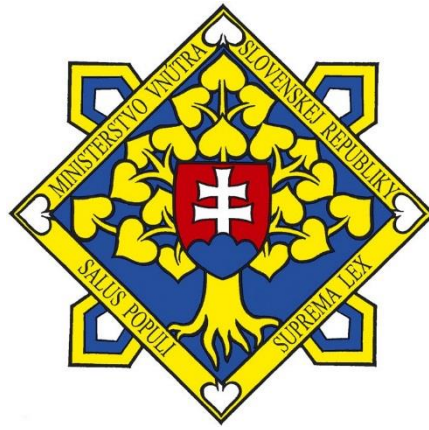




**FINANCIAL INTELLIGENCE UNIT**

**ANNUAL REPORT**

**2020**





# Content

<b>Preamble</b> .....	4
<b>Who we are and what is our mission</b> .....	5
<b>Analytical activity and unusual transaction reports</b> .....	7
<b>Trends in unusual transactions</b> .....	13
<b>Selected cases from 2020</b> .....	16
<b>Cross-border reporting of transport of cash</b> .....	19
<b>Activities in coordination and international cooperation</b> .....	22
<b>Control activities</b> .....	25
<b>Legislative activities</b> .....	27
<b>Cooperation with public administration authorities &amp; other entities</b> .....	28
<b>National Risk Assessment</b> .....	30
<b>MONEYVAL</b> .....	31
<b>Zoznam skratiek</b> .....	33



## Preamble

Dear Readers,

We introduce to you the Annual Report of the Financial Intelligence Unit summarising the year 2020. The last year was different from any other year before for all of us. The pandemic situation in connection with COVID-19 significantly affected our everyday lives and was reflected in the area of fight against money laundering and terrorist financing. Despite the adverse all-society situation, the Financial Intelligence Unit was able to adapt and continue to fulfil its tasks resulting from Act No. 297/2008 Coll. on protection against money laundering and terrorist financing and on the amendment to certain acts as amended.

The objective of the submitted Annual Report is in particular to provide the reader with a brief overview of the tasks fulfilled by the Financial Intelligence Unit as a special unit of the financial police service. The text and charts contain relevant statistical data in relation to unusual transactions, analytical and control activity and last but not least, to activities concerning international cooperation.

In 2020, the evaluation of the Slovak Republic by the MONEYVAL committee was completed; it resulted in the approval of the evaluation report from the 5th round of evaluation of the measures of the Slovak Republic in the fight against money laundering and terrorist financing in Strasbourg. In the next period, the Financial Intelligence Unit will continue with efforts to eliminate the found defects by coordinating the responsible institutions of the Slovak Republic, as well as by acting itself so that the best possible result is achieved during the very next evaluation by the MONEYVAL Committee.

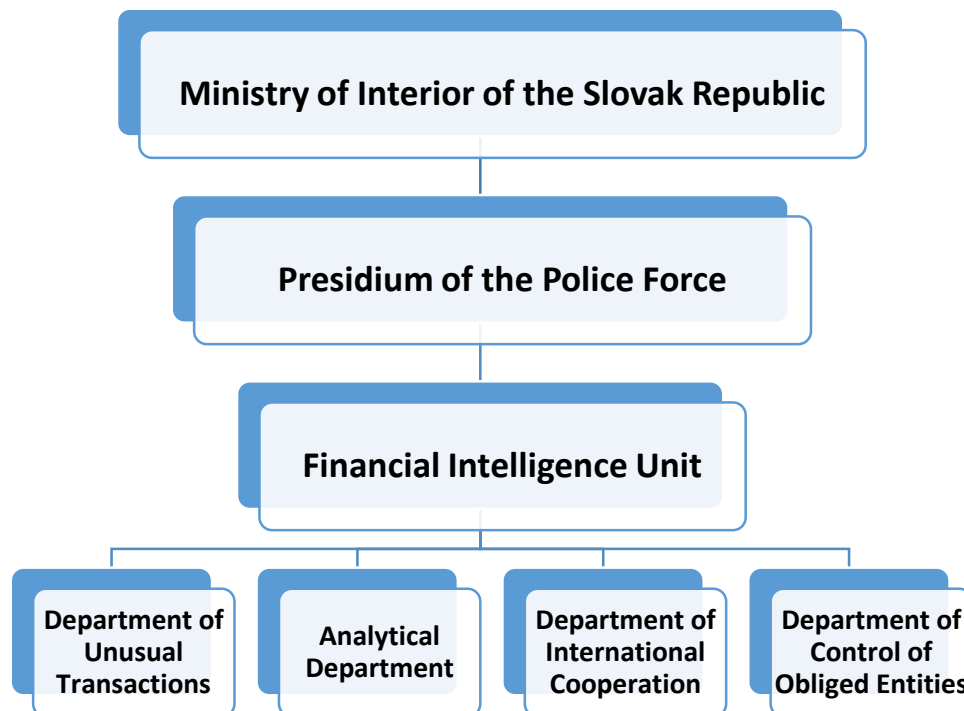
In conclusion, I would like to express my thanks to members of the Financial Intelligence Unit for a job very well done during the whole year and to all partners for smooth cooperation in difficult times such as the year 2020.

plk. Mgr. František Sailer

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## Who we are and what is our mission

The Financial Intelligence Unit of the Presidium of the Police Force (hereinafter referred to as “FSJ”) has a position of a central national unit in the area of prevention and detection of money laundering and terrorist financing, and at the same time, it creates a so-called second vertical line of protection against this undesirable phenomenon. The essential part of the activity of the FSJ consists in processing and evaluating unusual transaction reports (hereinafter referred to as “UTRs”) received from obliged entities. In addition to the above activities, the FSJ also carries out control and penal activities in relation to obliged entities and activities in the area of coordination and international cooperation. Last but not least, the FSJ fulfils tasks in the area of control of cross-border transport of financial means in cash from and to European Union Member States.



**Fig. no. 1:** Position of the FSJ in the organizational structure of the Ministry of Interior of the Slovak Republic



## YEAR 2020 IN A NUTSHELL

**2008** unusual transaction reports received

**417** information forwarded abroad

**177** number of cases forwarded to LEAs

**123** reports on transport of financial means in cash

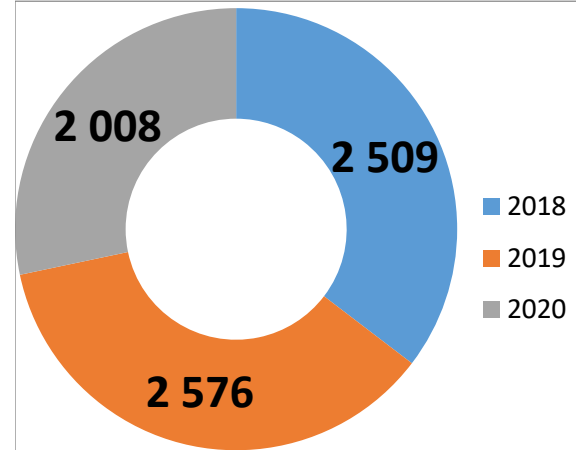
**10** performed controls of obliged entities

Report from the **5th** round of MONEYVAL mutual evaluation

## Analytical activity and unusual transaction reports

The pandemic situation in connection with COVID-19 has an obvious impact on the situation in the society which was also reflected in the area of protection against money laundering and terrorist financing. The total volume of UTRs received compared to the previous year showed a significant decrease with respect to the situation occurred. In 2020, the FSJ received 2008 UTRs from obliged entities at a total value of EUR 1,748,667,436; this figure represents a decrease by 568 reports compared to the previous year. The following tables contain a statistical overview of UTRs.

**Chart No.1:** Total number of UTRs received over the last three years



**Table No.1:** Number of UTRs received in 2020 according to the type of obliged entities

Obliged entity type	Number	Percentage
Banks operating in the territory of the Slovak Republic	1 891	94,17%
Other financial institutions	77	3,83%
Non-financial institutions	40	1,99%



**Table No.2:** Number of UTRs received from banks operating in the territory of the Slovak Republic

Obligated entity	2018	2019	2020
NBS	53	70	33
Commercial banks	2 280	2 390	1 858
<b>Total</b>	<b>2 333</b>	<b>2 460</b>	<b>1 891</b>

**Table No.3:** Number of UTRs received from other financial institutions

Obligated entity	Number
Central Securities Depository	3
Insurance company, Reinsurance company	16
Securities trader	3
Supplementary pension insurance company	1
Payment institution, agent of payment services	11
Financial lease - leasing	19
Exchange office and other	24
<b>Total</b>	<b>77</b>





**Table No.4: Number of UTRs received from non-financial institutions**

Obligated entity	Number
Lawyer, notary	4
Factoring, forfaiting	1
Organisational and economic advisor	1
Postal undertaking	4
Gambling game operator	26
Entrepreneur with a completed transaction exceeding EUR 10,000	1
Trade and service broker	2
Building savings bank	1
<b>Total</b>	<b>40</b>

After receiving an UTR, FSJ members carry out a targeted analysis of the obtained information obtained, using additional information documenting the financial flow, as well as using all available information sources and databases made available to the FSJ in order to combat money laundering and terrorist financing. Based on the comprehensive information thus created on basis of reported UT, the FSJ will choose a suitable procedure in accordance with Article 26 (2) and (3), as well as Article 28 of Act No. 297/2008 Coll. on protection against money laundering and terrorist financing and on the amendment to certain acts as amended (hereinafter referred to as “AML Law”). The selection of the appropriate procedure for further utilization of information obtained from the UTR depends on the seriousness of the findings and facts in each case.





Based on the results of the analysis of the received UTRs, taking into account the competencies of the relevant authorities authorized to receive information from the FSJ, the FSJ provided 1880 pieces of information to competent authorities in 2020.

**Table No.5:** Number of disseminated cases

Authority	Number
Law enforcement authority	177
National Criminal Agency	225
Regional and District Headquarters of the Police Force	491
Financial Directorate of the Slovak Republic	702
Foreign FIUs	285
<b>Total</b>	<b>1880</b>

Based on Article 16 of the AML Law, an UT can be postponed for the purpose of fight against money laundering and terrorist financing. UT postponement is a legal arrangement carried out by obliged entities in cases where there is a danger that seizure of the proceeds of crime or funds intended for terrorist financing may be frustrated or significantly hampered by carrying out an unusual transaction. The obliged entity that evaluates a transaction as unusual will postpone the UT if there is the above mentioned danger or the FSJ asks for it in writing. Based on a statutory period, any UT can be postponed for maximum 120 hours. In 2020, in total 72 UTs at a total amount of EUR 4,516,577 were postponed in Slovakia, of which 71 were postponed by obliged entities and one UT was postponed on the basis of a request from the FSJ.



**Table No.6:** Postponed UTs

Type of postponement	Number
UT postponement by the obliged entity	71
UT postponement at the request of FSJ	1
<b>Total</b>	<b>72</b>
<b>Total value of finances of postponed UTs</b>	<b>4 516 577 EUR</b>
<b>Dissemination of cases of postponed UT to law enforcement authorities</b>	<b>50</b>

Refusal to establish a business relationship, termination of business relationship or refusal to carry out a transaction pursuant to Article 15 of the AML Law by an obliged entity are methods of efficient fight against money laundering and terrorist financing. These preventive measures represent a way how to prevent disposal of funds obtained from criminal activities which also can be intended for terrorist financing. The above mentioned provision of the AML Law was used by an obliged entity in 289 cases with a total value of transactions of EUR 1,256,842,900 in 2020.

**Table No.7:** Refusal to establish a business relationship or to execute a transaction

Number	Total value
289	1 256 842 900 EUR

The FSJ requests from LEAs information on the results of verification of forwarded information and on other procedures performed in the matter. The following table introduces an overview of such procedures of LEAs.



**Table No.8:** Number of reports according to LEA procedure categorisation

Type of procedure applied by LEAs after information has been forwarded to them from the FSJ	2018	2019	2020
Commencement of criminal prosecution pursuant to Article 199 of the Criminal Procedure in all cases	52	23	19
Commencement of criminal prosecution pursuant to Article 199 of the Criminal Procedure - for the offence of money laundering, Article 233, Article 234 of the Criminal Procedure	34	13	11
Commencement of criminal prosecution pursuant to Article 199 of the Criminal Procedure – for another offence	18	10	8
Bringing a charge pursuant to Article 206 of the Criminal Procedure - for the offence of money laundering according to Article 233, Article 234 of the Criminal Procedure	1	0	0
Bringing a charge pursuant to Article 206 of the Criminal Procedure – for other offences	6	2	1
Suspension of criminal prosecution pursuant to Article 215 of the Criminal Code	0	0	2
Refusal to commence criminal prosecution pursuant to Article 197 (1) (d) of the Criminal Code	11	14	11
Seizure of funds pursuant to Article 95 of the Criminal Procedure	22	15	14

For completeness of provided information we would like to point out that, LEAs commenced criminal prosecution pursuant to Article 199 of the Criminal Procedure for the offence of money laundering according to Article 233 of the Criminal Code in 76 cases and for the offence of money laundering according to Article 234 of the Criminal Code in one case in 2020. Out of that total, natural persons were charged according to Article 206 of the Criminal Procedure in 29 cases and legal persons were charged according to Article 206 of the Criminal Procedure in 9 cases.

## Trends in unusual transactions

The year 2020 was strongly affected by the COVID-19 pandemic. This fact also had impacts on the behaviour of obliged entities' clients. This was reflected in great numbers of unusual transaction reports connected with COVID-19, such as frequent cash deposits and withdrawal of funds substantiated by the pandemic situation. At the same time, there was an increased number of cashless transactions of business entities, with remarks indicating goods related to the pandemic, such as payments for face masks, respirators and disinfection; such transactions often raised doubts on plausible character of the transactions executed in the provided volumes.



Due to the situation occurred, goods were normally purchased in the virtual environment (on-line purchasing). This situation caused that an increase was recorded for cases of transactions connected with frauds at the so-called "bazaar-type portals". Such types of cases are not directly connected with the problem of money laundering and terrorist financing, however, in order to prevent and avoid such criminal activities, as well as detect perpetrators, the FSJ forwarded the cases found to LEAs.

### ***"PEPs" Trend***

In 2020, the FSJ recorded a growing trend of reported PEPs-related cases. A PEP is a person exercising a prominent public function. In 2020, the FSJ recorded financial transactions in connection with PEPs, which were carried out in particular by family members of PEPs for the reason of purchase of real estate and lands or PEPs carried out transfers in large volumes to foreign accounts held in particular in third countries under pretence of business activities. The funds were gradually transferred to the accounts held with Slovak banks for persons close to PEPs. The majority of these cases verified were carried out in order to cover and legalize possible proceeds from criminal activities in a sophisticated way to a maximum possible extent, as well as to prevent the detection of possible signs of committing illegal activities by people holding public office. After the FSJ had analysed and processed the information obtained from obliged entities, it forwarded it to LEAs for suspicion of committing in particular the crime of

corruption. The majority of these cases are now under investigation in order to prove the fact that persons and entities were involved in highly latent crimes of corruption.

### ***Trend “Cryptocurrencies”***

In connection with the growing popularity of virtual currencies, the FSJ has recently recorded repeating cases when funds obtained from criminal activity are sent by perpetrators



to foreign accounts kept by entities providing purchase/sale of virtual currencies; in this way, the perpetrators try to hinder the tracking of financial flows or to cover the origin of financial resources within a criminal offence thus preventing the seizure for the purpose of criminal proceedings.

Several frauds were also recorded to which Slovak natural persons or foreign natural persons fell victims in connection with purchases of cryptocurrencies through unverified traders in cryptocurrencies.

### ***Trend “Fictitious straw man”***

In the second half of 2020, the FSJ documented and started processing several chains which large companies established on the Slovak market for a long time used probably to commit tax crimes. There was a new trend, which was captured in cooperation with foreign FIUs, consisting in transferring the Slovak business companies involved in the documented chain to fictitious (non-existing) natural persons. Such fictitious straw men, dummy statutory representatives of business companies disposing of their business account, were always citizens with nationality different from their permanent address. In such cases, the FSJ always confirmed the fictitious character of both data.



## **Trend “Romantics: American soldier or doctor”**

In 2020, the FSJ also recorded “romance scam” cases. Mostly, an “American soldier or doctor” acted in these frauds whose objective was to elicit financial resources from the victim while using emotional insisting. Perpetrators contacted the injured persons through e-mail, social networks or sites offering online dating where they showed interest in a romantic relationship and subsequently, under various pretences, requested money to be sent to various foreign accounts. In the event of successful transfers, they escalated their emotional pressure and requested additional financial resources. To satisfy such requests, the injured persons, mostly women, borrowed money from various credit institutions.

**Table No.9: The facts found by analysing the contents of UTRs in 2020**

<b>Abuse of</b>	<b>business accounts opened in the Slovak Republic as transit accounts serving to transfer high amounts of financial resources from one state through the Slovak Republic to other states</b>
	<b>persons, so-called “straw men”, often foreign nationals, for purpose to incorporate business companies and subsequent opening of business accounts.</b> Great amounts of financial resources are then transferred to these accounts (often from abroad). Sometimes also financial resources unduly paid by tax authorities are transferred to these accounts. The financial resources are withdrawn from these accounts in cash
<b>Frauds</b>	<b>during internet sale or false advertisements serving to elicit money fraudulently</b>
	<b>against seniors from whom money was elicited under the pretence that close people were in hospital and their lives were threatened, often ill with COVID-19</b>



## Selected cases from 2020

### ***“PEPs”***

In 2020, the FSJ received an UTR on a politically exposed person (PEP) from an obliged entity. Based on information in media on non-standard real estate transactions of a family member of the PEP exercising a prominent public function, the obliged entity carried out an analysis of behaviour and character of transactions in the account of the PEP and their family members. Based on the analysis carried out, linkage between the PEP’s family members and business entities participating in transactions with the state was found out. The subsequent verification and analytical activities carried out by the FSJ resulted in the conclusion that a certain part of obtained financial resources could have been accumulated based on corruption activities. The financial resources amounted to EUR 197,938 and subsequently, they were used to purchase golden bricks. The purchased golden bricks were deposited in a rented safe deposit box of the PEP and his family members. Based on the above facts, the FSJ forwarded the case to LEAs due to a suspicion of possible corrupt behaviour of the PEP.

### ***“COVID-19”***

In 2020, the FSJ recorded several cases connected with the COVID-19 pandemic within the fulfilment of the reporting duty of obliged persons. Part of received UTRs were related to the state financial aid of the Slovak Republic in the fight against the COVID-19 pandemic in various forms. Cases were recorded when perpetrators requested assistance from the state based on falsified documents submitted to competent state authorities. The FSJ supplemented the obtained information with additional findings and forwarded to LEAs for possible suspicion of a serious criminal offence of subsidy fraud with damage exceeding the amount of EUR 630,000.

### ***“Riviera”***

Based on an UTR received from an obliged entity, the FSJ documented the “asset stripping” concerning the accounts of a non-profit organisation which provides care services of general economic interest to people in need of assistance provided by another natural person,





either due to old age or poor health condition. The financial resources credited to accounts of the non-profit organisation from personal accounts held probably by family members of the persons provided with services by the non-profit organisation, as well as financial resources amounting to EUR 823,797, which the non-profit organisation obtained from the Ministry of Labour, Social Affairs and Family of the Slovak Republic, ended in large volumes on accounts maintained in the Philippines. Based on the facts found and analytical activities, the FSJ prepared comprehensive information and forwarded to the National Criminal Agency of the Police Force Presidium.

### ***“Authorized Mandatory”***

Within its activity, the FSJ found out that during the last quarter of 2019 and at the beginning of 2020, applications for the issuance of Trade Certificates were sent for various companies via the portal [www.slovensko.sk](http://www.slovensko.sk) to the District Office Bratislava, Department of Sole Trading, where Trade Certificates were issued to all companies. For all the companies, the electronic applications were lodged by an authorised representative acting on behalf of the companies. After the issuance of the Certificates, business accounts were opened for the companies based on Powers of Attorney. Subsequently, the accounts of the companies were used for small transactions and for crediting repeated transfers from the Financial Directorate of the Slovak Republic designated as refunds of VAT excess which were repeatedly withdrawn in cash from ATMs. The total amount of refunds of VAT excess sent to the above accounts was EUR 87,741 and withdrawals from the accounts amounted in total to EUR 88,360. During further verification it was found out that founder’s deeds of the companies allegedly contained signatures of Executive Officers authenticated at various municipal offices, the same applies to signatures on the Powers of Attorney, based on which the authorised person opened the business accounts. However, in all cases it was confirmed that the signatures had not really been authenticated at municipal offices. Taking into account the above facts, the FSJ prepared comprehensive information, which was forwarded to competent LEAs because of a suspicion of committing offences of counterfeiting or falsifying public documents, official stamp, official seal, official emblem and official mark, tax fraud and money laundering.



### ***“Fortune teller”***

In cooperation with the Regional Headquarters of the Police Force in Prešov, the FSJ documented a network of persons who, under the pretence of providing “fortune-telling services”, misled an employee of the local office who subsequently, under the influence of regular intimidation and pressure gradually sent financial resources amounting to over EUR 500,000 from her personal accounts as well as from the municipality’s accounts to the accounts of the perpetrators. The credited funds were withdrawn by the perpetrators mostly in cash. Thanks to efficient cooperation between the Regional Headquarters of the Police Force in Prešov, the FSJ and obliged entities concerned, a significant part of the financial resources was seized.

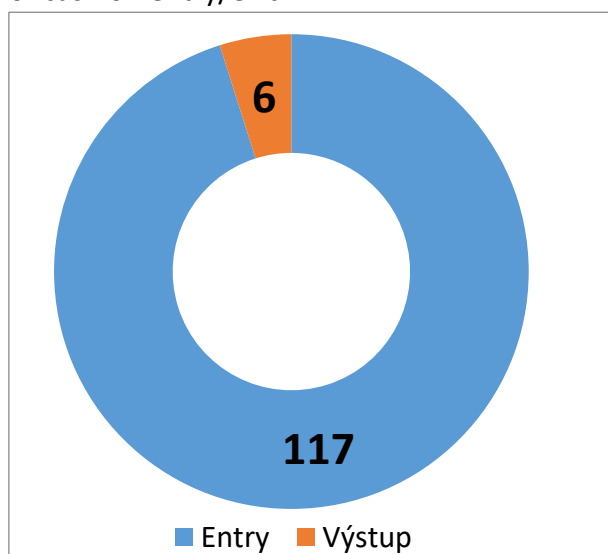
## Cross-border reporting of transport of cash

In connection with the fulfilment of the tasks resulting from Act No. 199/2004 Coll. On the Customs Act, and on the amendment to certain acts as amended (hereinafter referred to as the “Customs Act”) concerning the verification of the reporting duty in transporting/carrying finances in cash or bearer-negotiable instruments equal to or greater than EUR 10.000 or its equivalent in other currencies (hereinafter the “transport of cash”) and notifications of violation of customs regulations, in 2020, the FSJ received from the Customs Headquarters of the Slovak Republic in total 123 reports on the transport of cash in the total amount of EUR 4,010,018; a significant decrease in the number of received reports on the transport of cash was caused to a great extent by the global pandemic of COVID-19, which resulted in the closure of the external borders of the European Union including the airspace.

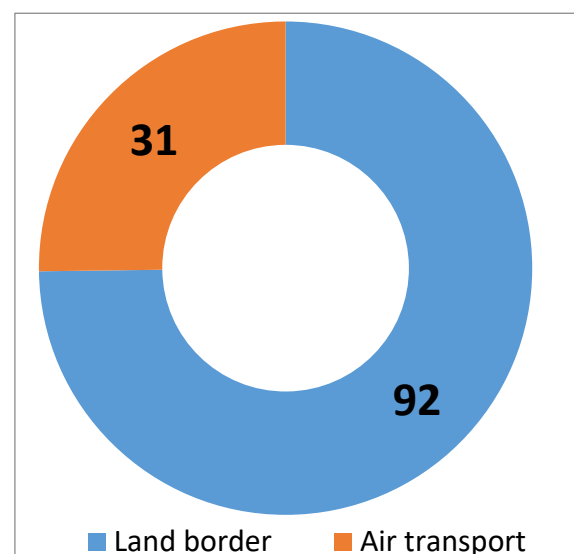


As regards the proportion of reporting the of transport of cash for entry/exit to/from the territory of the Slovak Republic, obliged entities declared the transport of cash according to the Customs Act for exit from the territory of the Slovak Republic only in six cases. In 31 cases, the transport of cash was carried out by air transport, in the other cases, the land border of the European Union between the Slovak Republic and Ukraine was used.

**Chart No.2:** Number of reports on the transport of cash on entry/exit



**Chart No.3:** Number of reports on the transport of cash by air transport/through the land border



**Table No.10:** Reporting of transport of cash by the reporting person's nationality

Nationality	Number
Ukraine	64
Hungary	24
Russia	10
Slovakia	2
Austria	1

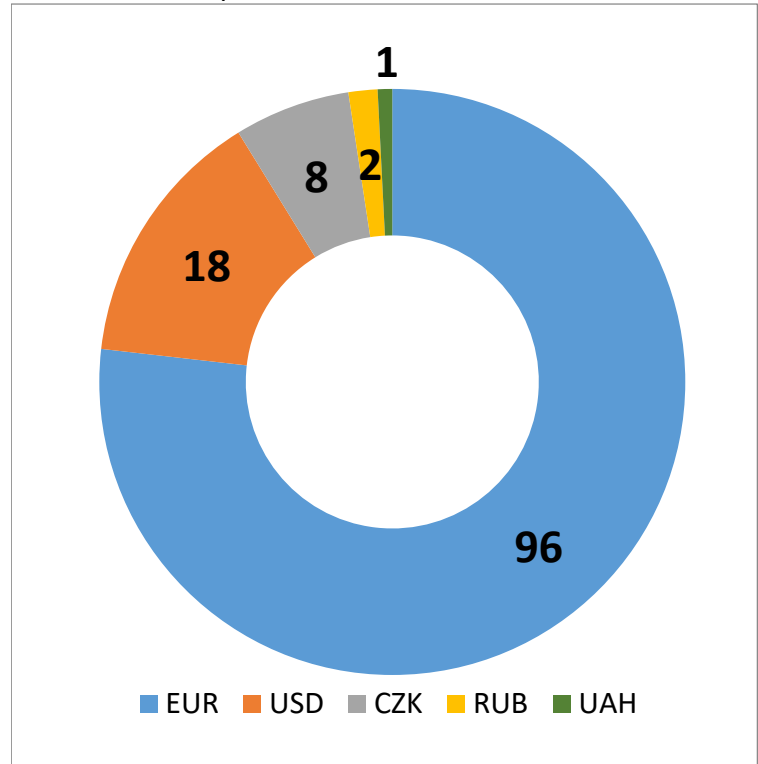
Based on the results of the analysis of the received reports on the transport of cash, and taking into account the competencies of the relevant authorities authorized to receive information from the FSJ, the FSJ provided information to the following authorities in 2020.

**Table No.11:** Forwarded information from reports of transport of cash

Authority	Number
Financial Directorate of the Slovak Republic	18
Criminal Bureau of the Financial Administration	3
Regional Headquarters of the Police Force	10
Foreign FIUs	29
<b>Total</b>	<b>60</b>
77 cases entered into the Complex Information System of the FSJ for further utilisation	

Out of the received reports on the transport of cash, EUR (96) was the currency transported most frequently to the territory of the Slovak Republic; USD (18), CZK (8), RUB (2), and in one case, cash in the UAH currency was transported. Out of six cases, when the obliged entity exited the territory of the Slovak Republic to Ukraine, they exported cash in the EUR currency in four cases, of which in two cases also cash in the RUB currency was exported, and in two cases cash was exported from the territory of the Slovak Republic in the USD currency.

**Chart No. 4:** Currency transported in cash to the territory of the Slovak Republic



## Activities in coordination and international cooperation

According to the international standards on combating money laundering and the financing of terrorism, FIUs are globally obliged to exchange information with each other and become involved in international cooperation. The legislation of the Slovak Republic allows the FSJ to exchange information on unusual transactions with competent authorities of Member States, as well as with authorities of the other states (to an extent and under the conditions laid down in an international treaty binding the Slovak Republic, or on the basis of the principle of non-contractual reciprocity), either in the form of requests or by sending information spontaneously. Information is exchanged with foreign FIUs via the secured communication network FIU.net (Member States) and ESW (the other states and/or Member States). Fast and efficient international cooperation is inevitable in the fight against money laundering and terrorist financing both at national and international levels. International cooperation is not limited only to exchange of information in particular cases under verification, it also includes exchange of experience, best practices and participation in international working groups and organisations.



Within the strengthening and creation of closer cooperation with neighbouring countries, regional conferences usually attended by FIU management with the participation of FIUs of Austria, the Czech Republic, Hungary, Poland, Slovenia and the Slovak Republic are organised every year. In 2020, the regional meeting should have taken place in the Slovak Republic and it should have been organised by the FSJ. Unfortunately, the regional meeting did not take place because of the pandemic situation caused by COVID-19 and the activity was postponed to a period after the end of the pandemic.



The FSJ is an active member of international committees, groups and working groups, such as MONEYVAL, EGMLTF, EGMONT GROUP, FIU Platform (of the European Commission) and conferences of contracting parties of CETS 198 (the Warsaw Convention). In 2020, FSJ representatives participated in regular negotiations of the Expert Group on Money Laundering and Terrorist Financing (EGMLTF), in the meetings of working groups and committees of the European Commission, as well as in the negotiations of the FIU Platform, which is an informal group of FIUs of European Union Member States established in 2006 by the European Commission. In connection with the completed 5th round of evaluation by MONEYVAL and fulfilment of tasks and elimination of deficiencies revealed during this evaluation, FSJ representatives organised working groups and meetings and they also took part in the Plenary Meeting of the MONEYVAL Committee. In 2020, a representative of the FSJ also took part in the Plenary Meeting of CETS 198 (the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism – the Warsaw Convention). In the view of the situation concerning the COVID-19 pandemic, the above activities mostly took place online. In 2020, the FSJ cooperated most intensively with the FIUs as follows (number of interactions is provided in brackets): Czech Republic (505), Hungary (406), Italy (257), Luxembourg (210), Ukraine (182), Germany (147) and Austria (114).

The case when in November 2020, the FSJ was asked by a FIU to postpone unusual transactions on unidentified bank accounts, for which only payment card numbers were available, and also to postpone transactions on savings accounts related to investment products, is an example of successful international cooperation. According to information available to FIUs, since 2017, an organised criminal group has exported various products from Hungary, in particular food supplements and perfumes to Slovakia and to the Czech Republic. Subsequently, the goods were transported back to Hungary for further sale, however, without VAT payment. Two Hungarian companies acting as brokers were involved in the case; they claimed the refund of VAT excess after fictitious purchase of goods. Within the searches of premises carried out in Hungary, two payment cards issued by Slovak banks were seized from two Hungarian citizens; it was also found out that one of the suspicious persons held a savings

account in an insurance company in Slovakia. Based on the above facts, the FSJ asked Slovak banks to detect the bank accounts, to which the payment cards had been issued, and they were also asked to postpone any debit transaction on the identified bank accounts for a period of 120 hours. The same measures were taken for the savings account of the insurance company. Subsequently, the Hungarian Prosecution Office issued a European Investigation Order for seizure of financial means on several Slovak bank accounts in a total amount of about EUR 22,000, and also the seizure of financial means in investment products in a total amount of about EUR 15,000.

**Tabuľka č.12:** Informácie súvisiace s medzinárodnou spoluprácou

Year	Number of requests sent abroad	Number of requests received from abroad	Number of spontaneous information forwarded	Number of spontaneous information relevant for the
2018	85	240	555	420
2019	125	263	502	131
2020	237	250	417	278



## Control activities

The FSJ ensures control of fulfilment and observance of the duties of obliged entities under the AML Law in accordance with the provision of Article 26 and Article 29, through the Department of the Control of Obligated Entities of the FSJ. Within the scope laid down in Article 32 and Article 33 of the AML Law, the FSJ is an administrative authority imposing sanctions to obliged entities for the detected violations of duties resulting from the AML Law pursuant to Act No. 71/1967 Coll. on Administrative Proceedings as amended, or Act No. 372/1990 Coll. on Delinquencies as amended in cases when a delinquency is committed in connection with the duty of confidentiality.



Control activities of the Department of the Control of Obligated Entities were performed mainly on the basis of the annual plan of controls for 2020. This plan was prepared on basis of the knowledge of the particular development in the area of protection against money laundering and terrorist financing and knowledge obtained by previous activities was used. The results of cooperation with the other supervision authorities (Gambling Regulatory Authority and NBS) were also used; the purpose of the cooperation was to exchange information and hand over of knowledge usable within the performance of individual controls, in increasing their efficiency and preventing duplicity during individual controls of obliged entities. During control activities, the FSJ focused on consistent customer due diligence, assessment of transactions, postponement and reporting of unusual transactions, refusal of transactions, as well as application of the “Know Your Customer” principle, which means obtaining sufficient information on the customer, character and volume of expected transactions, business partners and any predictable scheme of financial operations carried out by the customer as this issue is essential for the whole business relationship between the obliged entity and their customer.

In 2020, due to the adverse situation connected with COVID-19, the Department of the Control of Obligated Entities carried out in total 10 controls, in 5 of them the FSJ made decision



on imposing penalties in the total amount of EUR 32,000, two controls were without any penalty imposed and no decision has been made yet on three controls. In 2020, based on the FSJ's decisions, the Department of the Control of Obligated Entities also imposed penalties in four cases of controls commenced in 2019, in the total amount of EUR 60,500.

**Table No.14:** Number of controls and the way of completion

Year	Number of controls	Way of completion of controls			Amount of sanctions in EUR
		No sanction	Sanction	No decision	
2018	10	3	7	0	39 500
2019	12	4	7	1	66 800
2020	10	2	5	3	32 000

## Legislative activities

In 2020, the work on the legislative process concerning an amendment to the AML Law continued, with the main objective to transpose Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (hereinafter referred to as “5th AML Directive”), as well as to incorporate FATF recommendations in order to respond effectively to the constant development in the fight against money laundering and terrorist financing. The objective of the amendment to the AML Law was in general to improve the accessibility to the Register of Beneficial Owners, strengthen and harmonise the rules of enhanced due diligence, adopt stricter measures reducing the risks of money laundering and terrorist financing connected with anonymous prepaid instruments, monitor UTs performed through virtual cryptocurrency, expand the circle of PEPs and state more precisely the procedure of FSJ in exchanging information with competent authorities of Member States necessary to prevent and detect money laundering and terrorist financing. In this context, FSJ members also participated in negotiations of the Constitutional-Law Committee of the National Council of the Slovak Republic, Committee of Economic Matters of the National Council of the Slovak Republic, Committee for Finances and Budget of the National Council of the Slovak Republic, as well as Committee for Defence and Security of the National Council of the Slovak Republic.



FSJ also worked on the transposition of Article 32a of the 5th AML Directive; the article will be reflected in a new act on the Central Register of Accounts. The provision will regulate conditions for the provision of information to the FSJ, LEAs and competent authorities on payment accounts identified by IBAN or other accounts held by financial institutions, including safe deposit boxes

## Cooperation with public administration authorities & other entities

In 2020, FSJ representatives in cooperation with the Ministry of Finance of the Slovak Republic and the NBS held a meeting with OECD representatives concerning the application of collection and utilisation of information on beneficial owners in the Slovak Republic.



Coordination of the procedures and way of cooperation in fulfilling the tasks from the Action Plan to Combat Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction for 2019-2022, and the tasks from the National Risk Assessment were solved at two meetings with NBS representatives.

In order to improve information exchange between the FSJ and the Financial Administration of the Slovak Republic, meetings were held with representatives of the Financial Directorate of the Slovak Republic, Department of Fight against Tax Frauds, and with representatives of the Criminal Bureau of the Financial Administration.

To improve the obliged entities' awareness of protection against money laundering and terrorist financing, and to improve the quality of UTRs, four trainings of bank representatives were carried out, and in cooperation with representatives of the Gambling Regulatory Authority, six trainings of representatives of associations and operators of gambling games operating in Slovakia were carried out in 2020.

In 2020, the FSJ cooperated with the international department of the General Prosecutor's Office of the Slovak Republic in connection with the 5th round of evaluation of the Slovak Republic by the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism MONEYVAL and CETS 198 horizontal evaluation (the Warsaw Convention). The FSJ, in cooperation with the NBS, the Gambling Regulatory Authority, the Ministry of Justice of the Slovak Republic, as well as in cooperation with various professional chambers, associations and unions (lawyers, executors, tax advisors, notaries, auditors, real estate agencies, certified accountants) prepared supporting documents and statistical data on the evaluation of implementation of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the





purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.



## National Risk Assessment

National Risk Assessment is a difficult and extensive process identifying and assessing the risks of money laundering and terrorist financing. The resulting findings of this process are subsequently formulated in the Final Report, to which an Action Plan is a follow-up, containing defined measures to mitigate the identified risks.

In May 2020, in compliance with Article 26a of the AML Law, the FSJ in cooperation with obliged entities, the NBS, LEAs and other state authorities and institutions interested, started preparing and elaborating the second round of the National Risk Assessment, and again, like in the first round, the assessment tool of the World Bank was used. The whole process of National Risk Assessment in the Slovak Republic is managed and coordinated by the FSJ. The assessment is carried out in eight working teams, three working teams fulfil global-character tasks (identification of threats and vulnerabilities in the system of measures against money laundering, assessment of risks of terrorist financing and financing of proliferation of weapons of mass destruction) and five working teams assess individual sectors (banking sector, securities sector, insurance sector, sector of other financial institutions, sector of non-financial entities and professions). During the year 2020, individual working teams collected necessary quantitative and qualitative information and data for the assessment period 2016 – 2019.

The second round of the assessment process also reflects the results of the Supra-National Risk Assessment carried out by the European Commission, and recommendations from the 5th round of evaluation of the Slovak Republic by the MONEYVAL Committee.

The assessment process was not finished by the end of 2020. The Final Report and the Action Plan will be prepared during the year 2021.

## MONEYVAL

In September 2020, at the Plenary Meeting of the MONEYVAL expert group in Strasbourg, the 5th round Mutual Evaluation Report of the Slovak Republic on measures against money laundering and terrorism financing was approved. MONEYVAL is the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, which is a regional body of the FATF. The FATF is an independent intergovernmental body which has developed a system of recommendations to protect the global financial system against money laundering and terrorist financing. The MONEYVAL evaluation represents a comprehensive evaluation including the assessment of legislative, institutional and organisational measures based on FATF recommendations. It also identifies deficiencies of the measures and subsequently, provides the country under evaluation with a guide in the form of recommendations how these deficiencies should be eliminated. The assessment of the Slovak Republic took place at two complementary levels:



- a) assessment of the technical compliance of law of the Slovak Republic with international standards,
- b) assessment of the effectiveness of the national system of combating money laundering and terrorist financing.

After the process of evaluation itself had been completed, in 2020, the FSJ intensively communicated with the evaluators in commenting on the evaluation report, which was finally approved at the 60th Plenary Meeting of MONEYVAL and published in September 2020.

Based on the results of evaluation and defects found, the MONEYVAL Committee decided that in the following period, the Slovak Republic would be subject to enhanced follow-up in eliminating the deficiencies found during the evaluation. The Slovak Republic must declare the progress in eliminating the deficiencies in September 2022, when elimination of the identified deficiencies or the compliance with FATF recommendation will be reassessed.



In the last quarter of 2020, FSJ started working on the elimination of the deficiencies, and for that purpose, it organised working meetings with representatives of ministries, of the General Prosecutor's Office of the Slovak Republic, NBS and other institutions within the National Expert Group for Preventing and Combating Money Laundering and Terrorist Financing which is led by the FSJ Director. In the next period, FSJ will continue with efforts to eliminate the identified deficiencies by coordinating the responsible institutions of the Slovak Republic, as well as by acting itself so that an essential share of deficiencies is eliminated by the very next evaluation by the MONEYVAL Committee.





## Zoznam skratiek

<b>AML</b>	Anti money-laundering
<b>FATF</b>	Financial Action Task Force
<b>FIU</b>	Foreign Financial Intelligence Unit
<b>FSJ</b>	Financial Intelligence Unit of the Presidium of the Police Force
<b>NBS</b>	National Bank of Slovakia
<b>UT</b>	Unusual transaction
<b>LEA</b>	Law enforcement authority
<b>PF</b>	Police Force
<b>NAKA</b>	National Criminal Agency of the Presidium of the Police Force
<b>NR SR</b>	National Council of the Slovak Republic
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>KPO</b>	Control of Obligated Entities
<b>PEPs</b>	Politically exposed persons



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