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Council of Europe report calls on Montenegro to investigate and prosecute money laundering offences more proactively

Strasbourg, 23.06.2015 – In a [report](#) published today, the Council of Europe's anti-money laundering Committee ([MONEYVAL](#)) calls on [Montenegro](#) to identify the legal and practical impediments hindering money laundering investigations and prosecutions, and establish an effective policy for proactive financial investigations.

The report analyses the implementation of international and European standards on anti-money laundering and combatting the financing of terrorism. It is based on the information provided by the Montenegrin authorities and the results of the MONEYVAL experts visit to the country in March 2014.

The report finds that the money laundering offence in the Montenegrin legislation is now broadly in line with the Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and with the Palermo Convention on Transnational Organized Crime. Provisions dealing with liability of legal persons have been put in place. However, the authorities have not been very effective in actually convicting offenders.

The financing of terrorism offence was extended to cover the financing of terrorist organisations and individual terrorists without requiring the financing to be linked to the commission of a specific terrorist act. However, the financing of terrorism offence is still limited in scope as it does not cover all the acts foreseen by the anti-terrorism treaties. No investigations and prosecutions of financing of terrorism were carried out. Moreover, the authorities have still not put in place an adequate regime for freezing terrorist assets.

The legal framework governing confiscation and provisional measures is not sufficiently comprehensive, and these provisions are not actively applied: there were only very few instances where property was seized and confiscated in money laundering cases, and none in relation to offences which generate criminal proceed and are financing of terrorism.

The legal basis for the functioning of the Financial Intelligence Unit (FIU) is sound. The FIU appears to be operationally independent, and to some extent performs its analytical function effectively. However, on a practical level, the manner in which the FIU disseminates notifications to law enforcement authorities needs to be improved.

The system for the detection of physical cross-border transportation of currency and bearer negotiable instruments, such as cheques and money orders, is significantly impaired: in case of a false or non-declaration, the customs authority does not have the power to obtain further information from the person transporting the currency or bearer negotiable instruments, and to stop or restrain the currency or bearer negotiable instruments.

The financial sector of Montenegro has adequate knowledge of preventive measures, such as customer due diligence and record-keeping. However, the requirement to report suspicions of money laundering and financing of terrorism is not applied effectively. The non-financial sector has very low awareness of preventive measures. The authorities should further improve the legal framework governing preventive measures and its effective application.

Financial supervisory authorities have adequate powers to monitor and ensure compliance by financial institutions with preventive measures, but the supervision itself is not always effective. The number of sanctions imposed by supervisors was low. The supervisory framework for the non-financial sector needs to be significantly improved.

Despite legal provisions in place on co-operation between competent authorities domestically, in practice, operational co-ordination needs improvement to ensure the timely flow of information among competent authorities. Most authorities actively cooperate with their foreign counterparts,

both formally and informally.

MONEYVAL will continue to monitor implementation of the recommendations by Montenegro through its enhanced follow-up procedure. The Plenary decided to apply step 1 of the Compliance Enhancing Procedures. Montenegro was asked to report back to the MONEYVAL Plenary in April 2016.

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism ([MONEYVAL](#)) is a Council of Europe body that assesses compliance with the relevant international and European standards to counter money laundering and terrorist financing, and makes recommendations to national authorities. 28 Council of Europe member states are currently subject to MONEYVAL's evaluation procedures, as well as Israel, the Holy See (including the Vatican City State) and the United Kingdom's Crown Dependencies of Guernsey, Isle of Man and Jersey. Montenegro became a full member of MONEYVAL in July 2007.

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