



MOKAS
UNIT FOR COMBATING MONEY LAUNDERING

THE ANTI MONEY LAUNDERING LEGAL FRAMEWORK OF CYPRUS – THE PREVENTION AND SUPPRESSION OF MONEY LAUNDERING AND TERRORIST FINANCING LAWS OF 2007 –2012

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LEGISLATION IN CYPRUS AND INTERNATIONAL CONVENTIONS

- **The Prevention and Suppression of Money Laundering Activities Law (No. 61(I)/96)**
- (Enacted in May 1996 and amended in 1997, 1998, 1999, 2000, 2003 and 2004)

Replaced with

- **The Prevention and Suppression of Money Laundering Activities Law of 2007 (No.18(I)/2007) as amended with Law No.58(I)/2010, Law No. 80(I)/2012 and 192(I)/2012**
- **Legislation in line with:**
 - The U.N. Convention (Vienna Convention) – 1988
 - The Council of Europe Conventions on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime –1990 and 2005



LEGISLATION IN CYPRUS AND INTERNATIONAL CONVENTIONS

- EU Directives
 - EU Council Framework Decisions on Freezing and Confiscation
 - 40 Recommendations of the FATF
 - 9 Special Recommendations of the FATF (Terrorist Financing)
- Provides a comprehensive and powerful basis for the fight against money laundering, containing provisions both for the prevention and its suppression, including provisions for the tracing, restraint and confiscation of assets



CYPRUS AS AN INTERNATIONAL FINANCIAL CENTRE

Factors:

- ▶ Strategic geographical location
- ▶ Existence of a wide network with other countries for the avoidance of double taxation
- ▶ Legal framework based on common law
- ▶ High quality of the offered legal, banking, accounting and auditing services
- ▶ Cyprus harmonized its corporate tax for both residents and non-residents and abolished the “off-shore status”
- ▶ Uniform tax rate for all companies registered in Cyprus.



MONEY LAUNDERING SITUATION IN CYPRUS

- Money laundering at the “placement stage” is diminished by virtue of
 - the existence of the Law on the control of cash entering or leaving the Community
 - the limited role of cash operations in the Cyprus economy
 - no bureaux de change
 - no casinos
- Vulnerability for the other stages



INSTITUTIONS AND PERSONS FALLING UNDER THE PROVISIONS OF THE LAW

- Banking Institutions
- Cooperative Institutions
- Insurance Companies
- Investment Firms
- Providers of Money Transfer Services
- Professionals (Auditors, Accountants, Lawyers)
- Trust and Company Service Providers
- Real Estate agents
- Dealers in high value metals and stones



SUPERVISORY AUTHORITIES

- Central Bank of Cyprus
- The Securities and Exchange Commission
- The Superintendent of Insurance
- The Superintendent of Co-operative Banks
- The Council of the Cyprus Bar Association
- The Council of the Institute of Certified Public Accountants
- The Unit for Combating Money Laundering (MOKAS)



SUSPICIOUS TRANSACTION REPORTS (STRs)

- The report is submitted to the Unit for Combating Money Laundering (FIU)
- Appointment of a Money Laundering Compliance Officer (MLCO)
 - Responsible for the implementation of the directives / legislation
 - Submits the STR to the Unit



TIMELY RESPONSE TO THE ENQUIRIES OF THE FIU

Persons engaged in financial business activities apply systems and procedures:

- For the timely response to enquiries of the FIU as to whether they keep or have kept during the last 5 years a business relationship with specific persons and the type of this business relationship



THE CYPRUS FIU

- Composition of Cypriot F.I.U. (MOKAS)

Representatives of:

- » The Attorney General
 - » The Chief of the Police
 - » The Director of Customs Department
 - » Accountants / Financial Analysts
- It is headed by a representative of the Attorney General.
 - The Unit was established in 1996 and became operational in January 1997



FUNCTIONS OF MOKAS

- MOKAS is the F.I.U. of Cyprus with investigative powers
- All members of MOKAS are deemed to be investigators by virtue of section 5 of the Criminal Procedure Law
- Analysis of information relevant to money laundering and financing terrorism
- Conducting investigations when there are reasonable grounds for believing that a laundering offence and a terrorist financing offence has been committed
- Co-operation and exchange of information with other F.I.U.s (with all type of FIUs) and Asset Recovery Offices
- Issuing directives for the better exercise of its functions, to Financial Institutions, Police, professionals and others



FUNCTIONS OF MOKAS

- The Asset Recovery Office for co-operating with the corresponding Authorities of other EU member-states
- Issues instructions for the suspension or non execution of transactions (administrative orders) (Beyond international standards)
- Members of the Unit can apply to the Court and obtain:
 - Disclosure Orders
 - Freezing Orders
 - Confiscation Order
 - In the case of Confiscation Orders resulting from co-operation with foreign Authorities there is an agreement for sharing the proceeds confiscated
- Training of Police, Financial Institutions, Professionals (e.g lawyers and accountants.)
- Participation in international organisations regarding AML/CFT issues



Obtaining information from banking institutions

- ▶ Criminal Procedure Law
- ▶ The Prevention and Suppression of Money Laundering Activities Laws of 2007 – 2012
- ▶ Timely Response to the enquiries of the FIU
- ▶ Banking legislation provides for the lifting of banking confidentiality and the disclosure of information related to accounts and transactions
- ▶ Beneficial owners:

The natural person who owns or controls more than 10% of corporate and legal entities

The 3rd EU Directive provides for a threshold of 25%



COURT ORDERS

1. Disclosure Order
2. Freezing Order
3. Restraint Order
4. Freezing Order against Absent Suspect
5. Confiscation Order
6. Confiscation Order against Absent Suspect



REGISTRATION AND ENFORCEMENT OF FOREIGN COURT ORDERS

- Freezing orders
- Confiscation orders
- Conditions
- Consequences – Effect as if issued by a Cyprus Court
- Sharing of Confiscated assets



INTERNATIONAL COOPERATION

Ways of international co-operation on behalf of MOKAS:

- Between FIU's (Financial Intelligence Units)
- Other competent Law Enforcement, Judicial and other Authorities worldwide – Formal Rogatory Letters
- Interpol
- Europol
- FIU Platform
- Asset Recovery Offices of other EU member-states



INTERNATIONAL CO-OPERATION

▶ Foreign counterpart Units

▪ MOU's with FIU's of:

- ✓ Belgium
- ✓ France
- ✓ Slovenia
- ✓ Czech Republic
- ✓ Israel
- ✓ Ireland
- ✓ Malta
- ✓ Australia
- ✓ Poland
- ✓ Ukraine
- ✓ Albania
- ✓ Bulgaria
- ✓ Canada
- ✓ Russian Federation
- ✓ South Africa
- ✓ U.S.A.
- ✓ Romania
- ✓ Chile

✓ Netherlands Antilles

✓ Korea

✓ Syria

✓ Moldova

✓ Aruba

✓ Serbia

✓ Montenegro

✓ Armenia

Execution of rogatory letters

Interpol/Europol

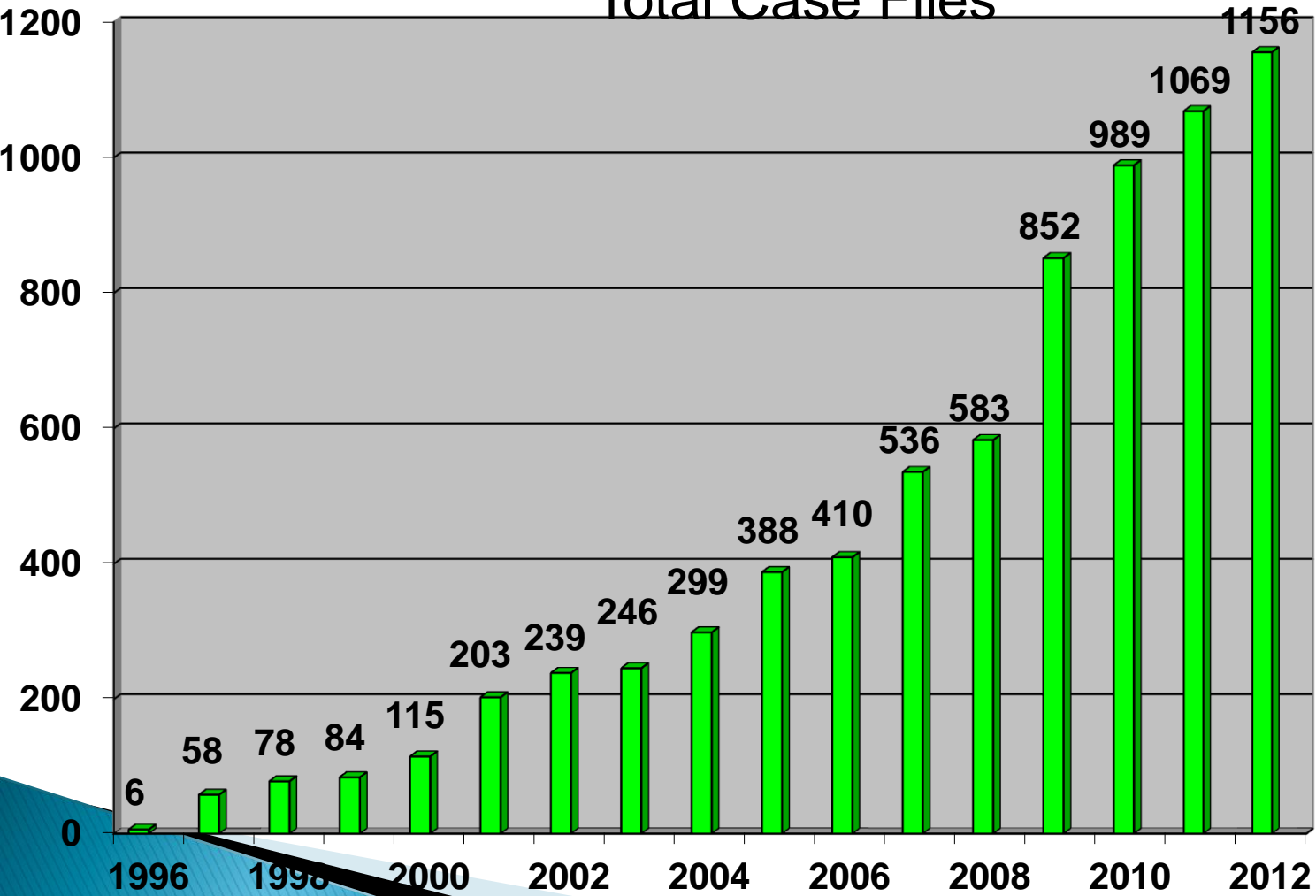
Council of Europe

Egmont Group



PRACTICAL RESULTS

Total Case Files





COURT ORDERS

- ▶ **Freezing Court Orders: 202**
- ▶ **Administrative Orders for the Postponement of transactions: 139**
- ▶ **Confiscation Court Orders: 32**
- ▶ **Registration and Enforcement of foreign Court Orders (Freezing and Confiscation): 25**



EVALUATION BY INTERNATIONAL BODIES

- MONEYVAL COMMITTEE OF THE COUNCIL OF EUROPE
 - 4 Evaluation Visits/Reports
 - The last Report in September 2011
 - Very positive about the whole AML system
 - Compares very favorably with other EU and developed countries.
- FINANCIAL ACTION TASK FORCE (FATF)
 - Publishes a list with countries which present strategic deficiencies in their AML systems.
 - Cyprus has never been included in such a list



EUROGROUP COUNTRIES - RATINGS FROM EVALUATION REPORTS

FATF 40 + 9 RECOMMENDATIONS

	<u>AUSTRI</u>	<u>BELGIUM</u>	<u>CYPRUS</u>	<u>ESTONIA</u>	<u>FINLAND</u>	<u>FRANCE</u>	<u>GERMANY</u>	<u>GREECE</u>	<u>IRELAND</u>	<u>ITALY</u>	<u>LUXEMB.</u>	<u>MALTA</u>	<u>NETHERL.</u>	<u>PORTUG.</u>	<u>SLOVAKIA</u>	<u>SLOVENIA</u>	<u>SPAIN</u>
COMPLIANT	6	21	12	8	7	9	5	2	16	18	1	25	6	13	5	14	10
LARGELY COMPLIANT	19	20	28	27	13	29	24	10	12	13	9	15	22	23	18	24	22
PARTIALLY COMPLIANT	24	6	9	12	23	10	15	23	16	12	30	9	20	10	23	10	12
NON - COMPLIANT	0	1	0	1	5	1	5	13	5	6	9	0	1	2	2	0	3
NOT APPLICABLE	0	1	0	1	1	0	0	1	0	0	0	0	0	1	1	1	2

RECOMMENDATIONS MADE BY THE IMF ON AML ISSUES

- ▶ GENERAL RECOGNITION THAT THE AML REGIME IS POSITIVE
- ▶ MINOR ISSUES WERE RAISED
- ▶ ALL SUGGESTIONS (MAINLY TO CLARIFY CERTAIN ISSUES) WERE ACCEPTED AND AMENDMENTS IN THE LEGAL FRAMEWORK HAVE BEEN MADE IN DECEMBER



THANK YOU !!!!
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