



## MONEYVAL publishes its 3rd Round Evaluation Report on Bulgaria

Strasbourg, 04.07.2008 - The Council of Europe's MONEYVAL Committee (Committee of Experts on the Evaluation of Anti-Money Laundering Measures and Financing of Terrorism) has published today the Third Round Evaluation report on Bulgaria. 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 (FATF) 40+9 Recommendations and includes a recommended action plan to improve the Bulgarian Anti Money Laundering and Counter Terrorist Financing (AML/CFT) system.

The main findings of the evaluation report are:

- Money laundering can now and has been prosecuted as a stand alone crime. Additionally, the law now explicitly covers foreign predicate offences.
- The Law on Forfeiture of Proceeds of Crime now broadly subjects (after conviction for identified serious offences) a defendant's direct and indirect proceeds of significant value to a civil confiscation procedure. This procedure includes some provisions involving the reversal of the burden of proof and applies to third parties. A positive new development in the area of confiscation is the establishment of the Multidisciplinary Commission for establishing of property acquired from criminal activity (CEPACA) to undertake confiscation proceedings under these procedures in major cases.
- Separate criminal offences of terrorist financing were introduced in the Criminal Code. At the same time the Law for the Measures against Financing Terrorism (LMFT) was adopted, which entered into force in February 2003. At the time of the on-site visit these provisions had not been tested in any investigation or prosecution.
- A new system of mandatory reporting of all cash transactions in excess of BNG 30,000 (15,000 Euros) has been established.
- The AML Law now includes the requirement for identification and monitoring of the clients, verification of the collected information and the requirement to identify the beneficial owner of the client (legal person). It was the view of the evaluators that the definition of beneficial owner was not understood by all financial institutions and there are substantial concerns regarding its overall implementation. The AML Law has introduced limitations to establishing correspondent banking relationships. Financial institutions are obliged to apply extended measures to customers who occupy, or have occupied any supreme state position in Bulgaria or abroad. There is, however, no clear provision in law or regulation or other enforceable means for the determination of whether a customer is a politically exposed person (PEP).
- The scope of reporting entities is broader than prescribed by FATF Recommendations as the AML/CFT Laws now cover categories of reporting entities based on risk analyses for money laundering, including privatisation bodies, sport organisations; political parties; wholesale traders; and others. Supervisory authorities have also been designated as obliged persons.
- Supervision is performed by several authorities; however, the Financial Intelligence Agency (FIA) has the leading responsibility. It should be noted that joint supervision between the FIA and the prudential supervisory authorities is currently being undertaken. However, in the light of the number of entities with AML/CFT obligations and the limited resources of the FIA, Bulgaria should consider providing all supervisory authorities with the ability to impose sanctions under the AML Law, and grant the FIA additional resources for this activity.

The report was adopted at MONEYVAL's 26<sup>th</sup> Plenary meeting (Strasbourg, 31 March - 4 April 2008).

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.

MONEYVAL's report is available at: <http://www.coe.int/moneyval>

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