



Financial Intelligence  
Unit of Latvia

2020 ANNUAL REPORT



# Table of Contents

Table of Contents	2
Foreword	3
General description of the activities performed by the FIU of Latvia	5
Status, direction, objectives, and priority measures of the FIU Latvia	5
Financial Resources and Performance Results of the FIU Latvia	8
Funding from the State Budget and Use thereof	8
Activities and Results of the Financial Intelligence Unit of Latvia	10
Digitalisation of Data Processing and Analytical Processes	14
Strategic Analysis	16
National Money Laundering and Terrorism Financing and Proliferation Financing Risk Assessment Report for 2017–2019	19
Coordination of Cooperation	23
Representation of the Latvian Position in Moneyval and FATF Evaluation Processes	26
International Cooperation	28
Financial Intelligence	32
Employees of the Financial Intelligence Unit of Latvia	42
Communication with the Public	45
Plans of the Financial Intelligence Unit for 2021	49
Funding from the State Budget and Use thereof	51
Statistics	52
Money Laundering Scheme (an example)	56
Scheme Discovered by the Cooperation Coordination Group	59
Case Analysis	61
Case No. 1, Money mules	61
Case No. 2, Corruptive transaction	61
Case No. 3, Tax offence	62



## Foreword

2020 was the year of rapid and unexpected changes to everyone: it brought unseen winds both in our professional and personal lives. We were and still are forced to adapt to the “new life” that means an absolutely different daily routine, ability to work remotely, care for our relatives and peers, and unfortunately, loneliness and pain of loss for many of us. Although this time of change is challenging, everything done in 2020 allows me to be satisfied with the job of the Financial Intelligence Unit and our cooperation partners, and I express the greatest gratitude to each of them for their endurance, contribution, and achievement.

2020 brought good news to Latvia — according to an opinion made in January by Moneyval, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism under the Council of Europe, Latvia as the first member of this organisation (and the second one worldwide) received the highest technical compliance evaluation. In February, at a plenary meeting of the Financial Action Task Force (hereinafter — FATF), a Progress Report on Effectiveness submitted by Latvia was reviewed, and it was recognised that Latvia was capable of demonstrating a significant and positive result in a fight against economic and financial crime, which means that Latvia was not included in the so-called “grey list”.

In 2020, we have also evaluated our system for prevention of money laundering and combating terrorism and proliferation financing (hereinafter — AML/CFT/CFP) for 2017 to 2019 by elaborating, without assistance of other parties for the first time, the National Money Laundering and Terrorism Financing and Proliferation Financing Risk Assessment Report, which allows identifying, on a timely manner, the risks and assessing their consequences, thus the Report can be used as a basis for an establishment of a common policy for AML/CFT/CFP. Conclusions are positive: we have become smarter, we have acquired ways of timely identification of risks and are learning to manage them accordingly. Our system is stable, our policy instruments and range of actions are sufficiently flexible to be able to resist the current and potential money laundering and terrorism financing and proliferation financing risks.



Thinking about daily work of the institution, I am pleased to see that each of our employees were able to adapt to the new conditions and I appreciate their contribution when working according to the real life defined by the pandemic: in a couple of weeks, we were ready to start to work remotely in an unchanged quality and currently we can provide such work to 80% of our staff. The remote work allowed us continuing the processes both by organising a wide range of training for legal system staff and by conducting specialised studies on the latest risks and tendencies (incl. impact of the pandemic), and by developing methodology materials and guidelines. We have also managed to ensure unchangeably high results of our basic operation — receipt, processing, and analysis of reports on suspicious transactions, threshold declarations, and other information.

With a view to the future, one of our constant priorities is to develop our capability in information technologies. Owing to the work of several years, in 2021 already, we will introduce an internationally recognised and effective tool for convenient reporting and analysis. We hope to start our job in new and appropriate premises. We will continue making investments to be able to use digitalisation opportunities, artificial intelligence, and algorithmisation. We will develop analytical materials and continue developing the current and new cooperation channels and formats, and we will also be active beyond the borders of Latvia.

Despite difficulties and unpredictable and changing actual environment, we have done a lot. The result is natural. Under guidance of the Financial Intelligence Unit of Latvia as the leading institution and in the closest cooperation with responsible authorities and ministries, we have put all our effort to reach compliance of the Latvian financial system with common international standards. We have been full of motivation and determination, and we have felt support from the government.

Thinking about the future, I wish we could remember that also further, for the Latvian financial system not to be abused and be able to effectively fight any money laundering and terrorism financing and proliferation financing risks, we cannot stop where we are now. This is not a sprint. This is a marathon. Our work must be continued to ensure system safety and constancy in a longer period of time.

*Head of Financial Intelligence Unit of  
Latvia,  
Ilze Znotiņa*



*Plan for what is difficult while it is easy; do  
what is great while it is small.*

*/Sun Tzu/*

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<sup>1</sup> Photo from magazine "Ir".

# General description of the activities performed by the FIU of Latvia

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## **Status, direction, objectives, and priority measures of the FIU Latvia**

As of 1 January 2019, the FIU Latvia is an independent direct administration authority acting under supervision of the Cabinet of Ministers. The Cabinet implements institutional supervision through the Minister for the Interior. The supervision does not apply to implementation of tasks and rights of the FIU Latvia, as well as to internal organisation issues including issue of internal laws and regulations, development of inquiries and decisions that refer to employees.

The principles of the FIU Latvia independence and self-dependence in decision making have been incorporated in regulatory framework in compliance with the recommendations of the FATF on the autonomy and independence of the financial intelligence units, providing that the state has to ensure that an institution is independent, i.e., it is entitled to execute its rights independently, without political intervention, incl. to take decisions, to analyse, to request and/or to transfer information to other competent authorities. The significance of the operational independence and autonomy is referred to in the Charter of the Egmont Group (international network of FIUs), in the principles of information exchange and participation criteria of the Egmont Group.

As of 29 June 2019, the FIU Latvia is the leading authority with an **objective** to eliminate possibilities of using the financial system of the Republic of Latvia for money laundering and financing of terrorism and proliferation.

**The key functions** of the FIU Latvia, according to Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (hereinafter — the Law), is to implement control over suspicious transactions and other information received, to obtain,

receive, register, process, collect, store, and analyse the information and submit it to pre-trial investigating institutions, prosecutor's office and court for prevention, discovery, pre-trial criminal proceedings or adjudication of money laundering and financing of terrorism and proliferation (and attempts to perform these actions) or other related offences. The FIU Latvia ensures an operation of a private and public cooperation coordination group, as well as evaluates national risks of money laundering and financing of terrorism and proliferation.

**Mission** of the FIU Latvia: to prevent abuse of the Latvian financial system and effectively combat any risks of money laundering or terrorism and proliferation financing using a proactive, risk-based, and sustainable approach.

The **strategic objectives** set by the FIU Latvia by the end of 2022, whose implementation involves a large part of the FIU's Latvia resources:



**LEADERSHIP:** be the leading agency in the field of prevention of money laundering and terrorism and proliferation financing in Latvia.



**PROFESSIONALISM:** improve the analytical quality of financial intelligence and its effective use.



**REPUTATION:** boost the international reputation of Latvia and its cooperation in the field of prevention of money laundering and terrorism and proliferation financing.

Along with the strategic objectives and everyday work of financial intelligence, the FIU Latvia, when receiving, analysing, and transferring information on criminal financial flows to law enforcement, security authorities, prosecutor's office, or courts, or to analogous FIUs of other states, set several key tasks for 2020:

1. To ensure representation of Latvia and coordination of actions to be fulfilled during a post-reporting period regarding the assessment processes performed by Moneyval and FATF.
2. To develop the National Money Laundering and Terrorism and Proliferation Financing Risk Assessment for 2017–2019.
3. To develop the Risk Assessment of New Technologies and Virtual Currencies.
4. To elaborate assessments of several sector risks – currency exchange in capital companies, activity of lottery and gambling organisers, and non-bank creditors. The key evaluation results were incorporated in the National Risk Assessment Report for 2017–2019.

5. To continue regular training of the persons (incl. reporting entities, supervisory and control institutions, law enforcement authorities) involved in the anti-money laundering system and providing them with information about the risks, typologies, indicators, etc. of money laundering.
6. To continue introduction of *goAML* application at the FIU Latvia that will replace the current basic system and e-reporting system of the FIU Latvia.
7. In cooperation with the Financial and Capital Market Commission, to initiate implementation of EEA Financial instrument programme "International Police Cooperation and Combating of Crime" to strengthen the staff's knowledge about prevention of money laundering and financing of terrorism and proliferation. The programme foresees organisation of seminars, training courses, and exchange of experience visits;
8. To organise the second international conference on practical challenges and solutions for implementation of extraterritorial sanctions with participation of international experts.

# Financial Resources and Performance Results of the FIU Latvia

## Funding from the State Budget and Use thereof

Funding to the FIU Latvia is provided from the budget programme 43.00.00. "Performance of the Financial Intelligence Unit of Latvia" and 99.00.00 "Use of Assets for Unforeseen Events". In 2020, the funding in the amount of 1.16 million euro was used for implementation of the key functions.

Along with implementation of the key functions, the budget programme funding in 2020 allowed implementing priority measures within the "Planned Actions for Prevention of Money Laundering and Terrorism Financing until 31 December 2019" for the total funding in the amount of 1.2 million euro and "Planned Actions for Prevention of Money Laundering and Terrorism Financing for 2020 to 2022" for the total funding of 1.64 million euro. In addition, "Strengthening Capacity of the Financial Intelligence Unit for Improvement of Combating Financial and Economic Crime", an activity funded by the Fund for Confiscation of Criminally Acquired Property for the total funding of 0.06 million euro, was implemented.

The total expenses of the FIU Latvia in 2020 were 4.06 million euro, which is 81.8% of the approved yearly plan and, compared to 2019, has reduced by 0.31 million euro or 7%.

In 2020, additional 167 euro were assigned to cover the costs in relation to COVID-19, i.e., to purchase disposable personal protective equipment and disinfectants according to the Order No. 270 of the Ministry of Finance of 22.07.2020 "On Granting of Assets" within the budget programme 99.00.00 "Use of Assets for Unforeseen Events".

The budget programme's policy objective of the FIU Latvia: to ensure implementation of measures for prevention of money laundering and combating the financing of terrorism and proliferation (hereinafter - AML/CFT/CFP) and execution of the functions stipulated in the Law, as well as to prevent use of the financial system of the Republic of Latvia for money laundering. Performance indicator of the budget programme's policy is an increase in the ratio of the amount of money assets frozen by the



FIU Latvia and the number of the materials transferred to the law enforcement institutions (%).

Performance results and indicators of the budget programme  
43.00.00 "Performance of the Financial Intelligence Unit" in 2020.

	Plan 2020	Performance 2020	Performance deviation from the planned value, %
Received reports/ threshold declarations (number)	20,000	4,833/ 64,635	247.3
Suspended amounts (million, EUR)	70	429.41	513.44
Orders issued on suspension of money asset operations (number)	150	440	193.33
Materials sent to further advancement (number)	250	622	148.8
Increase in the ratio of the amount of money assets frozen by the FIU Latvia and the number of the materials transferred to the law enforcement institutions (%)	5%	5%	0

Table 1

In 2020, the performance results of the FIU Latvia show that execution of the received report number has been largely exceeded, which can be explained by a fact that reports on unusual transactions have been replaced by threshold declarations as of 17 December 2019. At the same time, it should be noted that one of the indicators of increasing quality of the suspicious transaction reports is a reduced number of defensive reports, that, among others, has been driven by educational work with the obliged entities as for the issues of report submission.

It should be noted that the FIU Latvia suspends or freezes the assets both based on the information (reports on suspicious transactions) received from reporting entities and based on its own initiative, i.e., the information held by the FIU Latvia when an offence is suspected, as well as when information in other manner is received from the obliged entities and international cooperation partners. In 2020, the amount of frozen funds arguably was significantly affected also by the freezing of assets of the credit institutions that have suspended their basic operation; such amount exceeded 80% of the total frozen funds.

# Activities and Results of the Financial Intelligence Unit of Latvia

The activities implemented by the FIU Latvia in 2020 were largely affected by several events. In 2020, challenges and changes caused by COVID-19 affected the entire world and also the FIU Latvia. The pandemic posed significant impact not only on health care, freedom of movement, and national economic processes in general, but it also affected the job and obligations of public institutions. The global pandemic highlighted new tendencies in anti-money laundering, as well as determined a necessity of adapting, rapidly and fast, the specific features of work to the circumstances dictated by the pandemic.

Despite the challenges and technical changes that had to be introduced in everyday work in relation to the emergency situation declared nationwide, the FIU Latvia in this sophisticated time managed to comprehensively continue its tasks set by laws and regulations, thus ensuring continuous and exhaustive work according to the documents indicated below.

## 1. National laws and regulations:

- Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;
- Law On the International Convention for the Suppression of the Financing of Terrorism;
- Cabinet Regulation No. 408 of 27 August 2019, Regulations Regarding the Procedures for Submitting Reports on Suspicious Transactions.
- Cabinet Regulation No. 407 of 27 August 2019, Regulations Regarding the Procedures for the Submission of the Threshold Declaration and Content Thereof.

## 2. International laws and regulations and recommendations:

- Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU;
- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (hereinafter — the Fourth Directive);
- Recommendations of the Financial Action Task Force;
- The Egmont Charter.<sup>2</sup>

## 3. Policy planning documents:

- Performance Strategy of the Financial Intelligence Unit;
- Cabinet Order No. 576 of 29 September 2020, "Action Plan for Prevention of Money Laundering and Terrorism and Proliferation Financing for 2020–2022" (amended by Cabinet Order No. 653 of 23 December 2019, "On an Action Plan for Prevention of Money Laundering and Terrorism and Proliferation Financing for 2020–2022");
- Cabinet Order No. 210 of 7 May 2019 "On Action Plan of the Government for the Implementation of the Declaration on Activities Planned to be Implemented by the Cabinet managed by Arturs Krišjānis Kariņš";
- "Action Plan to Strengthen Proportionate Approach by Following Requirements for Prevention of Money Laundering and Terrorism and Proliferation Financing".<sup>3</sup>

Operation of the FIU Latvia in 2020 was determined not only by the regulatory framework and policy planning documents, but also by the strategic objectives defined by the Unit, as well as the necessity of continuing, together with cooperation partners, the initiated reforms for improvement of the system of AML/CFT/CFP with an aim of restoring reputation of the Latvian financial sector. This

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<sup>2</sup> Available: <https://egmontgroup.org/en/document-library/8>

<sup>3</sup> Approved at a meeting of Financial Sector Development Board on 27 November 2020.

year, impact of the conditions caused by COVID-19 pandemic was large and it required corresponding resources and efforts to review the everyday work and adapt to the new challenges. Furthermore, COVID-19 also affected the content of FIU Latvia obligations — new risks had to be identified, new financial crime schemes had to be tracked — thus, appropriate analytical materials were required.

### **Reach of the objectives was driven by the following factors:**

- The positive evaluation made by international experts as for the work achieved by Latvia during the assessment period in the field of improving AML/CFT/CFP and introduction of Moneyval recommendations.

This evaluation approved that the policy instruments for prevention and combating of money laundering, that include not only national and international laws and regulations but also sector-oriented domestic provisions, correspond to global standards, i.e., 40 FATF recommendations.

- Political support.

The Latvian government and institutions, that are involved in AML/CFT/CFP, believe the improvement of the financial sector is a priority and pre-condition of a safe state also after receiving the positive assessment from the international experts. This is demonstrated by updating high-level action plans and granting of additional resources to increase ability and capacity of competent institutions as for prevention and combating of money laundering.

- Mutual cooperation of institutions.

Owing to nationally and internationally scaled and structured coordination mechanisms, using different inter-institutional cooperation platforms, as well as communication with international organisations and foreign FIUs, high-level mutual cooperation of competent institutions in the field of AML/CFT/CFP has been ensured.

- Technical provision.

In 2020, effectiveness of FIU's software was strengthened beginning a gradual transition to *goAML*, improving data processing and analysis, enhancing protection functionality of the FIU's digital information resources, introducing new software solutions, equipping work stations with an updated range of standard software and special software, as well as strengthening computing and data processing loads after purchasing server technology.

- Professional and experienced team.

The team of the FIU Latvia consists of high-level field professionals who have corresponding knowledge and competence. Additional staff positions for effective execution of the Unit's functions and for strengthening of the strategic and operational analysis are an invaluable benefit.

**Reach of the set objectives was hindered by the following factors:**

- Lack of a long-term financing.

The financing that would correspond to the future requirements as for the financial intelligence and that would ensure the FIU's basic operation must be included in the basic budget of the institution; however, a part of the financing is received from assets of the priority action plan or the European Economic Area's Financial instrument program "International Police Cooperation and Combating of Crime".

- Restrictions posed by COVID-19 and a necessity to implement the activities in relation to tackling the pandemic crisis.



# Digitalisation of Data Processing and Analytical Processes

Targeted development of information technologies was one of the FIU's priorities in 2020 as well. The use of information technologies in everyday work of the FIU Latvia was related both to overall tendencies of the year requiring a fast and appropriate response and work transfer to a remote mode and global tendencies when digital tools for AML/CFT/CFP were used more often.

One of the most significant priorities in 2020 — introduction of the data receipt and analysis system of the FIU Latvia. The system is based on *goAML* application developed by the United Nations Office on Drugs and Crimes (hereinafter — UNODC) and specially elaborated for financial intelligence units. One of the advantages of this state-of-art and internationally recognised high-level solution as for the receipt of suspicious transaction reports is its continuous improvement and introduction of changes according to the latest tendencies and experience obtained from its users from more than 50 states already. The long-term use of *goAML* will allow its users — obliged entities and other persons — operatively submitting reports on suspicious transactions and threshold declarations, preventing a necessity of making parallel reports both to the FIU Latvia and State Revenue Service for tax offences, as well as improving a communication flow among the FIU Latvia, obliged entities, supervisory and control institutions, and law enforcement institutions. The FIU Latvia, to introduce *goAML*, in 2020 implemented the following activities:

- The responsible staff of the FIU Latvia participated in a training course of UNODC (first implementation mission) on customisation of the application;
- An international expert of financial intelligence unit has been attracted to introduce the system;
- Staff of the FIU Latvia together with representatives of FIUs of other European states and *goAML* users participated in an expert-level meeting;
- An XML structural scheme (XSD) and description document of the XML scheme have been published on the official website of the FIU Latvia, [www.fid.gov.lv](http://www.fid.gov.lv), in Latvian and English;

- Expert communication has been launched to define system development requirements with an aim of creating a reporting channel, common with the State Revenue Service, for submission of reports on suspicious transactions and threshold declarations as for tax offences;
- To improve the regulatory basis for the introduction of *goAML*, a draft regulation was elaborated by the Cabinet of Ministers, i.e., "Procedure of Submitting Reports on Suspicious Transactions and Threshold Declarations" which, among others, unites in a single law the Cabinet Regulation No. 407 of 27 August 2019, Regulations Regarding the Procedures for the Submission of the Threshold Declaration and Content Thereof, and Regulation No. 408 of 27 August 2019, Regulations Regarding the Procedures for Submitting Reports on Suspicious Transactions.
- The FIU Latvia has found a solution that will allow pairing *goAML* with external data bases controlled by other institutions.

Continuing the develop information technologies at the FIU Latvia, in 2020, analytical capacity has been significantly increased by improving computational loads, introducing new analytical solutions (e.g., ALTIA product, *Investigation Toolkit* and *Financial Analysis Toolbar* that improve the analysis of bank statements, have been introduced), and strengthening information exchange channels that allow safe and encrypted transferring of large amounts of information to cooperation partners. Also, information and data security infrastructure has been improved by strengthening both authority and support option management of users and computer network and computer equipment monitoring opportunities. Data flow control has also been reinforced with data anti-leak protection and communication channel encryption. Systems as for personal data protection have been developed.

In 2020, the FIU Latvia restored a search tool of the entities that subject to sanctions, <https://sankcijas.fid.gov.lv/>, which now includes the sanction lists of the UN, EU, and Latvia and an option of extracting a report which contains search criteria, date, and the obtained/found information. The sanction search engine has been developed according to requirements of accessibility provision on the website determined in laws and regulations.

Also, the e-reporting site of the FIU Latvia [www.zinojumi.fid.gov.lv](http://www.zinojumi.fid.gov.lv) experienced functional and visual improvements.

To follow the restrictions determined during the pandemic of COVID-19 and to reach maximum reduction of virus distribution, in spring 2020, the FIU Latvia rapidly and in a short period of time provided the required information technology customisation, supervision, and control, as well as organisational measures so that the Unit's staff would start working remotely in compliance with high

protection of information and data security. An average of 80% of the staff in 2020 worked remotely.

# Strategic Analysis

Along with basic task of the FIU Latvia, it also implements strategic analysis functions that include a wide range of issues that require extra attention and resources. The strategic analysis helps defining strategic perspectives, action directions, and operation directions of the FIU Latvia.

In 2020, the FIU Latvia developed the following strategic analysis studies:

1. Money laundering and terrorism financing and proliferation financing risk assessments:
  - 1.1. The National Money Laundering and Terrorism Financing and Proliferation Financing Risks Assessment Report for 2017–2019 (hereinafter — NRA).

The NRA assesses the national money laundering and terrorism financing and proliferation financing (hereinafter - ML/TF/PF) vulnerability, threats, and deriving risks, as well as resistance of the Latvian system for prevention of ML/TF/PF against these risks. Also, the sectoral risk assessment was conducted and future risks were identified and weighted when preparing the NRA. Risks of legal persons, non-governmental organisations, and financial product availability were also considered, just like terrorism and proliferation financing risks. More information about the NRA and its conclusions is available under "National ML/TF/PF Risk Report for 2017–2019".

- 1.2. Risk assessment report of virtual currencies and new technologies.

The report was elaborated with an aim of improving understanding of those making a policy for the Latvian ML/TF/PF prevention system, FIU Latvia, law enforcement institutions (hereinafter — LEA), obliged entities, and supervisory and control institutions, as well as understanding of other interest persons of ML/TF/PF risks in relation to tendencies of using virtual currencies. The report assessed the risks that were and can be caused by the use of virtual currencies at the national scale considering the available provisional information on the amount of the virtual currencies used in the European Union and Latvia, and it is subsequently approved by statistics of the virtual currencies-related reports

received by the FIU Latvia and other information possessed by the FIU Latvia.

The assessment of risks of virtual currencies and new technologies has been defined at the FIU Latvia as an annual process and, considering the always-changing and developing field, the FIU Latvia regularly reassesses the current risks and updates them according to the latest global tendencies and processes that might affect the risk, threat, or vulnerability levels.

### 1.3. Support to supervisory and control institutions.

The FIU Latvia has ensured support to supervisory and control institutions, so that they would make a sectoral ML/TF/PF risk assessment for 2019. Conclusions of the sectoral risk assessments were integrated in the NRA for 2017–2019.

## 2. Methodology materials:

### 2.1. Money laundering and terrorism financing risks posed by COVID-19<sup>4</sup>.

The material summarises latest information and tendencies of the COVID-19 crisis and risks of money laundering and terrorism financing posed by the national emergency situation combining the information obtained by international organisations, cooperation partners, FIUs of other states, and FIU Latvia.

### 2.2. Typologies and indications of money laundering<sup>5</sup>.

The methodology material has been developed to promote common understanding on suspicious transactions and indications of criminal activities, emphasising the typologies of proceeds derived from crime that are a characteristic of the criminal offences corresponding to the Latvian risk profile, i.e., typologies regarding tax evasion or tax fraud, corruptive transactions, as well as typologies of autonomous money laundering and laundromats.

## 3. Strategic analysis studies.

In 2020, the FIU Latvia developed a total of the following seven strategic analysis studies. Different objectives were defined for the studies, and their conclusions were sent and present to LEAs, supervisory and control institutions, policy makers, social partners and used in everyday work of the FIU Latvia. All strategic analysis

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<sup>4</sup> Available: [https://www.fid.gov.lv/uploads/files/Dokumenti/FID\\_Covid-19%20rad%C4%ABtie%20NILL%20un%20TF%20riski\\_.pdf](https://www.fid.gov.lv/uploads/files/Dokumenti/FID_Covid-19%20rad%C4%ABtie%20NILL%20un%20TF%20riski_.pdf)

<sup>5</sup> Available: [https://fid.gov.lv/uploads/files/Dokumenti/Vadlinijas%2C%20rekomendācijas/FID\\_Tipologiju\\_materials\\_2020.pdf](https://fid.gov.lv/uploads/files/Dokumenti/Vadlinijas%2C%20rekomendācijas/FID_Tipologiju_materials_2020.pdf)

studies, conducted in 2020, have a restricted access status; therefore, only certain studies are listed here.

### 3.1. Risks of Lithuanian financial sector and their impact in Latvia *(restricted access information)*.

The study examines the rapid development in a sector of Lithuanian electronic money institutions (hereinafter — ENI) in 2018 and 2019, the significant increase in the number of Latvian customers in the Lithuanian ENI sector, as well as the considerable number of the reports received by the FIU Latvia in relation to transactions, which include the Lithuanian ENIs. The study also evaluates the overall cash and non-cash money in the financial sectors of Latvia and Lithuania.

The study was sent to Lithuanian competent institutions, and the conclusions thereof were discussed with representatives of the Latvian financial sector and government.

### 3.2. Latvian defence companies included in the reports received and materials sent by the FIU Latvia *(restricted access information)*.

According to the information spread in 2020 about negative experience of defence companies in cooperation with Latvian credit institutions, the FIU Latvia conducted an assessment examining its information on defence companies. The FIU Latvia selected and analysed suspicious transaction reports, submitted by obliged entities, that contain defence companies to make conclusions whether the number and quality of the received reports demonstrate problematic issues as for AML/CFT/CFP in the field of defence. Also, the reports received, information provided by foreign and local cooperation partners, and disseminations of the FIU Latvia sent to law enforcement authorities were used to assess the ML/TF/PF risks of the field. The report conclusions were presented to responsible institutions and social partners.

### 3.3. Assessment of ML/TF/PF risk-increasing factors of Belarus *(restricted access information)*.

To provide support to transfer an operation of Belarusian companies, incl. opening accounts in Latvia, the FIU Latvia performed an assessment of ML/TF/PF risk-increasing factors of Belarus using the information at disposal of the FIU Latvia and available for the public. The study identifies five risk-increasing factors requiring special attention when initiating a cooperation with Belarusian companies. The study conclusions were sent to financial institutions, Financial and Capital Market Commission and Finance Latvia Association.

### 3.4. Study of Financial Crimes Enforcement Network (FinCEN) files *(restricted access information)*



The study was initiated after the news on the information space that certain credit institutions are involved in international money laundering schemes. Noting the scope of the study, work is continued in 2021 as well.

4. Guidelines for improvement of work of the FIU Latvia, law enforcement authorities, supervisory and control institutions, and/or subjects of the Law have been elaborated:

- 4.1. Guidelines "Criminal Offence Investigation Priorities in the Field of Money Laundering" (*restricted access information*).

As for investigating criminal offences of money laundering, priorities of Latvia must correspond to the identified money laundering risk profile, thus, the FIU Latvia, in cooperation with the Prosecutor General's Office, State Police, and Ministry of Justice, has elaborated guidelines defining the investigation priorities in the field of money laundering.

- 4.2. Guidelines "Cooperation of the Financial Intelligence Unit with Obligated Entities, Investigating Institutions, and Prosecutor's Office" (*restricted access information*).

According to statutory requirements and competences of the authorities, the guidelines specify cases in which the FIU Latvia provides information at its discretion to the subjects of operative activities, investigating institutions and the Prosecutor's Office, cases in which the subjects of operative activities, investigating institutions and the Prosecutor's Office may request information from the FIU Latvia, and cases in which the FIU Latvia may order the freezing of funds based on information provided by the subjects of operative activities and investigating institutions. The guidelines describe the requirements for information requests and the procedures for requesting information that the FIU Latvia can obtain in cooperation with FIUs of other states.

## **National Money Laundering and Terrorism Financing and Proliferation Financing Risk Assessment Report for 2017–2019**

Development of the NRA is important for each country, since it allows identifying ML/TF/PF risks and preparing relevant measures to reduce these risks. For policy makers, the NRA is a basis for further development or improvement of the policy for prevention of ML/TF/PF. Whereas, representatives of the private sector may use the conclusions included in the NRA to review and update their procedures of internal control.

The NRA is developed for a particular period of time covering three or five years. In Latvia, the risk assessment includes three years, and this Risk Assessment refers to 2017–2019.<sup>6</sup> To make conclusions, it is required to analyse a large amount of statistics data, and NRA refers to previous periods and its conclusions refer to the further period till development of the next risk report. The FIU Latvia, according to topical issues of 2020, also included the main events, measures, and results of 2020 in the NRA.

In 2019, the FIU Latvia in cooperation with the competent institutions developed "Guidelines for Development of ML/TF/PF Risk Assessment", which describe in detail the NRA development, obligations and rights of the competent institutions, as well as a scenario of dissemination of the NRA.

The NRA was developed according to the World Bank's methodology based on principles that are stipulated in FATF recommendations, and it was adjusted for the use in countries with a different economic and geopolitical situation.

The NRA, developed by the FIU Latvia, characterises Latvia's ability to manage money laundering (ML) risks and resistance of the established system for prevention of ML have been assessed as high. The above-mentioned is demonstrated by the positive trends and indicators in the field of local and international inter-institutional cooperation, growth in the monitoring and controlling capacity of authorities, as well as creation of a unified and coordinated AML system. The NRA also analyses the key events of 2020, paying special attention to the challenges caused by the COVID-19 pandemic.

The main conclusions included in the NRA:

- The system for AML/CFT/CFP is stable — it integrates the necessary tools to manage the current and potential risks. The range of activities and risk reduction measures implemented by institutions involved in the system for AML/CFT/CFP is sufficiently flexible for rapid response to the topical tendencies and constantly changing situation in this field.
- According to the FATF guidelines as for conducting the ML/TF/PF risk assessment, the ML/TF/PF risks were determined by analysing potential threats and vulnerability. The national money laundering threats were assessed according to the Latvian risk profile as for the money laundering by separating the money laundering threats in Latvia posed by predicate criminal offences that have been committed outside the European Union, incl. autonomous

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<sup>6</sup> The previous Risk Assessment refers to 2013–2016.

money laundering threats, and the threats of criminal offences committed in Latvia and other EU states.

- Compared to the previous national ML/TF/PF risk assessment period, cross-border financial flows in Latvia have significantly reduced and the amount of cross-border payments received and sent in foreign currencies have considerably reduced. Respectively, also the potential ML threats arising from the cross-border payments are reducing.
- Fraud is identified as the main foreign predicate criminal offence. Also, the identified ML typologies indicate foreign corruption and misappropriation. Considering that during the reporting period, Latvian laws and regulations have been improved by explicitly stating — to prove money laundering, it is not required to prove the particular criminal offence from which the relevant assets are being laundered —, ML is more often identified without a particular predicate criminal offence, especially in ML cases of cross-border financial flow. Therefore, during the reporting period, the number of autonomous ML criminal proceedings that were initiated and transferred for commencement of criminal proceedings, as well as the amount of proceeds derived from crime, have considerably increased.
- Significant ML threats of the national predicate criminal offence are caused also by tax evasion and corruption, illegal circulation of excise goods and narcotic substances, incl. smuggling, as well as by the criminal offences against property, especially fraud, if committed on a large scale. In 2017 to 2019, the predicate criminal offences in countries of a high corruption risk and the cross-border asset flow from such countries caused higher ML threats than the national predicate crime. It can be predicted that threats of the cross-border financial flow from 2020 to 2022 will even out with threats of the national predicate crime.
- Within the context of national ML vulnerability, effectiveness of laws and regulations for prevention and combating of ML and the application thereof were assessed, just like an ability of various institutions to identify, investigate, adjudicate ML, identify cross-border money flows, and sufficiency of the information for customer identification a.o. criteria.
- During the reporting period, almost each national vulnerability criterion (or a criterion for ability to fight ML) has been improved, and the overall ML prevention and

combating ability has grown by 0.17 points, i.e. from 0.5 points (medium) in 2013–2016 to 0.67 points (medium high) during this period. Regulatory framework has been considerably improved as for AML/CFT/CFP, capacity of the relevant institutions has been strengthened, and inter-institutional cooperation has been improved.

- Gradual decrease of sectoral risks has also been identified. Special emphasis must be placed on the sector of credit institutions, which has faced the greatest changes (refused service to customers of a too high risk, improved ability to identify and report suspicious transactions, developed high level internal control systems). All this showed positive impact also on other sectors.
- The terrorism financing risk has been assessed as low. The level of terrorism threats in Latvia during the recent years has not changed and remains relatively low. The terrorism financing threats at national level are low since the level of terrorism threats is low. Although there are several internationally known terrorist groups causing terrorism financing threats also in Latvia, abuse of the Latvian financial system in financing thereof has not been established during the investigations abroad. During the reporting period, understanding of the obliged laws as for terrorism financing and circumventing of sanctions has significantly improved, and capacity of public institutions has increased, while awareness of terrorism financing and circumventing and violation of sanctions has improved.
- Proliferation financing risks are assessed as medium low. Proliferation financing threats are caused by the persons and subjects of international law with potential of causing harm by attracting, moving, storing, or using proceeds and other assets (regardless of whether or not they have been obtained lawfully) for proliferation. There is a well-developed financial sector in Latvia, and it provides the services that may be used for proliferation financing; there have been the cases when the Latvian financial sector has been used to circumvent the sanctions against North Korea, although this happened before the reporting period. Latvia is a suitable place for organising transit and logistics among the EU, CIS countries, and Asian markets; at the same time, there are effective control mechanisms for movement of the goods of strategic significance in Latvia.

According to the risks identified in the NRA, measures are defined and proposals for the actions to be taken are developed to

successfully implement prevention and enforcement of these risks, and the measures include the following:

- To continue improvement of international and national cooperation;
- To strengthen implementation of risk-based approach;
- To improve implementation of monitoring functions in all the sectors;
- To ensure compliance with reasonable monitoring requirements;
- To ensure efficiency of measures for AML/CFT/CFP and continuity of processes;
- To organise training to explain the most significant conclusions to the target audience — policy makers, responsible public authorities, obliged entities, and the general public.

## Coordination of Cooperation

The FIU Latvia coordinates cooperation among operative action subjects, investigation institutions, prosecutor's office, State Revenue Service (hereinafter — Involved Institutions), and obliged entities. The cooperation is implemented by convening meetings of the cooperation coordination groups.

Such meetings are convened according to amendments<sup>7</sup> to Section 55 of the Law defining the cooperation coordination mechanism. The cooperation is aimed at facilitation of effective execution of the tasks set to all institutions involved in the coordination group.

Adapting to the general tendency of the year — to organise the job remotely to the extent possible —, the FIU Latvia provided a platform for a safe run of the meetings of cooperation coordination groups. In 2020, there were 170 meetings of the Cooperation Coordination Group, and 38 of them were recurrent meetings which included further examination of certain cooperation issues. Meetings of the Cooperation Coordination Group are convened by the FIU Latvia on its own initiative, and they can be conducted also on the initiative of the Involved Institutions provided it has been initiated by at least one of them.

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<sup>7</sup> The Law amendments have been adopted on 26 April 2018 and entered into force on 9 May 2019.



### Meetings of the Cooperation Coordination Group upon an initiative of institutions



### Types of meetings of the Cooperation Coordination Group

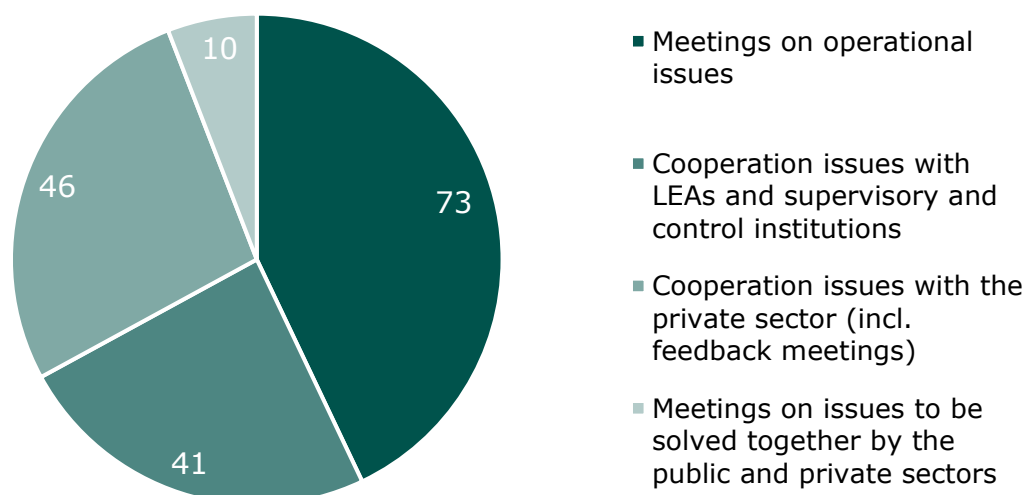


Chart 1

In 2020, the meetings about operational issues were the most common meetings of the Cooperation Coordination Group; there were 73 meetings, and 38 of them discussed operational issues of the FIU Latvia. 13 meetings were feedback meetings with credit institutions discussing quality of the reports submitted by obliged entities, analysing shortcomings and deficiencies in the reports.

Under guidance of the FIU Latvia, in 2020, there were 10 meetings of Supervisory and control institution cooperation and coordination platform bringing together representatives of all supervisory and control institutions. There was also a Working group for combating of terrorism financing, and, in 2020, it included 4 meetings examining common issues of the public and private sector.

Chart 2

Meeting participants	Number of participation times
State Police	32
Economic Crime Combating Department	14

Organised Crime Combating Department	5
Prosecutor General's Office	14
State Security Service	7
Tax and Customs Police Department of the State Revenue Service	5
Corruption Prevention and Combating Bureau	4

Table 2

State Police was the LEA that participated in the meetings of Cooperation Coordination Group most often — 32 times, while representatives of credit institutions were the group of the obliged entities that participated the most, i.e., 40 times.

Issues of cooperation of the FIU Latvia and certain LEAs, international cooperation opportunities among the LEAs and FIU Latvia, and international cooperation within criminal proceedings and operative actions were the main discussion source in the meetings of Cooperation Coordination Group. At the same time, the meetings included a discussion of problematic issues and risks as for virtual currencies, required trainings to LEAs and obliged entities, as well as issues in relation to submission of suspicious transaction reports and threshold declarations.

One of task of the FIU Latvia is to educate the institutions involved in the system for AML/CFT/CFP on the latest tendencies in prevention of money laundering. To execute this task, in 2020, there were a two-day online training "Issues of Investigating and Adjudicating Money laundering" involving representatives, analysts, prosecutors, and judges of LEAs, representatives of the Ministry of Justice and Ministry of Interior, as well as staff of the FIU Latvia. The training was attended by a total of more than 330 participants.

In 2020, there was a training, "Competence of the Financial Intelligence Unit and Cooperation thereof with the Persons Directing the Processes", and it included 350 participants — investigators, operative staff, prosecutors, judges of courts of the first and second instance, and representatives of the Ministry of Interior and FIU Latvia.

# Representation of the Latvian Position in Moneyval and FATF Evaluation Processes

In parallel to everyday intelligence work, the FIU Latvia paid significant attention to introduction of international standards for AML/CFT/CFP in Latvia and also provided the process of implementing the Moneyval recommendations.

On 22 January 2020, Moneyval published a follow-up report analysing the progress as for the shortcomings to technical compliance that were identified in the 5<sup>th</sup> round mutual assessment report on Latvia. After evaluating the technical compliance progress report, Moneyval experts assessed 7 of 40 FATF technical compliance recommendations were reassessed as “fully corresponding” and 33 — as “mostly corresponding”. Thus, Latvia is the first Moneyval member state and the second state worldwide that have been assessed as at least mostly corresponding to all 40 FATF recommendations.

On 21 February 2020, the FATF plenary meeting reviewed the progress report on effectiveness submitted by Latvia, and the report described effective application of the regulatory framework in a fight against ML/TF/PF. After evaluating the report on effectiveness, the experts acknowledged — as for all ten immediate outcomes that were previously assessed as “low” or “medium”, Latvia has managed showing its commitment to demonstrate a significant and positive result and commitment to fight economic and financial crime, thus strengthening the state’s security, welfare, sustainability, and reputation; the experts decided not to include Latvia in the so-called “grey list”.

Although the set objective — to improve the system for prevention of financial crimes and ensure compliance thereof with international requirements — was mainly achieved, Latvia is still under an enhanced supervision of Moneyval, which means that Latvia must also further provide regular reports on the progress and results as for introduction of the measures for prevention of ML/TF/PF.

Latvia must submit the next report for the Moneyval’s plenary meeting of 2021.



# International Cooperation

The FIU Latvia is a member of Egmont Group — an international group of financial intelligence units. This participation allows the FIU Latvia communicating and exchanging information with all 165 members of the group by using a safe and protected information exchange channel. The FIU Latvia is actively using the opportunities provided by the Egmont Group, since preparing answers to requests of foreign FIUs, as well as preparing the requests by the FIU Latvia for submission to the foreign units, to obtain the information to be analysed by the FIU Latvia, are one of the key international cooperation functions for the institution.

The dynamics of international cooperation over 3 years

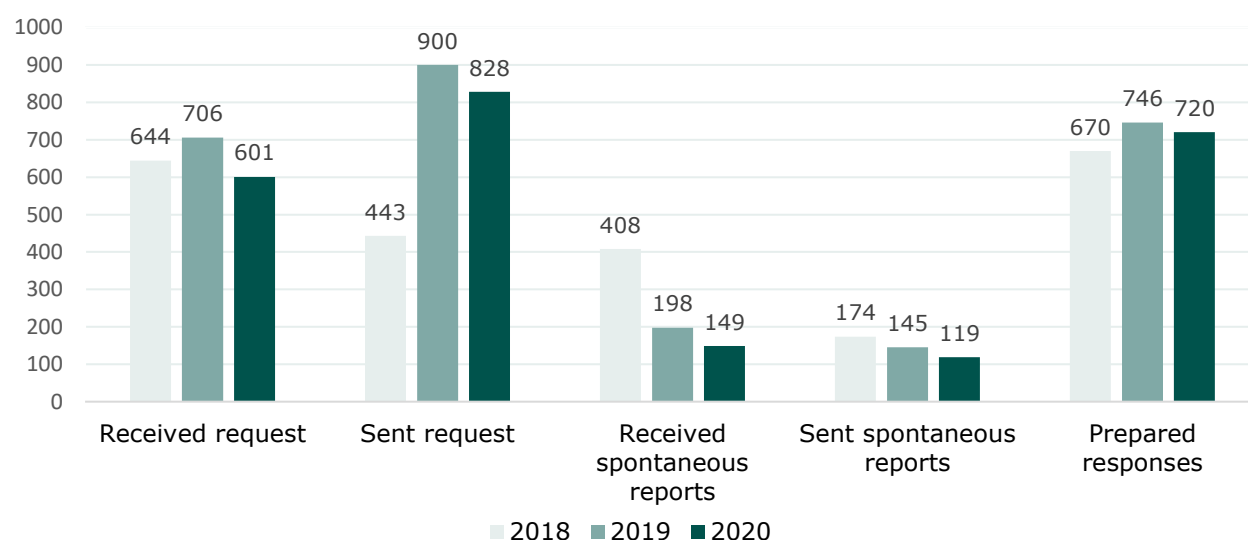


Chart 3

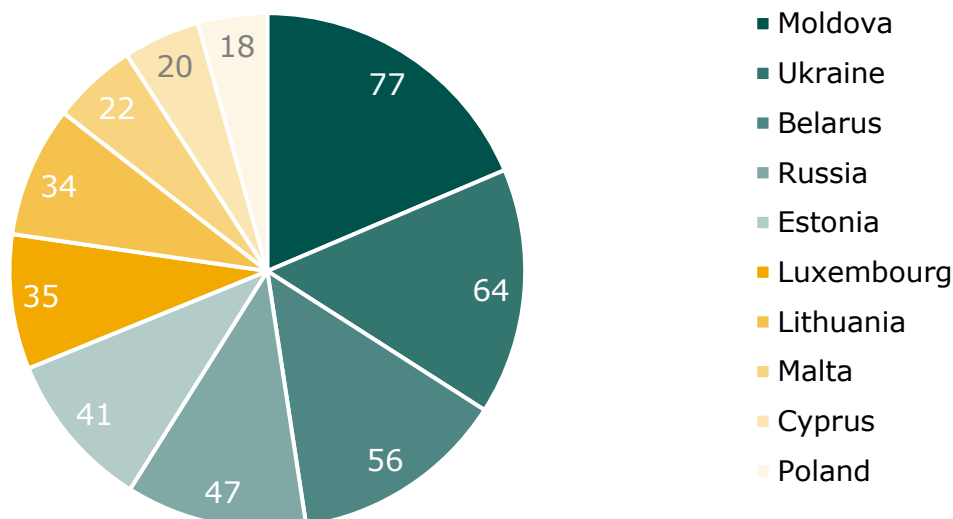
2020 and the global COVID-19 pandemic also affected the operation of foreign FIUs as demonstrated by the overall performance results. This year, the operation of foreign FIUs was more directed towards domestic issues of certain countries when adapting to digital work environment and researching the issues for prevention of consequences of the pandemic.

In 2020, requests of the foreign FIUs were received mainly related to the following potential criminal offences: autonomous money laundering, fraud, misappropriation, corruption and bribery, evasion from taxes and equivalent payments, forgery of documents, smuggling, and using official position in bad faith.



Upon an initiative of foreign colleagues, the FIU Latvia in 2020 froze 1.56 million euro as potentially criminally acquired assets.

The main cooperation countries by the number of received requests



According to the number of sent request, the main FIU Latvia cooperation countries are Estonia, Lithuania, Cyprus, Poland, Ukraine, Great Britain, Czech Republic, Russia, Switzerland, and others.

Chart 4

The FIU Latvia conducted a survey of international FIUs to establish the quality of the international cooperation provided by the Unit in 2020. Summarising the responses from the FIUs of 27 countries, it can be concluded that overall, the cooperation with the FIU Latvia was assessed with 9.2 points of 10.

When describing the cooperation with the FIU Latvia, the foreign units indicated fast provision and quality of responses as the main aspects, since they include all required information and are very useful; thus, they emphasise that the responses often exceed their expectations.

#### General satisfaction with the cooperation provided by the FIU

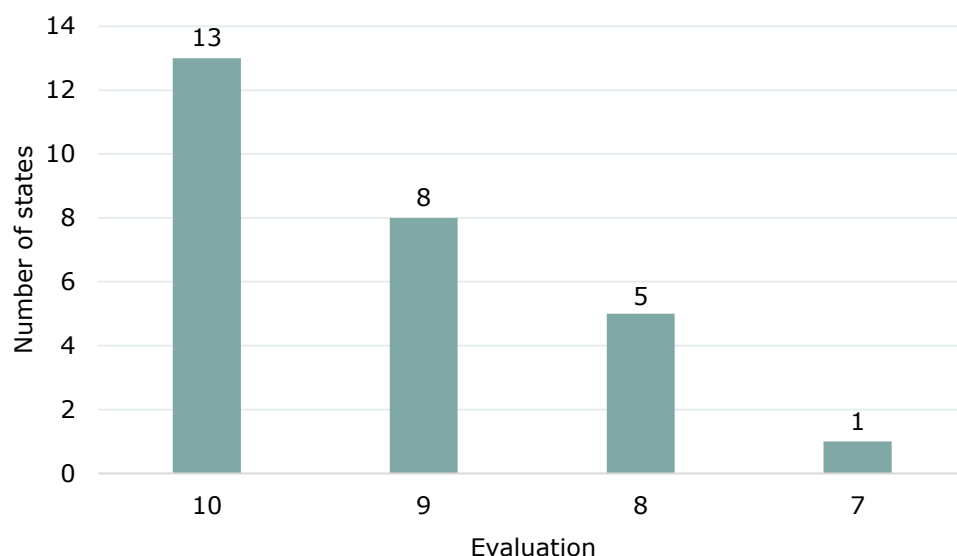


Chart 5

In 2019 already, the FIU Latvia established and led a specialised International Financial Intelligence Task Force (*ad hoc* IFIT) consisting of representatives from 22 countries with their financial institutions having performed the most transactions with a particular Latvian credit institution. The main mission of the FIU Latvia in this Task Force is not only provide the international partners with a vision of how to investigate financial crime, but also how to facilitate versatile cooperation paying a special attention to global nature of financial crime. In 2020, the number of the Task Force members increased to 24 states, and it actively continued its operation by ensuring regular exchange of operational and strategic information, as well as by organising two meetings of the Task Force:

1. In January 2020, there was an IFIT session during the meetings of the Egmont FIUs' Task Forces. At this meeting, the FIU Latvia presented to colleagues of foreign FIUs its progress in the particular case and made a common analysis of the involved transactions.
2. The next IFIT meeting was planned to take place in Riga in May 2020; however, due to the situation caused by COVID-19 and global travel restrictions the meeting initially was postponed for an indefinite term, while later it was decided to organise the IFIT meeting remotely. In July, all IFIT member states received the latest information on work of the FIU Latvia on the particular case and results thereof, as well as information about the planned steps. The remote IFIT meetings took place in December and gathered more than 50 representatives of FIUs from 20 states and secretariat of the Egmont Group. During the meeting, the latest information of the case analysis

and advancement in Latvia and certain other states was presented; there was also a discussion of the most recent money laundering schemes, indications, and typologies identified in this case, and there was also experience exchange with foreign colleagues about large-scale data analysis and tools thereof. There was also an agreement on further priority analysis directions and steps to be taken.

In addition to the joint meetings within the IFIT, there were also several bilateral meetings with members of the Task Force to discuss in more detail specific operational issues and share experience.

In 2020, the FIU Latvia organised also an international conference, "How to Improve Sanction Application Effectiveness", and the central topic was a risk-based approach vs. rule-based approach. Although the conference was initially planned in Riga in May 2020, due to the COVID-19 pandemic, it was postponed to the online format and held remotely for two days, November 26 and 27. The key task of the conference was to unite high-level specialists from different countries and international organisations for a discussion on challenges in the field of sanction application. The conference brought together approximately 200 participants and experts both from Latvia and abroad.

# Financial Intelligence

In 2020, the FIU Latvia has issued 440 freezing orders by freezing potentially laundered assets in the amount of 429.412 million euro. 622 disseminations were sent to LEAs, and 235 of them were opinions of a competent institution, 234 — for information purposes, and 153 — additional information materials (Chart 6).

The above result was reached since the FIU Latvia received and processed 4833 reports of suspicious transactions, and 4103 of them was subject to an enhanced examination and analysis (Chart 7).

In 2020, the FIU Latvia also received 64,635 threshold declarations that replaced the reports on unusual transactions as of 17 December 2019<sup>8</sup>.

Year	Number of suspicious transaction reports	Number of threshold declarations*	Number of unusual transaction reports*
2017	7,722	-	8,725
2018	6,617	-	25,198
2019	5,264	1,208	26,764
2020	4,833	64,635	-

Table 3

Threshold declarations are mainly used by the FIU Latvia for a strategic analysis, while the reports on suspicious transactions are being analysed to identify certain cases of money laundering and financing of terrorism and proliferation.

The most reports on suspicious transactions were received from the financial sector — 4,645, while 188 reports on suspicious transactions were sent to the FIU Latvia in 2020 by the non-finance sector. A more detailed division of the received reports on suspicious transactions is provided in Table 4.

<sup>8</sup> According to the Cabinet Regulation No. 407 of 27 August 2019 On Submission Procedure and Content of Threshold Declarations

Sector	Number of suspicious transaction reports
<b>Financial sector, total</b>	<b>4,645</b>
Credit institutions	3,941
Payment institutions and electronic money institutions	526
Cash-in-transit service providers	88
Currency exchange capital companies	76
Investment firms and investment management companies	7
Life insurance service providers, intermediaries	4
Managers of alternative investment funds	1
Private pension funds	1
Other financial institutions	1
Corporate loan and saving companies	0
Cash-in-transit service providers	0
Issuance of guarantees and other obligation documents which impose and obligation	0
Virtual currency service providers	0
<b>Non-finance sector, total</b>	<b>188</b>
Outsourced accountants	80
Sworn auditors and commercial companies of sworn auditors	29
Sworn notaries	24
Organisers of lotteries and gambling	21
Traders of precious metals, precious stones, and their products, and intermediaries	12
Agents and intermediaries in real estate transactions	8
Providers of extrajudicial debt recovery services	6
Insolvency proceedings administrators	5
Independent providers of legal services	2
Sworn advocates	1
Traders of other goods and other service providers, as well as intermediaries	0
Persons who are active in the movement of art and antique items	0
Persons who are active in trade of cultural monuments or are intermediaries in such transactions	0
Service providers for establishing legal arrangements or legal persons and ensuring operation	0
Vehicle traders, as well as intermediaries in vehicle trade transactions	0
Tax consultants	0
Providers of financial consultancy services	0

Table 4

### Information sent to law enforcement authorities

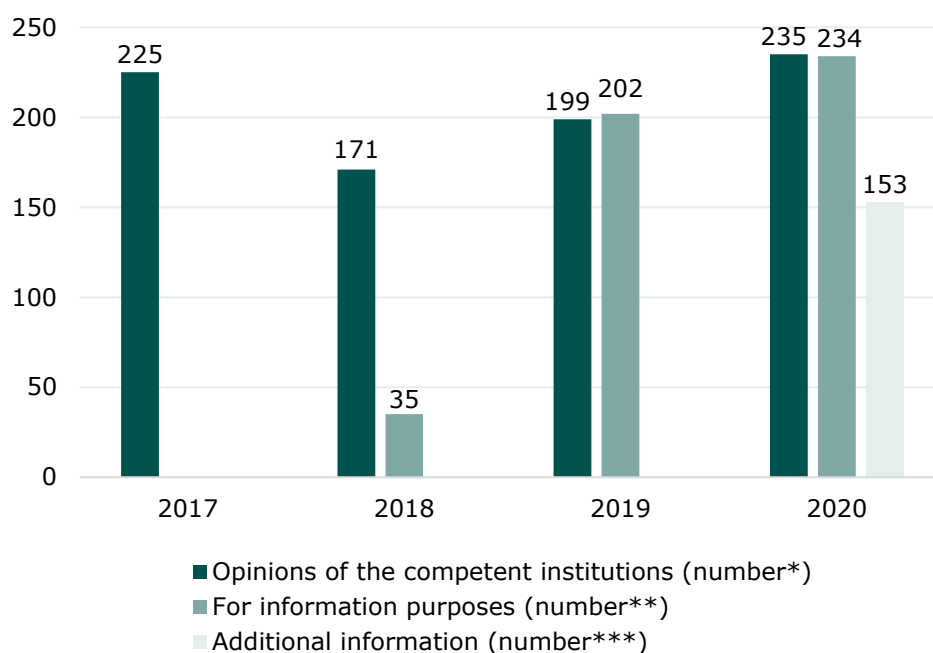


Chart 6

Also, in 2020, similarly to other cases, the most information was sent to State Police, State Security Service's Tax and Customs Police Department, and the State Revenue Service.

\* The opinion of a competent institution is the information summarised after an in-depth analysis made by the FIU and provided to LEAs, and such opinion includes a reasoned suspicion of money laundering. Based on this information, the LEAs may commence criminal proceedings.

\*\* Information at disposal of the FIU on transactions and/or persons that may be accepted by LEAs for information purposes, added to the initiated criminal proceedings, or be a basis of commencing a new proceeding.

\*\*\* Additional information is the information received, summarised, and established after an analysis by the FIU, and such information is to be sent to LEAs to add it to a previously sent opinions (reports) of the FIU competent institution or to a criminal proceeding that have previously been commenced by the relevant LEA.



	Opinion of the competent institution	For information purposes	Additional information	Total
State Police	211	112	134	<b>457</b>
Tax and Customs Police Department	11	44	12	<b>67</b>
State Security Service	3	41	3	<b>47</b>
Corruption Prevention and Combating Bureau	10	29	2	<b>41</b>
Specialised Public Prosecutor's Office for Organised Crime and Other Sectors	-	5	-	<b>5</b>
Defence Intelligence and Security Service	-	2	2	<b>4</b>
Internal Security Service	-	1	-	<b>1</b>
<b>TOTAL</b>	<b>235</b>	<b>234</b>	<b>153</b>	<b>622</b>

Table 5

In 2020 compared to previous years, the amount of the examined cases against to the total number of the received suspicious transaction reports has increased. Also, the total number of the suspicious transaction reports received by the Unit has reduced that, among others, is related to seminars organised by the FIU Latvia and provision of feedback about the report quality to obliged entities. The reduction of the received reports was partially affected by restrictions dictated by the pandemic and their effect on economic indicators in general. The report quality also improved due to the reform of the reporting system implemented at the end of 2019.

## Suspicious transaction reports and financial intelligence

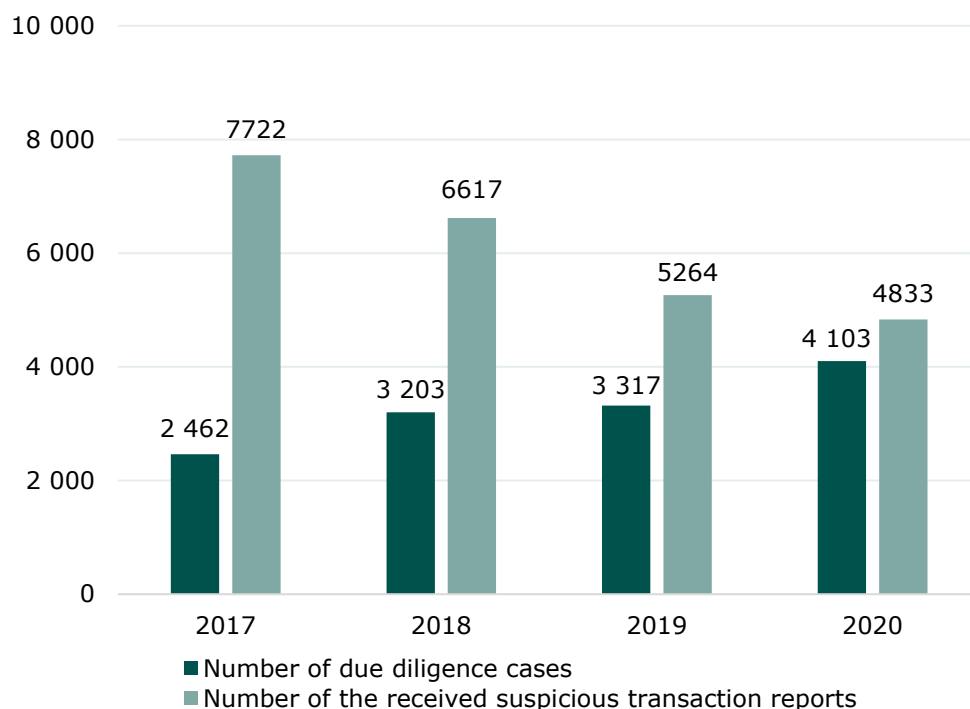


Chart 7

Obligated entities indicated in their reports on suspicious transactions the following potential criminal offences:

- Fraud — phishing;
- Fraud — fraud of advance payments;
- Misappropriation (incl. misappropriation of company assets);
- Receipt and use of credits and other loans in bad faith;
- Violation of salary provisions (the so-called envelope salaries);
- Evasion of tax payments and payments equivalent thereto;
- Non-provision of information and provision of false information regarding ownership of resources and the true beneficiary;
- Suspicion of money laundering (the predicate criminal offence has not been clearly identified).

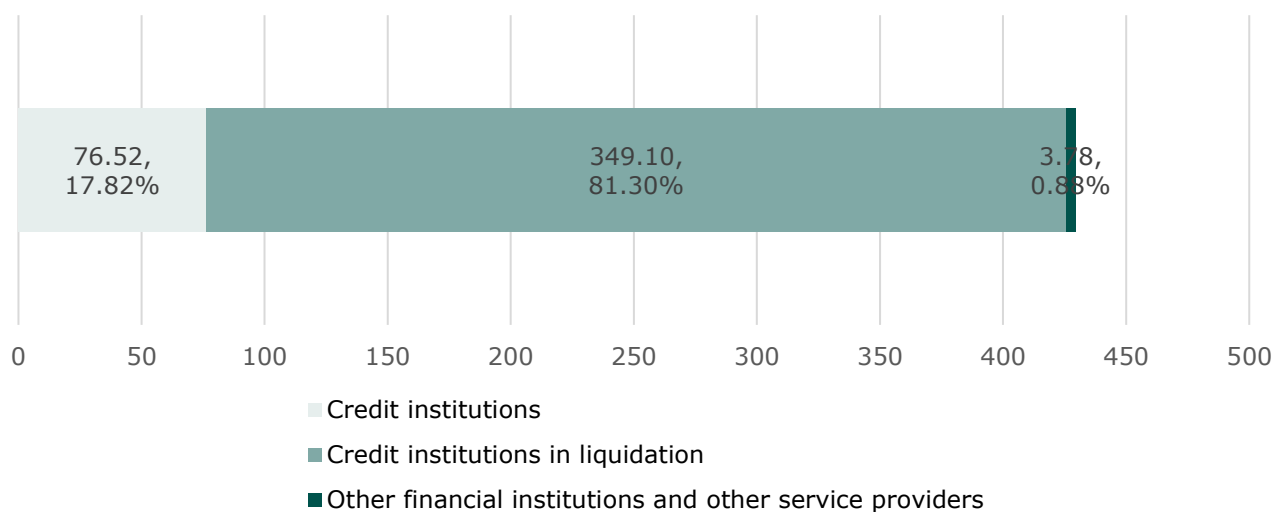
On 17 December 2019, the new reporting system entered into force, and it, among others, foresees an option of structuring and analysing the received suspicious transaction reports according to the typology selected by the obliged entity and potential predicate criminal offence. In 2020, the obliged entities in their reports on suspicious transactions most often selected the typologies such as “amount of debit and credit turnover is similar and there is no logical explanation thereto (a transit account)”, “turnover of a company account indicates a simulation of an economic activities (fictitious transactions)”, as well “amount of cash transactions of a

customer, natural person, on their account does not correspond to their personal activities and needs". It is foreseen that the typology classifier will further be updated to ensure its compliance with the latest tendencies and topicalities.

As for the reports on suspicious transactions assessed by potential criminal offence, 57% of the reports do not identify a particular possible predicate criminal offence, 18% of the reports indicate tax crimes, 10% of the reports indicate fraud, while 15% of the reports have been submitted with various other predicate criminal offences suspected.

The FIU Latvia in 2020, when issuing 440 orders on asset freezing, ensured the freezing of a total of 429.412 million euro as potentially derived from crime. In 2020, 45 real estates were refused to be re-registered and access to contents of four bank deposit boxes was denied. An absolute majority, 349.10 million euro, were frozen in credit institutions in liquidation. The sum of potentially criminally acquired assets that were frozen in other credit institutions in 2020 was 76.52 million euro, and

Frozen assets by type of institutions, million EUR



3,787 million were frozen in other financial institutions and service providers.

Chart 8

In 2020, more than a third of the potentially criminally acquired assets (financial assets and securities) were frozen based on a report on suspicious transactions submitted by obliged entities, and the obliged entity refused conducting the transaction. A majority of the assets (63%) were frozen based on information submitted by obliged entities in other format and/or upon an initiative of the FIU Latvia, while 1.56 million EUR (0.36%) were frozen upon requested from foreign FIUs.

#### Division of frozen assets by initiative type

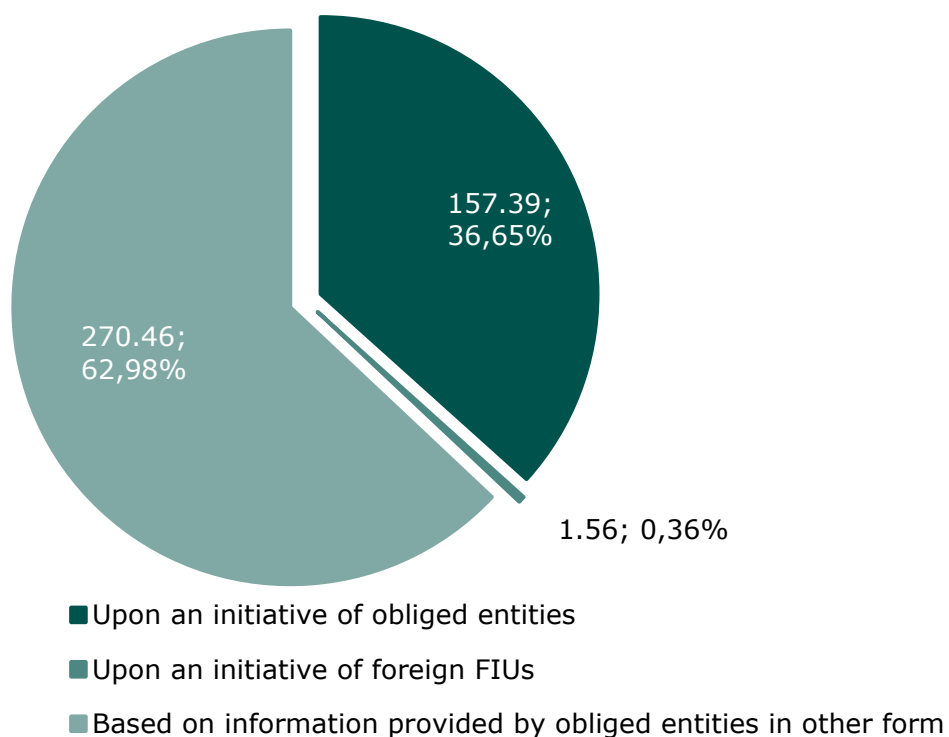


Chart 9

As for the amount of potentially criminally acquired assets by the type of a criminal offence, the most assets were frozen for autonomous money laundering (427.32 million euro), tax evasion (1.89 million euro), smuggling, and other criminal offences.

Amount of frozen assets and other values by the type of possible criminal offence (million, EUR)

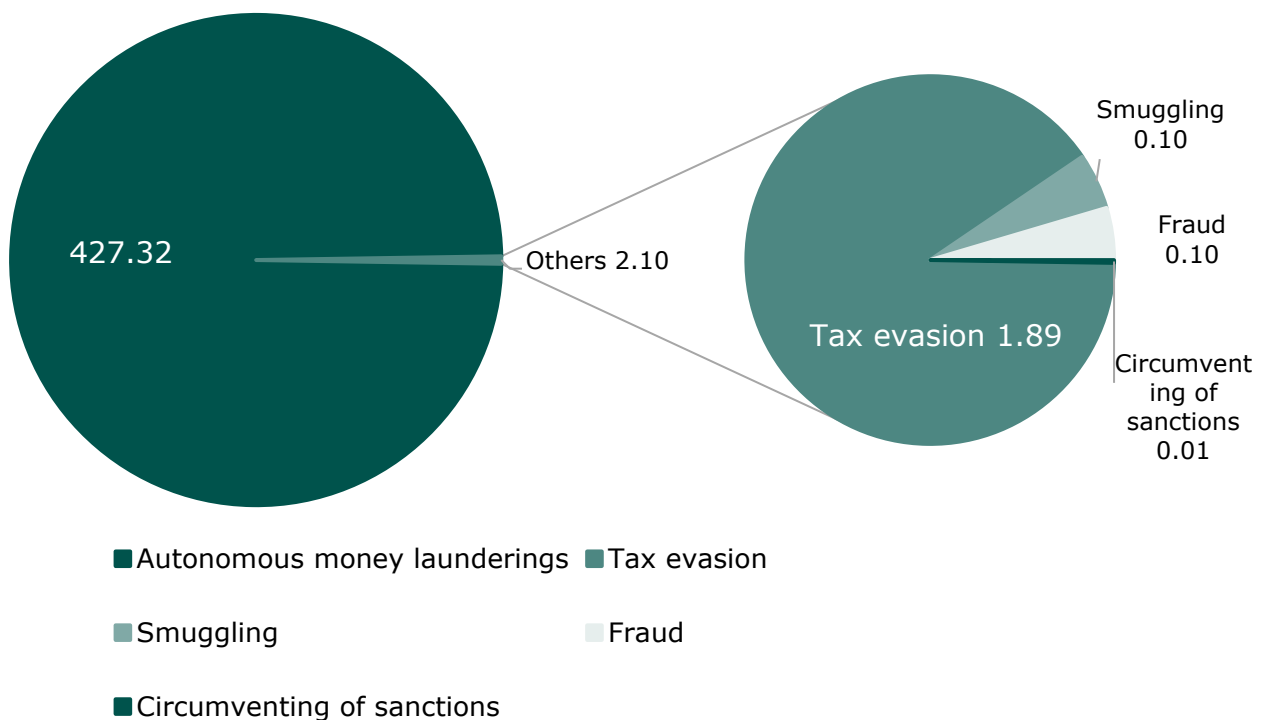


Chart 10

In 2020, the FIU's Latvia performance results by freezing the possible criminally acquired financial assets demonstrate that, similarly to previous periods, the frozen assets contain a large share of financial assets of foreign persons — both natural and legal persons — amounting to a total of 94.23%.

Out of the total amount of the funds frozen, the largest amount of potentially laundered assets was frozen for legal persons — 67% or 289.83 million euro, and 242.36 million euro of them was of foreign legal persons.

#### Division of frozen assets by person type

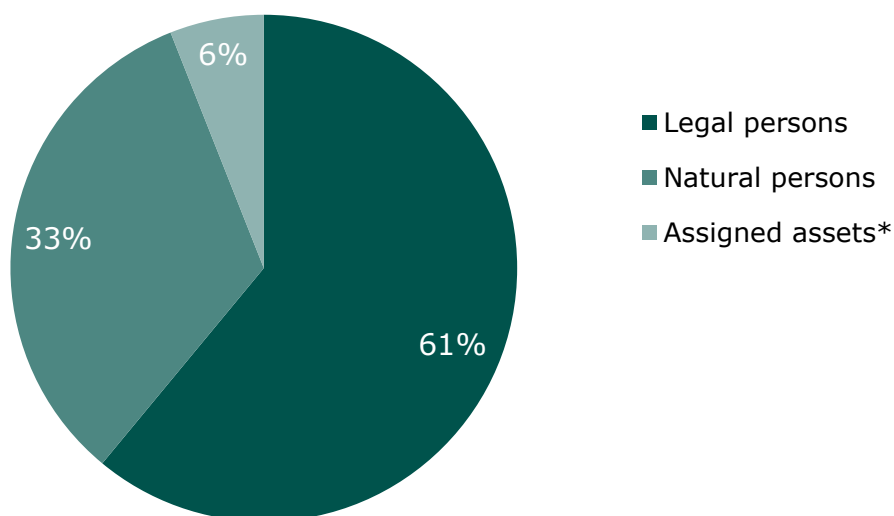


Chart 11

As for the reports on suspicious transactions received from obliged entities and subsequent issue of orders of asset freezing, it can be concluded that by a registration country of legal persons, the most possibly criminally acquired assets were frozen from legal persons of British Virgin Islands, United Arab Emirates, Cyprus, Great Britain, Latvia, Seychelles, etc. When comparing this information with the data on country of origin for foreign direct investment in Latvia, it can be concluded that the foreign financial assets of legal persons frozen by the FIU Latvia are transit money flows rather than foreign investment.

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\* Assigned assets — right to demand assigned from legal and natural persons to a legal person during the reporting period.

Amount of frozen funds of legal persons by registration country (million EUR)

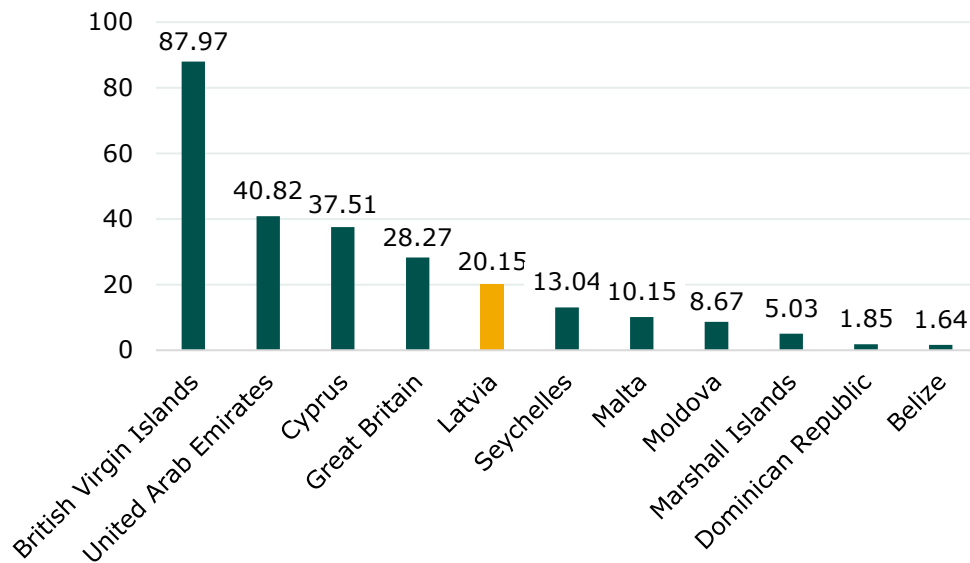


Chart 12

An analysis of the potentially laundered assets of natural persons by country of passport shows that the largest number (75.59 million euro) of assets frozen on accounts is attributed to natural persons holding a Russian passport.

Amount of frozen funds of natural persons by passport country (million EUR)

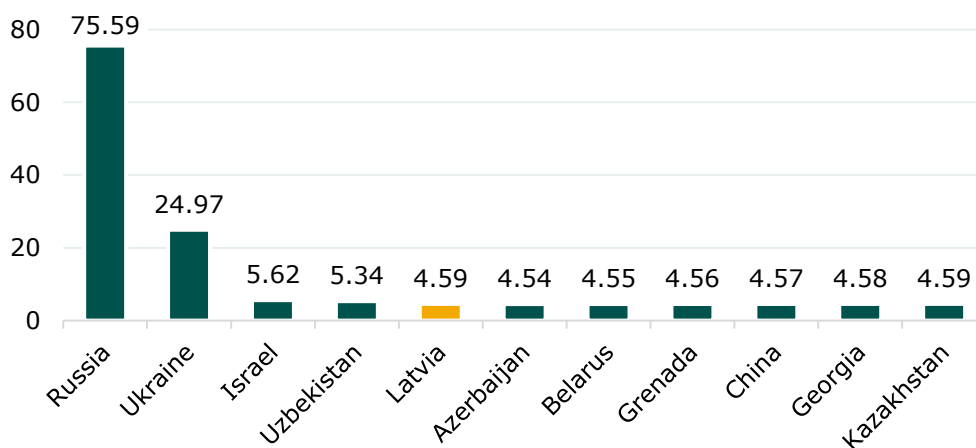


Chart 13



# Employees of the Financial Intelligence Unit of Latvia



Personnel policy of the FIU Latvia is based on a mutual interaction of selection, remuneration, work performance, training, and work environment, and its task is to facilitate achievement of the objectives and tasks set in the FIU's Latvia operation strategy by attracting well-determined officials and employees and developing their professional qualities, thus reaching a level of highly qualified experts in the field.

According to Cabinet Order No. 653 of 23 December 2019 "Regarding Action Plan for Prevention of Money Laundering and Terrorism and Proliferation Financing for 2020–2022"<sup>11</sup>, two additional staff positions were established at the FIU Latvia as of 1 January 2020. The total number of the FIU's Latvia staff positions on 1 January 2020 was 56, incl. 17 positions for officials and 39 — for employees.

Cabinet Order No. 576 of 29 September 2019 "Regarding Action Plan for Prevention of Money Laundering and Terrorism and Proliferation Financing for 2020–2022"<sup>12</sup> provided the FIU Latvia with 10 more employee positions for an indefinite term to perform a fast and quality analysis of historical (transit) transactions through the Latvian financial system and related assets that are still on customer accounts of Latvian credit institutions that are to be liquidated. Thus, the total number of staff positions on 1 December 2020 at the FIU Latvia was 66.

On 1 January 2020, the FIU Latvia had 54 staff positions; however, as the number of the employed increased, there were 61 staff positions at the FIU Latvia by the end of the year. In 2020, the team of the FIU Latvia was increased by 12 new employees.

On average during the reporting year, there are 53 staff position. The personnel rotation (turnover) ratio in 2020 was 0.4.

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<sup>11</sup> The above-mentioned regulation became invalid on 29 September 2020. The effective regulation is Cabinet Order No. 576 of 29 September 2020 "Regarding Action Plan for Prevention of Money Laundering and Terrorism and Proliferation Financing for 2020–2022".

<sup>12</sup> Available: <https://likumi.lv/ta/id/317729-par-pasakumu-planu-noziedzigi-iegutu-lidzeklu-legalizacijas-terorisma-un-proliferacijas-finansesanas-noversanai-laikposmam-no-2020-lidz-2022-gadam>

Number of the employed by months 2020

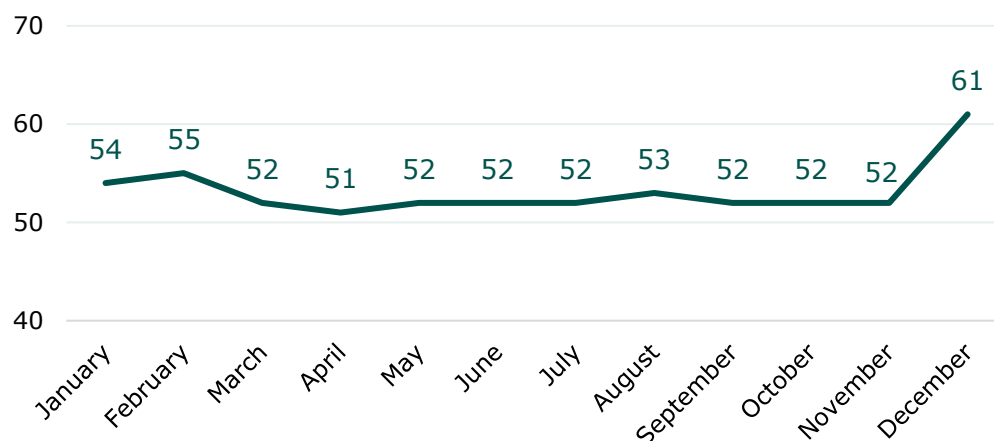


Chart 14

The average age of the FIU's Latvia employees is 37, and the largest part of the employees in 2020 represented the age group of 30–39 years. There are 70% of women and 30% of men working for the FIU Latvia.

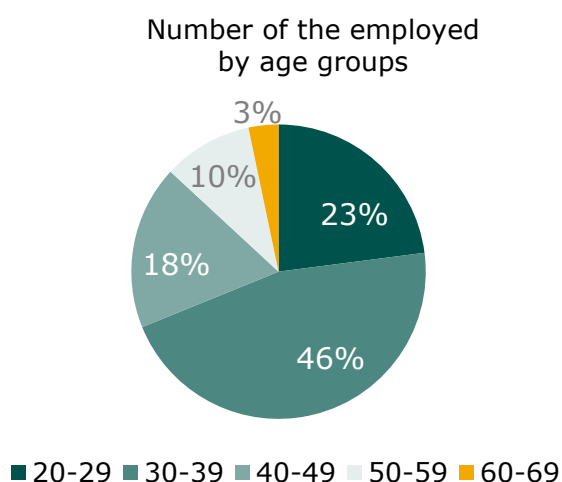


Chart 15

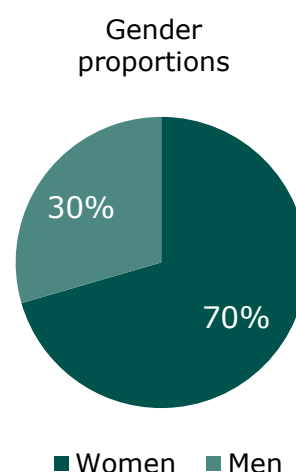


Chart 16

To fulfil the functions effectively and optimise the administrative functions, structure of the Financial Intelligence Unit was re-organised in 2020. The current structure foresees that under the authority of the FIU's Latvia Head, there are two deputies, an administrative director, and Strategic Development and Communication Division. Under the authority of the administrative director, there are Personnel Management and Legal Division and Innovation and Information Technology Division. Under the authority of the Deputy Head, there are the following divisions: Strategic Analysis Division, Information Exchange and Analysis Division, and Financial Intelligence Division.

## Structure of the Financial Intelligence Unit

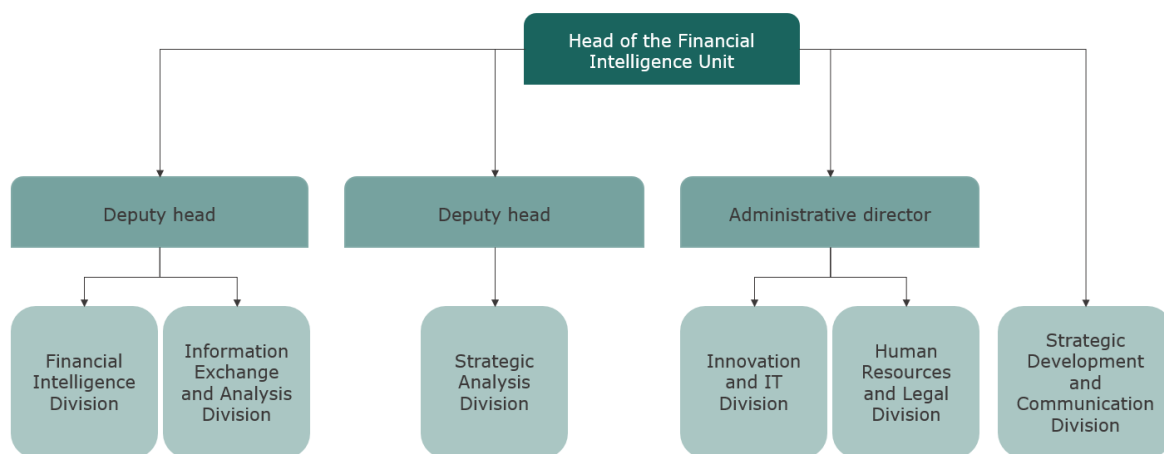


Chart 17

# Communication with the Public

When informing the public about the questions of prevention of money laundering and financing of terrorism and proliferation, the FIU Latvia selects the most suitable communication channels, methods, and forms for each target audience.

Entire operation of the FIU Latvia and communication with the public were largely affected by COVID-19 pandemic and emergency situation. However, despite the restrictions, the FIU Latvia was an important partner as for complementing the information space with valuable and interesting for the public information. In 2020, the FIU's Latvia main communication topics were:

- Role of the FIU Latvia and the main tasks within the system of anti-money laundering;
- The former achievements and future plans as for strengthening the system for AML/CFT/CFP according to the global standards;
- Anti-money laundering in Latvia, local and international cooperation in anti-money laundering;
- Impact of economic and financial crimes on the public and economy;
- Cooperation of the public and private sectors in anti-money laundering;
- Risks of financial crime in various target audiences and options to avoid them.

The topics defined by the FIU Latvia were presented by largest mass media as both informative stories, interviews, and educational and explanatory materials, and the FIU's Latvia experts also took part in discussion platforms organised by media. There were special meetings with certain media to explain the FIU's Latvia position within its competence.

To inform the public about issues of AML/CFT/CFP in 2020, several explanatory materials were developed, e.g., reports on the FIU's Latvia operation, and informative material on the risks posed by

COVID-10 in relation to money laundering and terrorism financing, an informative material on terrorism financing, etc.

To educate the public on prevention of money laundering and financing of terrorism and proliferation, the FIU Latvia during the reporting period developed an active presence on social media. Thus, the total number of FIU's Latvia followers on *LinkedIn*, a social professional networking site, exceeded 4,500.

Considering that FIU Latvia as an independent direct management institution had not previously had its unique figurative mark that would ensure that the FIU Latvia can be distinguished by its visual identity, such identity was developed in 2020 and gradually introduced in the FIU's Latvia activities.

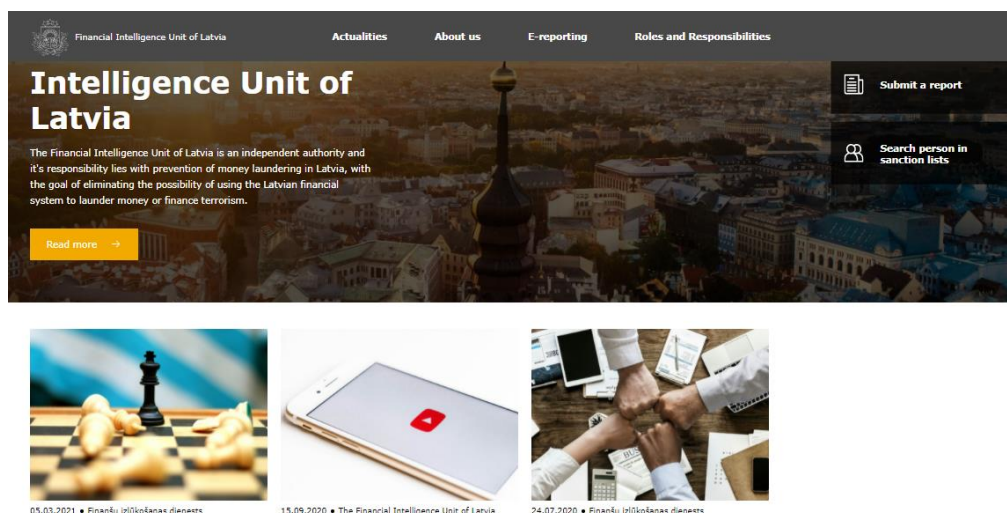
The developed figurative mark is used by the FIU Latvia in its presentation materials according to guidelines for a uniform visual identity of public administration institutions. The figurative mark is also available on the FIU's Latvia



Financial Intelligence  
Unit of Latvia

site [www.fid.gov.lv](http://www.fid.gov.lv).

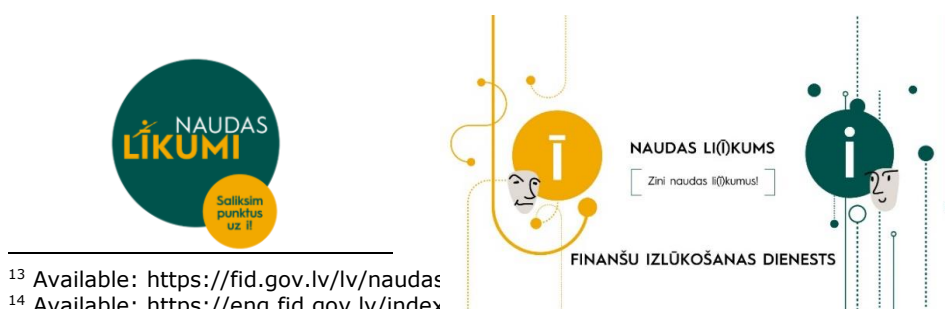
Considering that the site of the FIU Latvia, [www.fid.gov.lv](http://www.fid.gov.lv), is one of the main communication tools, in 2020, a procurement on transformation of the above site was developed. The procurement allowed completely changing the site design so that it would correspond to the FIU's Latvia visual identity, and a user-friendly new site structure and content were also elaborated.



Annual money day “Zini naudas li(ī)kumus!” (Know the laws and curves of money!)<sup>13</sup> that was initiated in 2019 continued, and the annual informative event was planned. Due to the second wave of COVID-19, the event was postponed to beginning of 2021.

It is expected that “Know the laws and curves of money!” will cover both the risks of financial and economic crimes and opportunities of identifying risk situations and explaining the best action to avoid involvement in risky transactions, as well as to eliminate certain myths of the public regarding anti-money laundering. To educate the public on prevention of money laundering and financing of terrorism and proliferation, the FIU Latvia in 2020 implemented the following activities:

- A press briefing of Ilze Znotiņa, the Head of FIU Latvia, when she explained the Moneyval experts’ assessment report, which was published on 22 January 2020.
- Participation in discussion,<sup>14</sup> “Value of compliance: what is the competitive advantage of Latvia?”, organised by Foreign



<sup>13</sup> Available: <https://fid.gov.lv/lv/naudas>

<sup>14</sup> Available: <https://eng.fid.gov.lv/index.php/en/naudas-li-ikums>

Investors Council in Latvia (FICIL) and FIU Latvia. ("Value of compliance: what is the competitive advantage of Latvia?").

- Participation in discussion,<sup>15</sup> "Compliance culture — a basis of sustainable development", organised by Finance Latvia Association, Foreign Investors Council (FICIL), and Financial and Capital Market Commission (FCMC) on an actual issues and development direction of the new framework as for the principle of "know your customer" and anti-money laundering.



<sup>15</sup> Available: <https://www.financelatvia.eu/news/video-ekspertu-diskusija-par-atbilstibas-kulturu-ka-attistibas-virzītāju/>



# Plans of the Financial Intelligence Unit for 2021

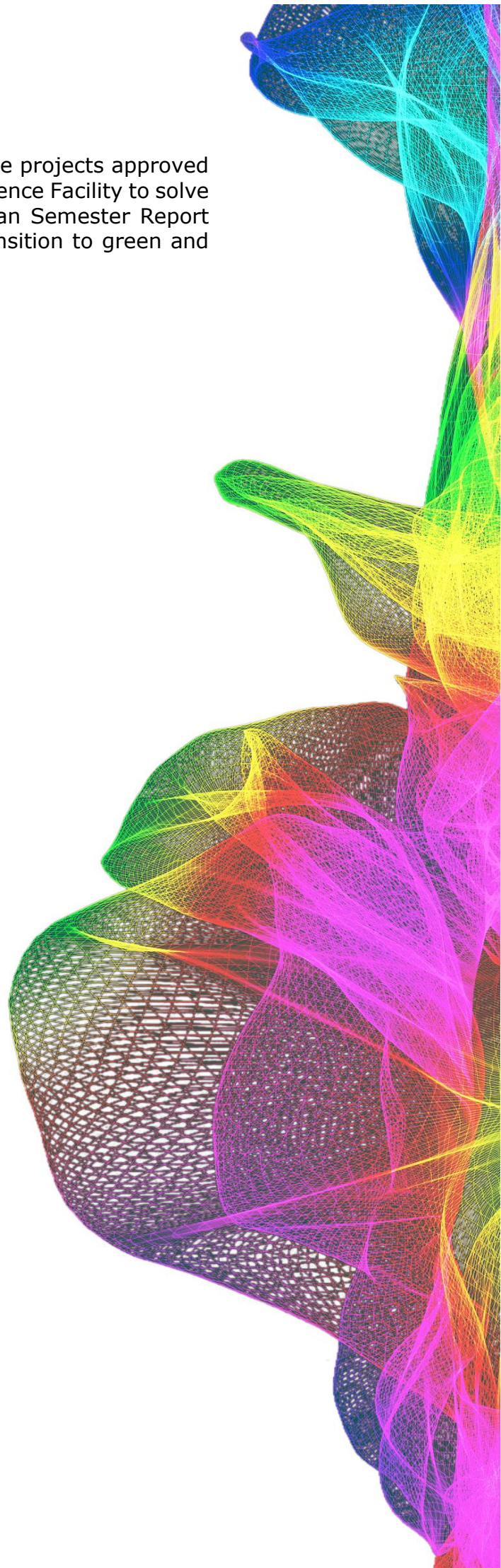
The priority tasks of the FIU Latvia are incorporated in Cabinet Order No. 653 of 29 September 2019 "On Action Plan for Prevention of Money Laundering and Financing of Terrorism and Proliferation from 2020 to 2022".

The FIU's Latvia achievable strategic objectives, related tasks, and performance indicators, as well as the numeral values to be reached are defined in Performance Strategy of the Financial Intelligence Unit for 2019–2022, which is a medium-term management document of the FIU Latvia. Detailed plans of structural units of the FIU Latvia are included in the overall Unit's work plan for 2021.

The main activities planned by the FIU Latvia in 2021:

- Provision of representation of Latvia and coordination of execution of the required actions within the assessment processes of international institutions, incl. regular reporting to Moneyval and FATF. Provision of significant contribution to processes coordinated by the Bank of Latvia — an assessment of the Council of Europe on introduction effectiveness of the Fourth AML Directive and International Monetary Fund's Article IV consultation report, as well as project "Regional Financial Sector Assessment of Nordic and Baltic States regarding Prevention of ML/TF/PF".
- Introduction of a system for receipt and analysis of financial intelligence data, *goAML* application, at the FIU Latvia (this system replaces the Unit's basic system and e-reporting system). Application *goAML* is planned to be introduced to strengthen the Unit's capacity of receiving and analysing reports by reducing the resources that are spent in initial processing of the received reports creating an electronic management system and reinforcing information security management.
- Provision of regular training and information of ML/TF/PF risks (incl. conclusions of the NRA), typologies, indicators, etc. to the persons involved in the system for prevention of money laundering.
- Provision of compliance of financial intelligence operations with the ML/TF/PF risks identified in the NRA.

- Launch of work on implementation of the projects approved within the European Recovery and Resilience Facility to solve the challenges identified in the European Semester Report on 2020, especially by promoting a transition to green and digital solutions.



# Funding from the State Budget and Use thereof

No.	Financial indicators	Previous year (actual implementation)	Reporting year	
			Approved by the Law <sup>16</sup>	Actual implementation
<b>1.</b>	<b>Financial resources for cost covering (total)</b>	<b>4,366,736</b>	<b>5,059,530</b>	<b>4,176,159</b>
<b>1.1.</b>	Subsidies	4,316,736	4,883,169	4,001,869
<b>1.2.</b>	Paid services and other own revenue	0	2,500	429
<b>1.3.</b>	Transfers	50,000	173,861	173,861
<b>1.4.</b>	Foreign financial aid	0	0	0
<b>1.5.</b>	Donations and gifts	0	0	0
<b>2</b>	<b>Costs (total)</b>	<b>4,363,796</b>	<b>4,962,470</b>	<b>4,058,162</b>
<b>2.1.</b>	Maintenance costs (total)	3,721,251	4,178,512	3,347,965
<b>2.1.1.</b>	Current costs	3,721,251	4,178,512	3,347,965
<b>2.1.2.</b>	Interest costs	0	0	0
<b>2.1.3.</b>	Subsidies, grants, and social benefits	0	0	0
<b>2.1.4.</b>	Current payments to the budget of the European Community and international cooperation	0	0	0
<b>2.1.5.</b>	Maintenance cost transfers	0	67,187	38,381
<b>2.2.</b>	Costs for capital investment	642,545	716,771	671,816
<b>3</b>	<b>Financing</b>	<b>-2,940</b>	<b>-97,060</b>	<b>-117,997</b>

<sup>16</sup> Considering the orders on appropriation changes issued by the Ministry of Finance.

# Statistics

## Reports on suspicious transactions and threshold declarations

Year	Number of suspicious transaction reports	Number of threshold declarations*	Number of unusual transaction reports*
2017	7,722	-	8,725
2018	6,617	-	25,198
2019	5,264	1,208	26,764
2020	4,833	64,635	-

\* As of 17 December 2019, reports on unusual transactions were replaced by a requirement to submit threshold declarations.

## Division of applicants of suspicious transaction reports

<b>Suspicious transaction reports, total</b>	<b>4,833</b>
<b>Incl. those received from the financial sector</b>	4,645
<b>Incl. those received from the non-finance sector</b>	188

## Reports on suspicious transactions that have been under an in-depth examination and analysis

Year	Number of due diligence cases
2017	2,462
2018	3,203
2019	3,317
2020	4,103

## Amount of frozen funds (2017–2020)

Year	Amount of frozen funds (million, EUR)
2017	45.664
2018	101.482
2019	345.980
2020	429.412

Amount of frozen assets in 2020 divided by type of institution

Type of institution	Amount of frozen assets and other values (million, EUR)
Credit institutions	76.521
Credit institutions in liquidation	349.102
Other financial institutions	0.190
Other	3.597
<b>TOTAL</b>	<b>429.412</b>

Frozen assets and values

Year	Frozen assets and other values			
	Money assets (million, EUR)	Real estate	Bank safe deposit boxes	Vehicles
2017	45.6	2	2	1
2018	101.48	2	4	8
2019	345.98	16	4	1
2020	429.41	45	4	-

Disseminations sent to law enforcement authorities 2017–2020

Year	Opinions of a competent institution	For information	Additional information
2017	225	0	94
2018	171	35	93
2019	199	202	96
2020	235	234	153

Criminal proceeding initiated on money laundering<sup>17</sup>

Year	Number of proceedings
2017	104
2018	181
2019	257
2020	344

<sup>17</sup> Based on Section 195 of the Criminal Law.

Proceedings transferred for the criminal prosecution and in which criminal prosecution has been commenced

<b>Year</b>	<b>Criminal proceedings transferred for the commencement of criminal prosecution</b>	<b>Criminal proceedings in which criminal prosecution has been commenced</b>
2017	24	16
2018	33	22
2019	62	65
2020	69	80

Number of persons prosecuted for money laundering

<b>Year</b>	<b>Number of prosecuted persons</b>
2017	5
2018	8
2019	24
2020	38*

\* incl. one legal person

## Assets and values confiscated and recognised illegal (nationwide)


Year	Confiscated assets and other objects
2017	36.78 million euro
	4 real estates
	1 vehicle
2018	7.23 million euro
	6 real estates
	9 vehicles
	8 precious stones
	29,591.8542 security items
	40 items of computer equipment and mobile phones
2019	48.26 million euro <sup>18</sup>
	8 real estates
	13 vehicles
	131 electric appliances and other values
2020	37.75 million euro
	71 real estates <sup>19</sup>
	10 vehicles
	158 brilliants, jewellery, and other items

<sup>18</sup> The total amount of the confiscated assets repeatedly includes the assets in the amount of 27.15 million euro (earlier, a decision on the confiscation was adopted in 2017), examining the case based on new circumstances after the judgement of the Constitutional Court of 11 October 2017 in the case No. 2017-10-01.

<sup>19</sup> Including 66 garages.



# Money Laundering Scheme (an example)

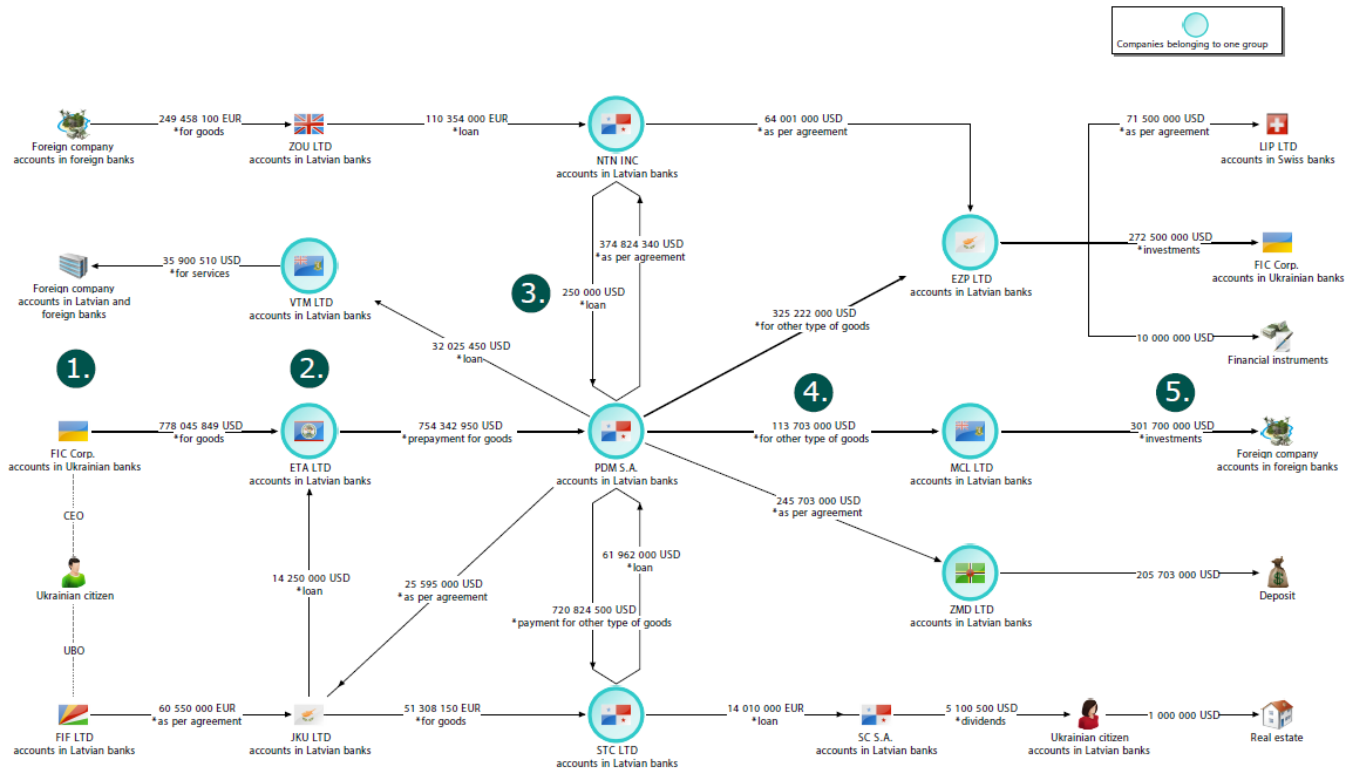


The demonstrated money laundering scheme is characterised by performance of complex multi-layer transactions without an economic reason, and shell arrangement accounts in Latvian credit institutions are used to cover, through fictitious transactions, the moved assets with an aim to hiding and disguising their origin.

According to information of the FIU Latvia, the accounts in Latvian credit institutions of mutually related legal persons shown in this scheme were used to launder the proceeds derived from misappropriation in interests of Ukrainian citizens.

The FIU's Latvia analysis allows concluding that a complex transaction scheme was developed, and it used several tens of related shell arrangement accounts in Latvian credit institutions, and thus a large amount of money assets was received from accounts of foreign credit institutions. The received assets were often transferred from and to accounts of a group of legal persons without an economic reason (transit transaction), imitating third party transactions with an aim to make them more distant from their origin (the second stage of money laundering — layering). Later, a part of the assets is invested in real estate and financial instruments (the third state of money laundering — integration) and transferred to accounts of legal persons in foreign credit institutions.

## Money Laundering Scheme



In the scheme, \* refers to the indicated payment purpose.

Description of activities demonstrated in the money laundering scheme:

1. Criminally acquired assets from Ukraine are injected in the Latvian financial system hiding and disguising their origin and beneficial owner (financial intelligence and use of international cooperation instruments allow establishing that the person has been subject to criminal liability in Ukraine for misappropriation).
2. The financial assets are moved and structured by imitating third party transactions with an aim to making them more distant from their origin. Payments are made from/to legal persons who are registered in tax-free or low-tax countries and/or high-risk jurisdictions (Belize, British Virgin Islands, Panama, Dominica). On account of the legal persons, there were no transactions established that would indicate an active economic operation, e.g., payments for premises, salaries, payments to service providers, etc. According to publicly available information, the

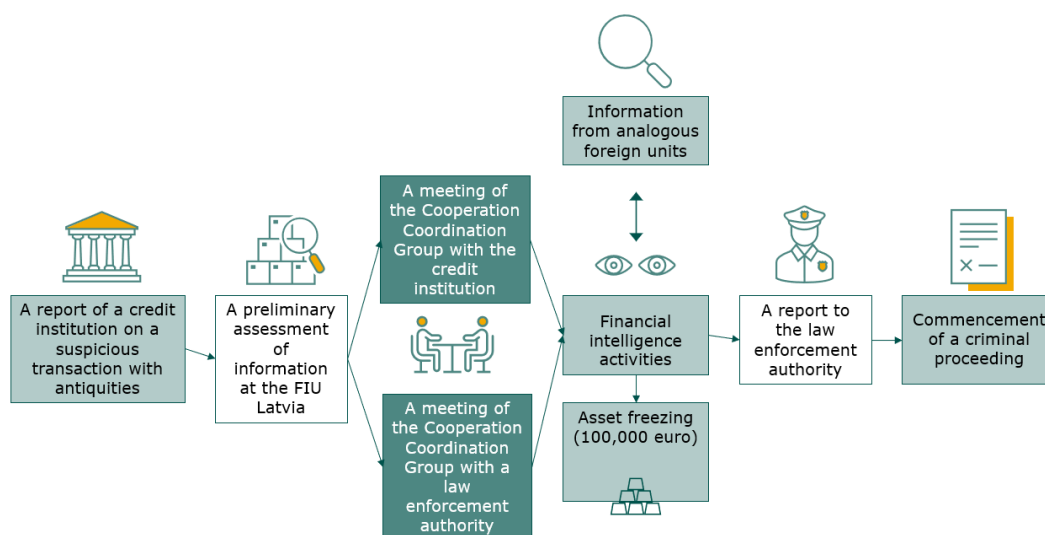
persons involved in the scheme are found in “Russian Laundromat”, a well-known money laundering scheme.

3. The chain of transactions is artificially prolonged (complex) without a clear reason. The transaction structure is not economically justified. Payments are made from one shell arrangements to another, and the transactions are justified by loan agreements. The transaction payments are of a transit nature — the money assets are transferred from accounts shortly after they have been debited.
4. Payments for seemingly fictitious transactions are made for different groups of products, and fraudulent transaction documents (contracts, invoices, etc.) are submitted. Persons provide contradicting explanations, and asset origin is neither explained nor reasoned.
5. The proceeds derived from crime are integrated in the lawful financial system and then these seemingly legal assets are used for a purchase of estates, for making deposits, and investing in financial instruments.

# Scheme Discovered by the Cooperation Coordination Group

One of the objectives of the FIU's Latvia Cooperation Coordination Group is an effective process coordination, incl. examination of recent situations that are subject to an inspection or investigation, and exchange of information. Such situations are reviewed in meetings discussing operational issues. In 2020, there were 73 meetings dedicated to operational issues.

The scheme shows an anonymous case from a report on a suspicious transaction sent by a credit institution till commencement of a criminal proceeding in a law enforcement authority by involving the Cooperation Coordination Group.



Scheme description:

- In 2020, there was a report containing information on a suspicion of a person's account in a Latvian credit institution being used for receipt of a payment for antiquities whose transportation might have taken place through smuggling and the purpose might have been the money laundering.

- During the case examination, statutory opportunities were successfully used, incl.:
  - By using the mechanism, stipulated in Law<sup>20</sup>, there were two meetings of the Cooperation Coordination Group both regarding the particular obliged entity and pre-trial investigation institution;
  - By using the FIU's Latvia international cooperation channels, important information from foreign FIUs was acquired in a timely manner;
  - By using the mechanism, stipulated in Law, the money assets involved in the transaction were frozen, and thus the amount of possibly criminally acquired assets exceeded 100,000 euro.
- After an effective action of all involved institutions and in relation to the suspicious transaction report received by the FIU Latvia from the credit institution, the pre-trial investigation institution commenced a criminal proceeding.

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<sup>20</sup> Section 55, Paragraph two of the Law.

# Case Analysis

## Case No. 1, Money mules

An organised group established a fraud scheme in which, using job notifications, it misappropriated data of third parties to move criminally acquired assets away from the place of their origin and launder them.

There was a suspicion that the money laundering is reasoned by using publicly available information. The job notifications indicated that natural persons purchase accounts on a financial institution together with a profile on a stock exchange of a crypto-currency. The notification provided a step-by-step instructions for receipt of a remuneration (e.g., one should buy a new SIM card for a phone, create a new e-mail, open two accounts in different payment institutions, register with the new number and e-mail address, perform defined identity checks, and transfer all these data to a third party against the remuneration).

Large amount of money from payment institutions, registered in various jurisdictions, were debited to the open accounts in a short period of time. In a couple of minutes, the money assets were transferred to accounts of crypto-currency stock exchange and third parties, i.e., residents of CIS countries. Due diligence of customers allowed establishing that the persons involved were young people, and shortly after opening the accounts, they terminated the cooperation with the relevant financial service provider. The credit institution, through due diligence, concluded that there were third parties involved when opening the account and they provided the relevant instructions thereon. This can be seen in a video material, which is at disposal of the credit institution.

The FIU Latvia performed a due diligence of the report on suspicious transaction. As a result, the FIU Latvia froze the assets on accounts of these persons and sent information to law enforcement authorities for further examination of the case.

## Case No. 2, Corruptive transaction

In this description of the case, a legal person, registered in Latvia, transferred proceeds derived from crime to an account of a natural

person in a foreign credit institution, thus hiding and disguising their origin.

The case analysis allowed identifying several indications of suspicious transactions that demonstrated artificial rise in price of a public procurement and involvement of officials in a money laundering scheme. The due diligence allowed concluding that the account of the Latvian legal person received assets from the state budget, large amounts of cash payments, and made several transfers to an account of a natural person in a foreign credit institution. The assets defrauded from the state budget were transferred as transit payments to the account of a natural person in a foreign credit institution and directed towards purchasing real estates in Latvia.

Upon an initiative of the FIU Latvia, a meeting of the Cooperation Coordination Group and LEAs was convened to assess together the further actions and discuss the issues of an effective investigation of this criminal offence. During the meeting, all parties agreed on the further advancement of the case, and information of the FIU Latvia was sent to responsible investigation institutions.

### Case No. 3, Tax offence

In this case, a company that had registered its economic activity in Latvia, used (newly established) "buffer companies"<sup>21</sup> that were registered in Latvia as intermediaries for transferring the assets, which were acquired by tax evasion. The money assets were transferred to accounts of legal persons in foreign credit institutions with an aim of changing their affiliation and location to hide and disguise their origin. The legal person, who was not a registered payer of value-added tax (hereinafter — VAT), failed to pay the VAT in the amount of 21% due to the state of Latvia for purchasing several unused real estates. According to information from a foreign FIU, the real estates were purchased for the proceeds derived from crime.

Also, several indications of suspicious transactions were identified, and they pointed at tax evasion and money laundering. The money amount that was indicated in Latvian Land Register, in the purchase agreement of a property share, differed from the transaction amounts on the accounts. Some of the properties were

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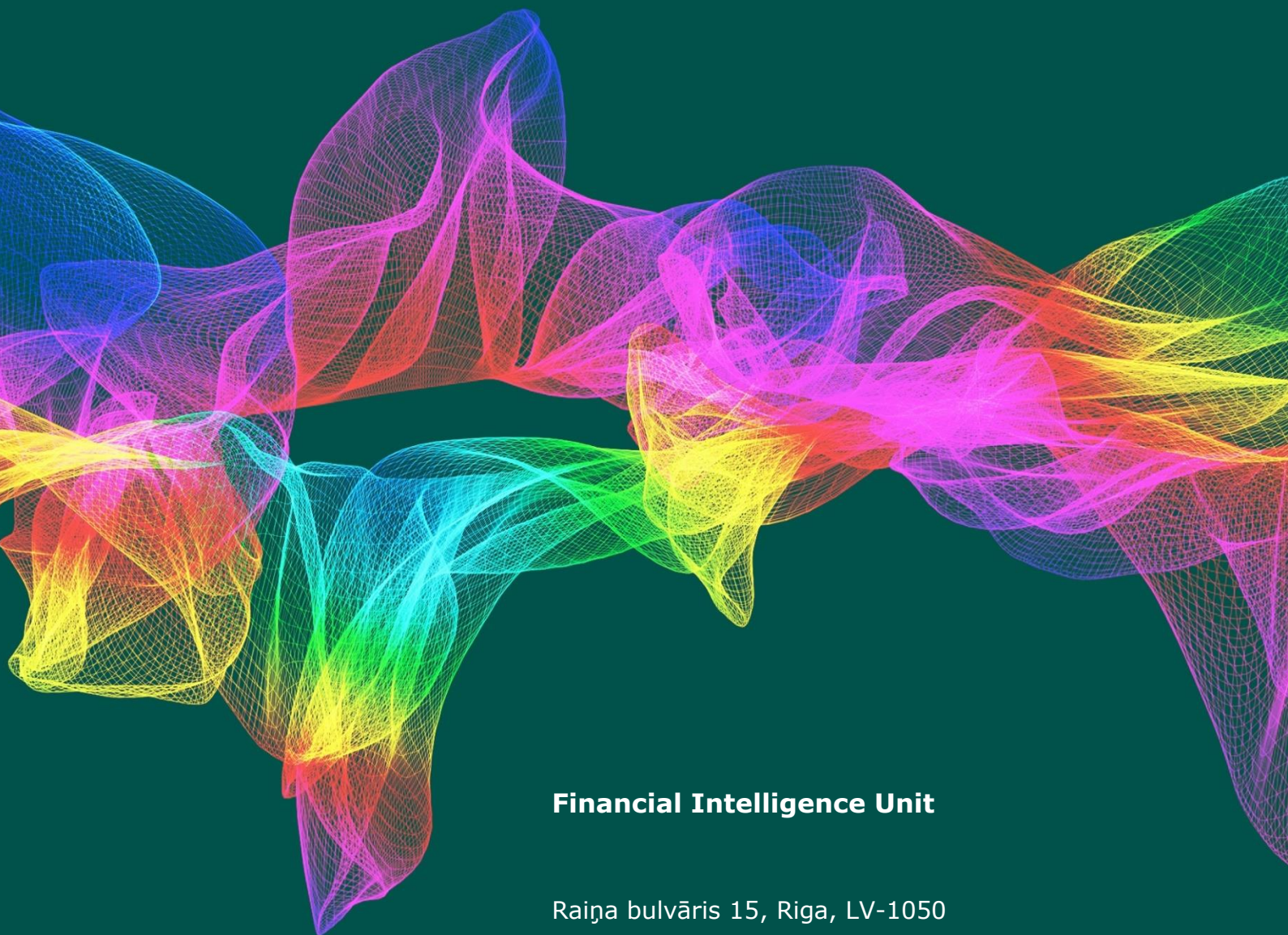
<sup>21</sup> According to "Typologies and Indications of Money Laundering", a methodology material of the FIU, "buffer companies" can be front companies that do not perform real economic activities, as well as real economic operators who agree to ensure the transit of funds through company accounts on the basis of fictitious transactions. Available: [https://fid.gov.lv/uploads/files/Dokumenti/Vadl%C4%ABnijas%2C%20rekomen%C4%81cijas/FID\\_Tipologiju\\_materials\\_2020.pdf](https://fid.gov.lv/uploads/files/Dokumenti/Vadl%C4%ABnijas%2C%20rekomen%C4%81cijas/FID_Tipologiju_materials_2020.pdf)



transferred under possession of scheme members by making only a partial payment for the real estate. The persons involved in the scheme, conducted mutual transactions for artificially increased and disproportionally low real estate prices, reducing the amount of income tax of certain legal persons. The money assets, obtained from the real estate purchasers and untaxed, were transferred to related persons, incl. to accounts in foreign credit institutions, as well as invested in purchase of other real estate. Taxes were not paid, payments to construction companies or for purchase of construction materials were not made; thus, it is possible that reconstruction of the object was financed by the assets from the criminal offence and illegal employment was involved.

The scheme members provided the State Revenue Service with fictitious documents that the real estate before selling was leased and thus officially it cannot be recognised to be an unused property. This was implemented with an aim of avoiding the payment of VAT.

After summarising and analysing all information, the FIU Latvia froze the assets on the legal person's account and sent information to responsible law enforcement authorities.



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