

# Press Release

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## **MONEYVAL publishes its 3<sup>rd</sup> Round Evaluation Report on Liechtenstein**

Strasbourg, 05.03.2008 – 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 Liechtenstein. 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 Liechtenstein anti-money laundering (AML) and combating the financing of terrorism (CFT) system.

The main findings of the evaluation report are:

- By its nature, Liechtenstein's financial sector business creates a particular money laundering risk, mainly in the layering phase of money laundering, in response to which the authorities and the financial sector firms have developed risk-based mitigating measures. Minimising the risk of abuse of corporate vehicles and related financial service products presents an on-going challenge, as does the identification of the natural persons who are the beneficial owners of companies or trusts arrangements.
- The major criminal activities identified by the authorities as predicate offences for money laundering are economic offences, in particular fraud, criminal breach of trust, asset misappropriation, embezzlement and fraudulent bankruptcy, as well as corruption and bribery.
- Money laundering is criminalised broadly in line with international standards. All categories of listed predicate offences are covered apart from environmental crimes, smuggling, forgery and market manipulation. Fiscal offences, including serious fiscal fraud are not predicate offences for money laundering.
- The terrorist financing offence does not presently meet international standards and needs to be reviewed. There have been no TF cases as yet.
- Money laundering related investigations and proceedings are mostly initiated by mutual legal assistance requests and the reports of the financial intelligence unit (FIU). The number of investigations triggered by an FIU report is rather low. There have been just 2 prosecutions in Liechtenstein for autonomous money laundering and no convictions. The general tendency of transferring the cases to the authorities of the jurisdiction where the predicate offence occurred rather than taking up the investigation and prosecution in Liechtenstein keeps the judiciary from developing its own experience and jurisprudence in money laundering matters.
- Financial intermediaries may not inform others that a report has been submitted to the FIU at most for 20 days. This is contrary to the FATF standard and the time limit on the prohibition against tipping off should be removed.

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- The effectiveness of the seizure and confiscation regime is quite good and the freezing of terrorist assets under the UNSCR 1267 is adequately addressed.
- The Liechtenstein FIU plays a pivotal role in the AML/CFT system and is fulfilling its tasks in an effective way.
- The AML/CFT law, as last amended in February 2006, together with a 2005 Due Diligence Ordinance provide the main legal basis for the AML/CFT preventive measures. A number of shortcomings have been identified which need addressing to fully meet the FATF recommendations.
- Liechtenstein has established an overall risk-based approach which requires financial institutions to build and keep up to date a profile for each long term customer. The profile, which is completed on a risk sensitive basis includes provision of beneficial ownership information, source of funds, and purpose of the relationship. However, the legal provisions may give excessive discretion to financial institutions when applying the risk based system. Having regard to the inherent risk in much of the financial service business in Liechtenstein, there is a need for additional attention to the quality and depth of the identification of beneficial owners and the conduct of ongoing due diligence.
- The co-operation and co-ordination between the domestic authorities is well organized and effective.
- Liechtenstein cannot provide mutual legal assistance relating to facts that are exclusively qualified as fiscal offences under Liechtenstein law. Serious organised fiscal fraud should be removed from the fiscal exemption.

The report was prepared by the International Monetary Fund (IMF) under co-operation agreements between IMF and MONEYVAL and it was adopted at MONEYVAL's 24<sup>th</sup> Plenary meeting (Strasbourg, 10-14 September 2007). MONEYVAL was additionally responsible for evaluation of compliance with the European Union directives, which are part of MONEYVAL's specific mandate.

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 [www.coe.int/moneyval](http://www.coe.int/moneyval).

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