

# Press Release

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## **MONEYVAL publishes report on "the former Yugoslav Republic of Macedonia"**

Strasbourg, 03.12.2008 - 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 3<sup>rd</sup> Round Evaluation report on "the former Yugoslav Republic of Macedonia".

The 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 anti-money laundering (AML) and combating the financing of terrorism (CFT) system of "the former Yugoslav Republic of Macedonia".

The main findings of the evaluation report are:

- Since the second evaluation in October 2002, "the former Yugoslav Republic of Macedonia" has taken some steps to improve its AML/CFT system, including adoption in 2004 of a new Law on Prevention of Money Laundering and other Proceeds of Crime, which significantly improved the AML/CFT legal framework.
- The money laundering offence is basically in line with international standards. Criminal liability has been extended to legal persons and the range of predicate offences was broadened by introducing an "all crimes" approach. To a certain extent the AML criminalisation even exceeds the international standards as it provides for negligent money laundering. However, the apparent backlog of money laundering cases pending in the courts drastically reduces the efficiency of the AML legal framework: since it was separately criminalised in 1996 until the time of the onsite visit in March 2007, only one person has been convicted for money laundering.
- Another deficiency is that money laundering investigations are almost exclusively focused on money laundering in relation to tax evasion though the crime statistics show significant numbers of other proceeds generating offences which typically can be predicates to money laundering (e.g. theft, fraud, abuse of official duty, bribery offences, trafficking in human beings, illicit trade in drugs and arms, etc.).
- Financing of terrorism is not provided for as an autonomous criminal offence and there are several shortcomings with respect to the implementation of the penal provisions of the United Nations Convention on the Suppression of Terrorist Financing in the substantive criminal law. Moreover, the preventive law addresses the prevention of terrorist financing in an insufficient way.
- The Financial Intelligence Unit (FIU) is an administrative type of FIU and has no investigative powers; its main task is to gather information on transactions with a view to submitting reports to the authorized bodies. As banks remain by far the largest reporting entities, further outreach to other parts of the financial sector and the designated non-financial businesses and professions (DNFBP) is necessary to

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explain the concept of suspicion in more detail.

- The AML/CFT legislation is not based on a risk assessment. Financial institutions are not obliged by law or regulation to apply enhanced due diligence for higher risk categories of customers, transactions and products (e.g. politically exposed persons, private banking, correspondent banking, electronic banking).
- A number of key elements of the customer due diligence (CDD) process as set out in the FATF Recommendations are not or are insufficiently embedded in law or regulation.

The report was adopted at MONEYVAL's 27<sup>th</sup> plenary meeting (Strasbourg, 7-11 July 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.

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