

Press Release

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MONEYVAL publishes its 3rd Round Evaluation Report on the Principality of Monaco

Strasbourg, 22.02.2008 - 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 the Third Round Evaluation report on the Principality of Monaco. This report analyses the implementation of international and European standards to combat money laundering and terrorist financing, assesses levels of compliance with the FATF 40+9 Recommendations and includes a recommended action plan to improve the Monegasque anti-money laundering (AML) and combating the financing of terrorism (CFT) system.

The main findings of the evaluation report are:

- Since the first evaluation in 2002 Monegasque authorities have made several changes to the legislation and regulations to supplement the Principality's AML/CFT system. They amended in particular the provision of the Criminal Code criminalizing money laundering; introduced additional customer identification measures; adopted legislation regulating electronic transfers, relations with politically exposed persons and the activity of correspondent banks, and ratified a number of international conventions.
- The Principality has a satisfactory legal framework to combat money laundering and terrorist financing, though the evaluators regretted the fact that, in general, the legal provisions are not very detailed or otherwise supplemented by more precise secondary legislation or instructions. Since the last evaluation, there was only one final conviction and 24 cases were pending investigation. The terrorist financing offence encompasses most of the international requirements.
- There are a number of gaps limiting Monaco's ability to restrain, confiscate and recover proceeds of crime and the mechanism for freezing and confiscating terrorist assets is incomplete.
- SICCFIN, the Monegasque FIU substantially meets the FATF requirements covering FIUs and is the driving force behind the AML/CFT national efforts. Law enforcement activities are primarily reactive and the police and prosecution service do not appear to conduct proactive inquiries on ML and TF offences. This approach, as well as the human resources of the law enforcement, public prosecution service and investigative judges' offices need to be reviewed
- The volume of suspicious transaction reports (STR) has increased in recent years. The STR reporting requirement is restrictively limited to reporting funds that could derive from drug trafficking or organized criminal activity or financing of terrorism and is incomplete.
- The Monegasque legislation on customer due diligence (CDD) is drafted in rather brief terms, which require further interpretation as to the scope and extent of obligations. Record keeping requirements are comprehensive and cover all the required information for a period of 5 years. A number of gaps were identified which need addressing.

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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.

- Supervision of the financial institutions, in particular on-site supervision, needs to be significantly strengthened, as does the number of staff assigned for this purpose.
- All types of designated non-financial businesses and professions (DNFBP) as defined in the FATF methodology are active in the Principality and are within the scope of the AML/CFT legislation. AML/CFT supervision is weak and certain types of DNFBPs are not being subjected to requirements which would result in controls.
- A number of weaknesses were identified as far as international cooperation aspects are concerned, particularly as regards mutual legal assistance and co-operation with foreign supervisory authorities. It was also recommended to speed up the signature and ratification of the European Convention on extradition.

The report was adopted at MONEYVAL's 25th Plenary meeting (Strasbourg, 3-6 December 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>