Office on multiple dimensions, especially in parts related with the implementation of the Recommendations of the Moneyval Committee of the Council of Europe exposed in the 5th



Mutual Evaluation Report on the national system for preventing and combating money laundering and terrorist financing and in the Progress Reports, the creation of the training centre in the mentioned area, the coordination of activities between different international projects offering technical assistance in the areas of the Office's competences and supporting the creation of the Office's Public Communication Policy.

Conference of Parties to CETS 198

The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (COP CETS No. 198), is the first comprehensive international treaty covering both the prevention and the control of money laundering and the financing of terrorism. It is a key convention of the Council of Europe, which reinforces current global standards by setting, inter alia, specific requirements with respect to preventative money laundering and terrorism financing regimes, freezing, seizure and confiscation measures, the management of frozen and seized property, asset sharing between Parties, financial intelligence units, international co-operation and other aspects.



The representative of the Office, which holds the position of President of the COP CETS 198 presided over the 16th reunion of the COP CETS 198. According to the monitoring procedures, during this meeting, the assessment reports of the Kingdom of Morocco (a first non-member state of the Council of Europe that was subject to horizontal review of COP CETS 198) were examined and of Aruba to which the Warsaw Convention is being applied as a result of the declaration made by the Netherlands. At the same time, the progress reports were adopted on the implementation of art. 11 (Previous decisions), art. 14 (Postponement of domestic suspicious transactions), and art. 25 (Confiscated property) of several countries, that were subjects to assessment.

To be mentioned that, the request of Kazakhstan for the accession to the Convention was presented and adopted during the meeting, being supported by the majority of the delegations and by underlining the benefits of this accession, such as the positive experience of cooperation, mutual legal assistance and the progresses made in bilateral negotiations.

Egmont Group



The Egmont Group is an international organisation, which aims to facilitate the cooperation and exchange on information between the financial intelligence units. The Egmont Group is supporting continuously its own

members for implementing the international standards and regulations in this area, by offering a dialogue platform, by issuing documents meant to guide the international cooperation activity between the services of the member states. Within the Egmont Group operates a coordination committee, 9 regional and 4 working groups. The Office is actively involved in the works of the Egmont Group Committee, the employee of the Office holding the position of regional representative of the Europe II Group, of which the Republic of Moldova is a part. This mandate represents a continuation of regional efforts for promoting the best practices in information exchange associated with the region.



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