

Press Release

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MONEYVAL publishes its 3rd Round Evaluation Report on the Czech Republic

Strasbourg, 18.02.2008 - The Council of Europe's MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) has published today the Third Round Evaluation report on the Czech Republic. This report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the Financial Action Task Force on Money Laundering (FATF) 40+9 Recommendations and includes a recommended action plan to improve the Czech anti-money laundering (AML) and combating the financing of terrorism (CFT) system.

Among the findings contained in the evaluation report are:

- Despite some improvements, the criminalisation of money laundering still does not contain a broad definition and coverage of the offence and needs to be brought into line with international requirements. Since the previous evaluation round, the Czech Republic has nonetheless obtained its first convictions for money laundering. Criminal liability had not been extended to legal persons for money laundering.
- The financing of terrorist acts is criminalised. The financing of terrorist organisations is also sanctionable in Czech legislation through more general provisions on criminal conspiracy. The financing of individual terrorists, as such, is not covered. The examiners recommended that terrorist financing incrimination would be better addressed by a stand-alone offence which fully meets international standards in this area.
- The Czech Republic is able to freeze, seize and confiscate the proceeds of crime, though improvements are required in respect of confiscation of indirect proceeds, equivalent assets and assets held by third persons.
- The Czech Financial Intelligence Unit (Financial Analytical Unit - FAU) is the central body in the Czech AML/CFT regime and has overall responsibility to ensure that all obliged business and other entities comply with the AML/CFT requirements. More guidance from the FAU is needed on AML (to the non banking sector) and on CFT (to all entities), as well as feedback in general.
- Customer identification requirements are mostly in place, but fuller customer due diligence (CDD) measures applicable to customers and beneficial owners should be introduced. The banking sector has been subject to particular supervisory attention from the authorities. Similar efforts are needed for the other financial activities (insurance, securities market, credit unions).
- Certain designated non financial businesses and professions (e.g. casinos and gambling houses) are thought to be exposed to money laundering, but increased efforts are needed to address these risks.
- Though there are procedures in place to ensure some financial transparency, it appears there has been no formal review of the legal framework applicable to the non profit organizations (NPO) sector in respect of possible abuse for financing of terrorism purposes.

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A political organisation set up in 1949, the Council of Europe works to promote democracy and human rights continent-wide. It also develops common responses to social, cultural and legal challenges in its 47 member states.

The Czech Republic was the 5th country evaluated under the 3rd evaluation round. The report was adopted at MONEYVAL's 24th Plenary meeting (Strasbourg, 10-14 September 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>