

Press Release

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MONEYVAL publishes its 3rd Round Evaluation Report on Georgia

Strasbourg, 18.06.2007 – The Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL Committee) has published the Third Round Evaluation report on Georgia. This report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the 40+9 Recommendations of the *Financial Action Task Force (FATF)* and includes a recommended action plan to improve the Georgian anti-money laundering (AML) and combating the financing of terrorism (CFT) regime.

Since the second evaluation (May 2003), there have been major changes. At that time, Georgia had no anti-money laundering preventive law, no suspicious transaction reporting regime, no real provisional measures and confiscation regime or financial intelligence unit (FIU). The money laundering offence had never been used. Now the basic building blocks of an AML/CFT system are broadly in place. In January 2004, the "Law of Georgia on Facilitating the Prevention of Illicit Income Legalisation" came into force and an FIU was created. Money laundering cases have been brought to court and convictions achieved.

Nevertheless, amongst others the following issues need to be addressed:

- Income from crime committed in the taxation fields and offences where the income is less than 5,000 GEL (approx. 2,230 EUR) are not considered as illegal for the purposes of the money laundering offence.
- The legal requirements on financial institutions to implement *Customer Due Diligence* measures are still not sufficient: no law contains a definition of "beneficial owner" which means that financial institutions are not obliged to take reasonable measures to determine the natural person who ultimately owns or controls a customer and/or the person on whose behalf a transaction is being conducted.
- Georgian AML/CFT legislation does not oblige financial institutions to apply enhanced due diligence for higher risk categories of customers (e.g. politically exposed persons), transactions and products.
- Georgia still has no effective system to detect the physical cross-border transportation of currency and bearer negotiable instruments.

Georgia was the 12th country evaluated under the 3rd evaluation round. The report was adopted at MONEYVAL's 22nd Plenary meeting, which was a joint plenary meeting together with the FATF (Strasbourg, 21-23 February 2007). MONEYVAL will follow-up implementation of the recommendations through its progress report procedure, under which all MONEYVAL countries are required to update the Committee on action taken on the mutual evaluation report one year after its adoption.

This report is available at <http://www.coe.int/moneyval>.

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