

Press Release

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MONEYVAL publishes its 3rd Round Evaluation Report on San Marino

Strasbourg, 22.09.2008 -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 San Marino. 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 San Marino anti money laundering and combating the financing of terrorism (AML/CFT) system.

The main findings of the evaluation report are:

- The money laundering offence is criminalised under article 199bis of the Criminal Code as amended in 2004 and appears to be basically in line with international standards. It was tested successfully for the first time in 2005. Implementation needs to be addressed by the authorities through a firm prosecution policy.
- The anti-terrorist financing legal framework does not presently meet international standards and needs to be reviewed.
- The system in place regarding provisional measures and confiscation enables sufficient action, though some amendments to the legislation are recommended and the powers of the competent authorities to identify and trace proceeds need reviewing.
- A number of steps were taken by San Marino to ensure compliance with the United Nations (UN) Security Council Resolutions; however the legal framework for the implementation of the UN sanctions remains incomplete.
- There were serious concerns about the financial intelligence unit at the time of the on-site visit. The evaluation team recommended that the current institutional arrangements for the financial intelligence unit should be revisited. Specific legislation should be adopted to clearly define its functions, responsibilities and powers as an independent agency.
- The effectiveness and efficiency of the framework for the investigation and prosecution of offences, in particular money laundering offences, was questioned and it is strongly advised that the law enforcement authorities play a more active role in AML/CFT efforts.
- The preventive system dealing with customer identification is not in line with the international standards. There are deficiencies in AML/CFT supervision in the banking area and the effectiveness of the powers of the supervisory authority had not been tested fully due to a low level of inspections. Designated non-financial businesses and professions are neither supervised nor monitored. The staff resources assigned to inspections was inadequate.
- The total number of suspicious and unusual transactions reports appears low, with very few reports from outside the banking sector.
- A number of recommendations are made to increase transparency of information on beneficial ownership and control of companies.
- San Marino has a framework for providing international co-operation and is able to do so, though some shortcomings were identified. Co-operation by the financial intelligence unit with its foreign counterparts also needs reviewing.

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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 report was adopted at MONEYVAL's 26th Plenary meeting (Strasbourg, 31 March – 4 April 2008). As a result, San Marino was required, under compliance enhancing procedures, to report back to the MONEYVAL Plenary on measures taken to address identified deficiencies. Its first compliance report was released on 24 July 2008. MONEYVAL will continue to follow-up implementation of the recommendations through its compliance procedure until it is lifted and also under its progress report procedure.

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