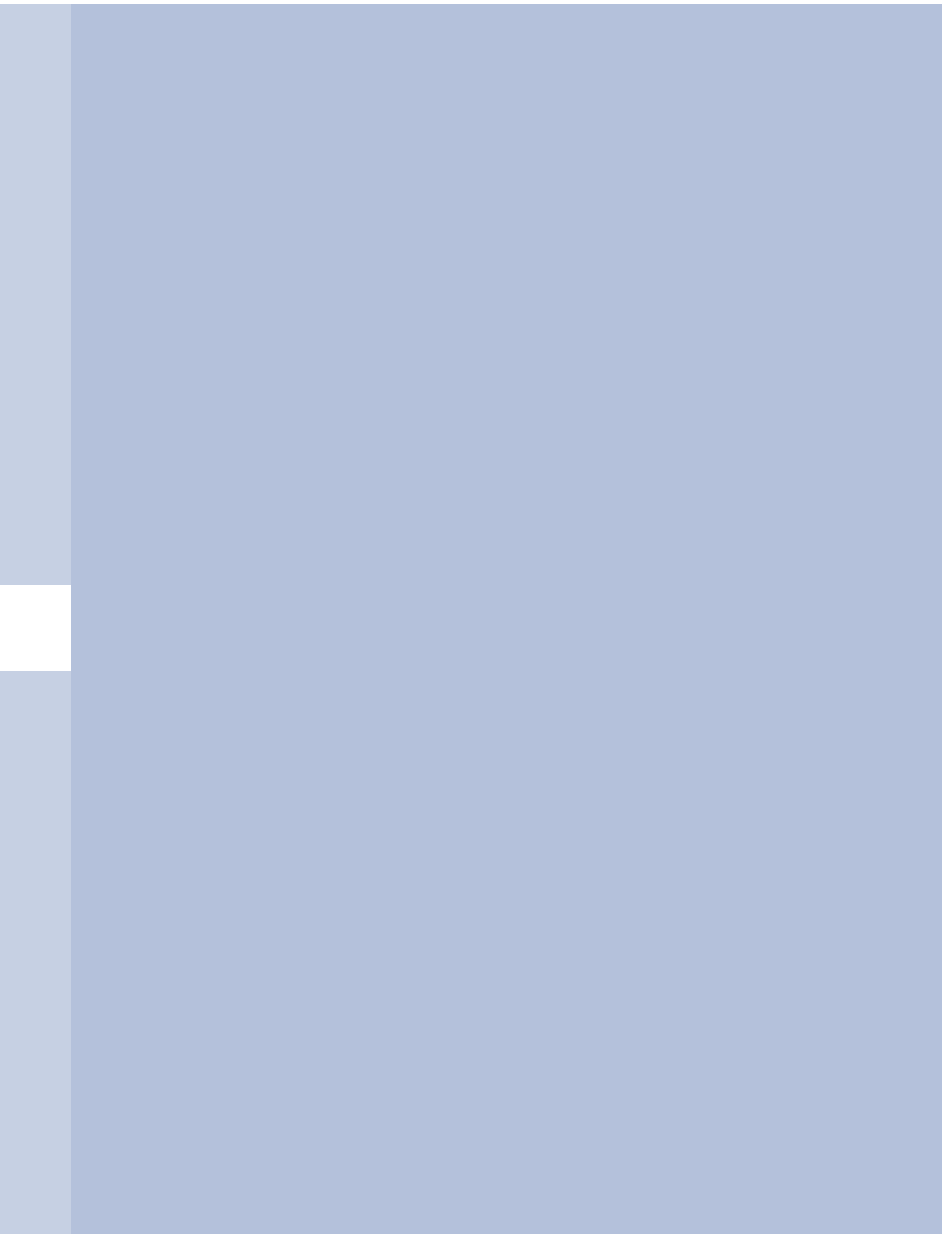


CYPRUS FINANCIAL
INTELLIGENCE UNIT (MOKAS)



ANNUAL REPORT
2022



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(MOKAS)**

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P.I.O. 130/2023

Published by the Press and Information Office

Designed by Nicos Ierodionou

ISSN 2301-2994 (online)

ISSN 1986-308X (print)

STATEMENT BY THE HEAD OF THE UNIT

The second half of 2022 signaled major changes for the FIU Cyprus as regards its structure, its strengthening in terms of personnel as well as its technological advancement.

The outcome of the year is presented in this Annual Report, whereby a notable percentage increase in the reports which were received by Financial Technology Companies (Fintech) based in other member states is recorded, which is indicative of the global trend in the increasing use of digital technology in the financial market.

This year is also distinguished by the innovative strategic analysis which was carried out by MOKAS in cooperation with OSCE, entitled «Financial Intelligence Information for Combating Trafficking in Human Beings», which was concluded in December 2022 and deals with the issue of trafficking in human beings in the light of money flows and suspicious transaction reports and the subsequent illegal proceeds which are generated from the commission of these offences.

We aim to improve the results, within the framework of the collective effort of all competent parties involved in combating money laundering and terrorist financing and at the same time contributing to the effective implementation of the framework for the recovery of proceeds and assets emanating from illegal activities, via freezing and confiscation and the final deprivation of criminals from the proceeds which stem from illegal activities. Thus, we anticipate to contribute to the reduction of criminality and the prevention of penetration of illegal proceeds into the licit economy.

With targeted strategic analysis reports of the trends which are observed in relation to Money Laundering, the technological advancement, the reinforcement in personnel and the closer cooperation with the Police, the Supervisory Authorities and other competent bodies, the effectiveness of the Unit is expected to increase as a response to the continuously developing methods of crime.

I would like to thank all the personnel of MOKAS for its work and the efforts undertaken so that the Unit can move to the next level.

Maria Kyrmizi Antoniou
Senior Counsel of the Republic
Head of the Financial Intelligence Unit
(FIU Cyprus)

YEAR 2022 IN NUMBERS



1901
Reports from
Obligated Entities

526 Suspicious
Transactions Reports

1375 Suspicious
Activity Reports



99
Disseminations
of Information

64%
To the Cyprus Police

11%
To the Tax Department



**Major Reporting
Sectors**

803
From Foreign Obligated Entities

476
From Banking Institutions

251
From Investment
Companies



**Indicators for Report
Submission**

- Insufficient Justification
- Negative Information
- Fraud

INTERNATIONAL COOPERATION

438 Requests from foreign FIUs

Majority of requests sent by 3 countries



UKRAINE



LATVIA



RUSSIA

244 Spontaneous Disseminations
from foreign FIUs

208 Requests to foreign FIUs

Majority of requests sent to 3 countries



ROMANIA



GREECE



GERMANY

144 Spontaneous Reports sent
to foreign FIUs



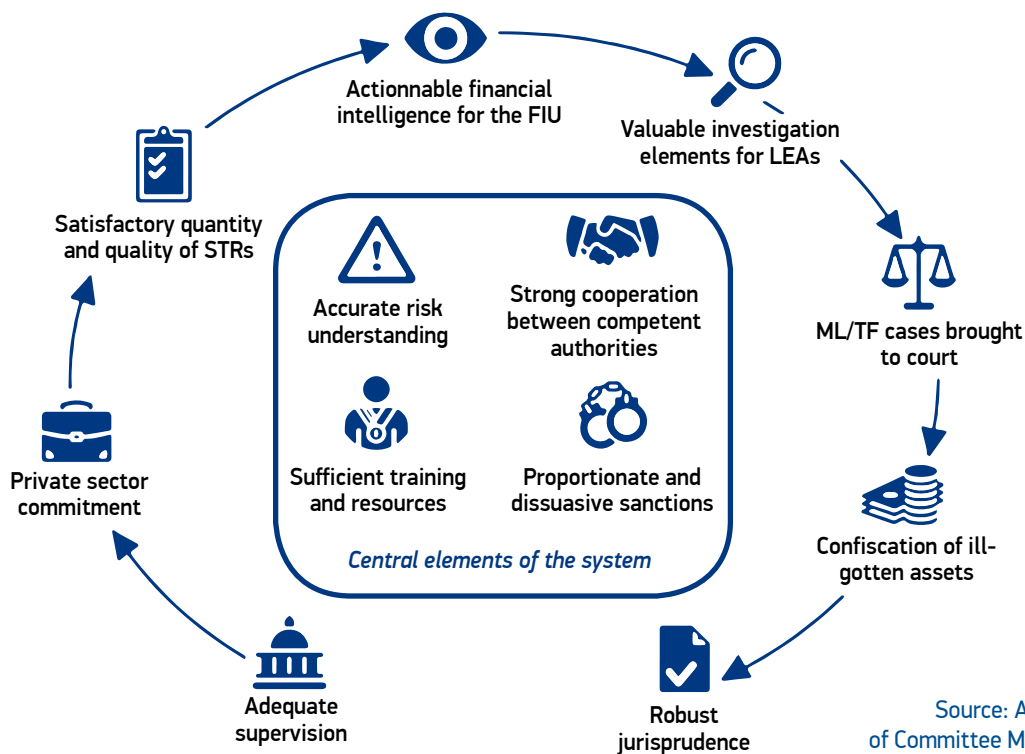
INTRODUCTION

Combating money laundering and terrorist financing is a priority of the European Union and the international community, as it contributes to the reduction of crime, the protection and stability of the global economy, the sustainable development, and the international safety.

The responsibility of achieving this goal lies with various departments and agencies within each country.

This is the reason why the FATF (Financial Action Task Force) Recommendations, the EU Directives and the International Conventions establish requirements for law enforcement, judiciary, financial intelligence units (FIUs), such as MOKAS, private sector and its supervisors.

According to the Council of Europe's Moneyval Committee Annual Report for 2020, the effectiveness of the anti-money laundering and countering the financing of terrorism system, depends on the implementation of all measures, legislative and practical, by all relevant bodies, as shown in the effectiveness cycle of AML/CFT measures:



Each stage of the System is vital to the achievement of the desired outcome/results, with first and foremost the adequate supervision of the Reporting Entities form the relevant Supervisory Authorities.



MOKAS MANDATE

The Financial Intelligence Unit (MOKAS), became operational in January 1997 and hierarchically, it functions under the auspices of the Attorney General of the Republic as an autonomous, independently operating Unit [section 55(1)].

The Unit, receives and analyses suspicious transaction reports and suspicious activity reports which are submitted by Obligated Entities.

The information which is contained in the reports, as well as any additional information which results from the examination of the reports is analysed and utilised so that the result of the analysis will add value to the initial information submitted to the Unit.

Following the submission of the reports and the financial analysis, when there are reasonable suspicions that a money laundering offence, a related predicate offence or a terrorist financing offence has been committed, the results of the analyses are forwarded by MOKAS to the Police for the commencement of investigations or for information purposes. When deemed necessary, information is disseminated by MOKAS to other Government Departments (such as the Tax Department and the Customs Department) and to the Supervisory Authorities. The Unit does not conduct investigations in relation to possible commission of criminal offences.

Therefore, the suspicious transaction reports and the suspicious activity reports, provided that they are submitted correctly and comprehensively, constitute a basic tool for the effectiveness of the system of Cyprus towards the combating of money laundering and terrorist financing since they may contain vital information which can assist the law enforcement authorities (Police) in the fight against money laundering from related predicate offences and from terrorist financing offences.

The cooperation of the Unit with the Supervisory Authorities, the Law Enforcement Authorities and the private sector is particularly close while the cooperation of the public and private sectors (Public private partnership - PPP) is strongly and consistently encouraged.

On a national level, the Unit cooperates closely with the Police and Law Enforcement Authorities with the aim to issue Freezing Court Orders relating to illegal proceeds, in the framework of criminal cases investigated by the Police. It also cooperates with the Prosecution on the issue of Confiscation Orders aiming at depriving criminals of their illegal proceeds.

Apart from its duties on a national level, the Unit also plays an important role internationally. Members of the Unit participate in international organisations which deal with issues regarding money laundering, restraint and confiscation of illegal proceeds and international cooperation concerning these matters.

Cooperation and exchange of information with other FIUs and the execution of Requests for Mutual Judicial Assistance submitted by foreign Authorities, in the area of restraint and confiscation of criminal proceeds is also in the scope of the activities of MOKAS.

In addition, MOKAS was appointed as the National Asset Recovery Office, responsible for the tracing and recovery of illegal proceeds, in cooperation with the counterpart offices of the EU member states.

In order to carry out its duties the Unit must be provided with the necessary economic, technical and human resources. During 2022 the personnel of MOKAS was increased by 13 new officers.

The Unit, so as to carry out its functions, is divided into two Departments. The Analysis Department and the Department of International Cooperation and Police and Customs Cooperation. Furthermore, it is supported by a team of Lawyers, seconded to the FIU.

ANALYSIS DEPARTMENT

REPORTS FROM OBLIGED ENTITIES

As already mentioned, MOKAS is solely responsible for receiving and analysing all suspicious transaction or activity reports submitted from obliged entities¹, containing suspicions that funds constitute or may constitute proceeds from illegal activities or are related in any way to Terrorist Financing. This important function was assigned to the Analysis Department.

The mission of the Analysis Department, is the analysis of the suspicious transactions and the relevant information and the identification of links between suspicious transactions and related criminal activities.

The types of reports submitted are categorized as follows

- (a) Suspicious Activity Reports - SARs
- (b) Suspicious Transaction Reports - STRs
- (c) Additional Information File AIF-S or AIF-T

Suspicious Activity Reports - SARs)	Suspicious Transaction Reports - STRs	Additional Information File AIF-A or AIF-T
<ul style="list-style-type: none"> • Suspicious Activity Reports contain general suspicions raised from the overall behavior of the reported persons. This behavior creates the knowledge or the suspicion that they may be involved in criminal activities which generated proceeds. 	<ul style="list-style-type: none"> • Suspicious Transaction Reports - STRs, being much more targeted, comprise of suspicions based on specific suspicious transactions, which generate the knowledge or the suspicion that a person may be involved in criminal activities from which illegal proceeds were derived. 	<ul style="list-style-type: none"> • Additional Information File - AIF, submitted as supplementary to a report already submitted in relation to an individual or legal entity, or due to its relation to a previous report submitted by the same Obligated Entity

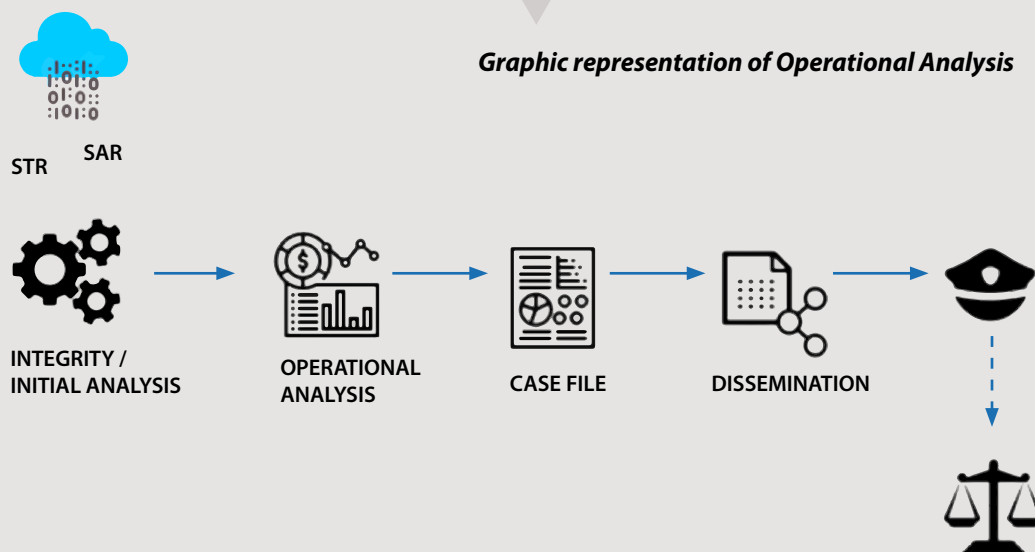
The analysis of the reports is carried out by specialized personnel with the use of analytical tools and computer software systems. The analysis is comprised of operational and strategic analysis.

¹ The obliged entities are specified in article 2 (A) of the Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007 (188 (I) /2007)

OPERATIONAL ANALYSIS

Operational analysis, aims to identify and analyse, specific subjects. It uses available and obtainable information and follows the trail of particular transactions or activity with the objective of identifying possible links between those subjects and possible proceeds of crime, money laundering and/or terrorist financing.

When such links are identified, the results of the operational analysis are disseminated to the Cyprus Police for investigation and/or intelligence purposes. Disseminations can also be made to other competent authorities.



STRATEGIC ANALYSIS

Strategic Analysis is wider in concept. It is conducted on a macro level and it aims to analyse and decode the available data, in order to identify trends, patterns and emerging money laundering and terrorist financing techniques.

The objective of the Strategic Analysis is to provide information in regards to money laundering and terrorist financing related threats and vulnerabilities, to assist in setting operational priorities and to provide input for policy and legislative formulation.

Therefore, such strategic analysis reports are shared with all the stakeholders involved, both in the public and private sector.

In 2022, FIU Cyprus, in cooperation with OSCE (Organization for the Security and Cooperation in Europe) and with the contribution of the Office of Combating Trafficking in Human Beings of the Cyprus Police, has published its first strategic analysis report on **Financial intelligence information for Combating Trafficking In Human Beings**. It is an innovative project, an operational alert that outlines red flag indicators and typologies to support financial investigators, obliged entities and all stakeholders involved, in identifying potential instances of trafficking in human beings so that the related activity can be reported to the FIU via Suspicious Transaction/ Activity Reports (STRs and SARs).

The Strategic Analysis Report provides, guidance to reporting entities, human trafficking related typologies, financial indicators to help the detection of possible trafficking in human beings cases and assistance in order to improve suspicious transaction reporting related to trafficking in human beings. The typologies and indicators are the result of a significant number of operational analyses conducted by the Unit.

Sanitized Case - Possible forced marriages and trafficking in human beings

The Unit received 7 STRs which were connected through the transactional analysis performed by the Unit.

Three of the STRs, were in relation to a young female from a specific EU country. The individual was in some cases the main subject of the report, and in others was mentioned as a counterparty. The occupation declared was Hotel – Restaurant – Leisure. The subject was using different identification documents and was providing different DOBs.

The individual transacted from several EU countries.

Red flags:

- Sending funds to high-risk jurisdictions;
- Sending intra country transactions;
- Sending funds to multiple jurisdictions;
- Sending funds to multiple receivers;
- No established relationship identified among counterparties
- No indication of legitimate reasons for transactions;
- Transactions in consecutive days
- Activity was excessive in terms of frequency and amount.

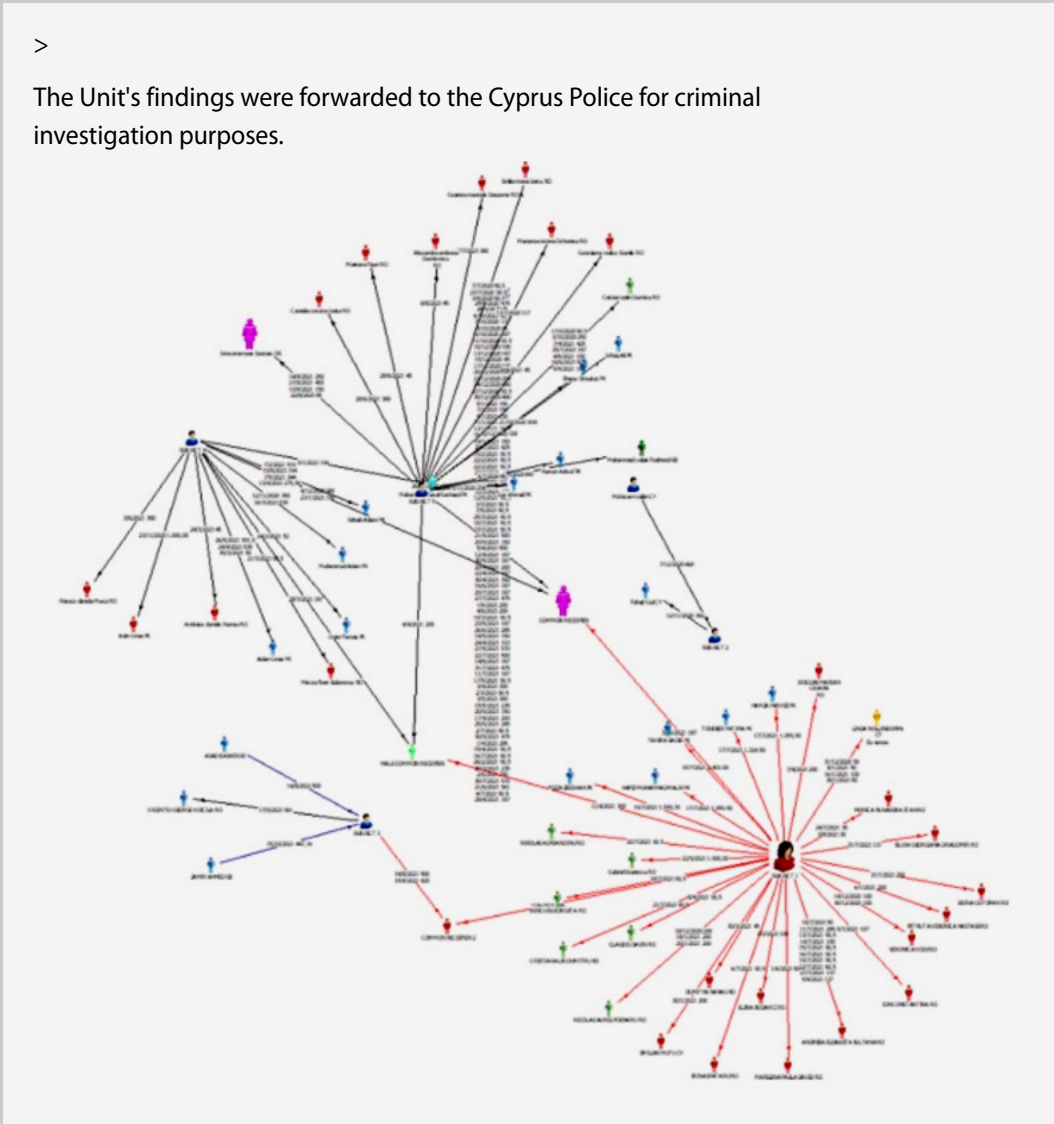
The other 4 STRs were submitted in relation to foreign males, third country nationals, residing in the Republic. 3 out of the 4 males were illegal immigrants and the fourth had entered the Republic in 2016 as a student and in 2021 his residence permit changed to “family members of European Union citizens that are not European Union citizens”. From further enquiries it was established that he was married to an EU national.

All subjects were sending funds to the same counterparties in a specific EU country, mainly young women. The transactional behaviour and the patterns identified raised suspicions of sham marriages, without ruling out the possibility that the women involved may be victims of human trafficking and / or exploitation.

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The Unit's findings were forwarded to the Cyprus Police for criminal investigation purposes.



GUIDELINES TO REPORTING ENTITIES ON SUBMITTING SUSPICIOUS TRANSACTION REPORTS (STRS) AND SUSPICIOUS ACTIVITY REPORTS (SARS)

In April 2018, the Analysis Department, issued the Guidelines to Reporting Entities on submitting Suspicious Transaction Reports (STRs) and Suspicious Activity Reports (SARs), which were circulated to all the Reporting Entities.

The document aimed to provide reporting entities with guidance on how to submit quality Reports to MOKAS.

Since then, Officers of the Department, continue to guide and advise the Reporting Entities, seeking the continuous improvement of the quality of the Reports submitted to the Unit.

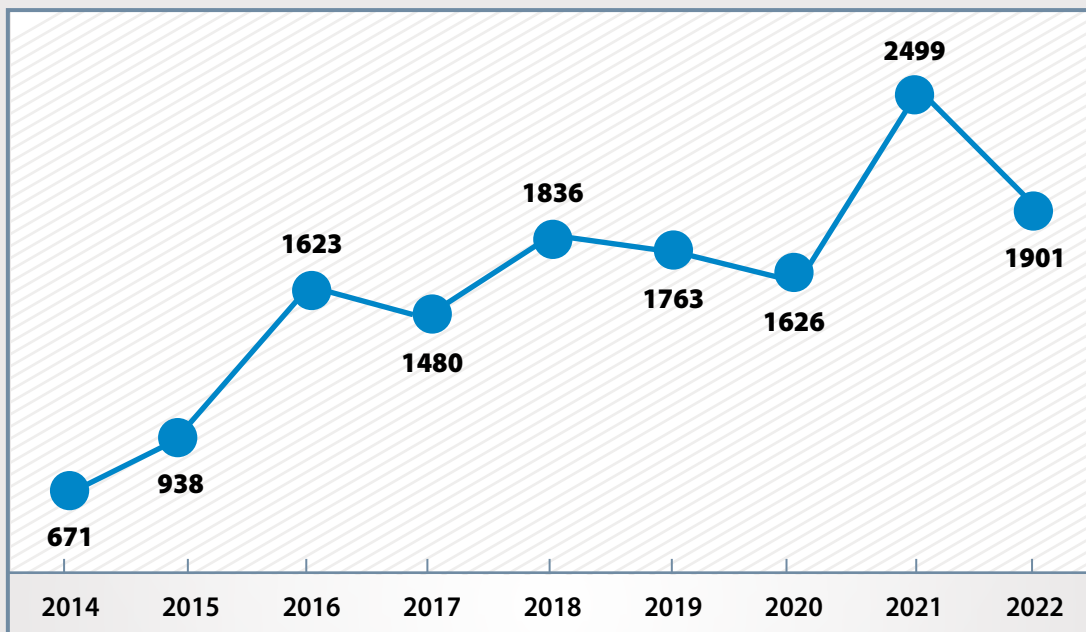
STATISTICS ON REPORTS PER YEAR DURING THE PERIOD 2014-2021

TABLE A		
YEAR	NUMBER OF REPORTS	PERCENTAGE CHANGE
2014	671	
2015	938	40%
2016	1623	73%
2017	1480	-9%
2018	1836	24%
2019	1763	-4%
2020	1626	-8%
2021	2499	54%
2022	1901	-24%

During 2022 a total number of **1.901** Reports were received, 526 Suspicious Transaction Reports (STRs) and 1.375 Suspicious Activity Reports (SARs).

The following diagram illustrates the trend of the number of Reports submitted in the last 9 years

GRAPH 1: NUMBER OF REPORTS FOR THE YEARS 2014-2021



As shown in the graph above, in 2022 there was a reduction of 24% in the total number of reports submitted.

NUMBER OF REPORTS PER SECTOR

In an attempt to decipher the reduction of the submissions, and by approaching it in terms of reports per sector, it is noted that in 2022, the majority of the sectors, submitted reduced number of reports, with the exception of foreign Obligated Entities, E-Money Institutions and Gambling Service Providers, which recorded a significant increase in their submissions.

TABLE B: REPORTS PER SECTOR FOR THE YEAR 2022	2022	% change in relation to 2021	
Reports from foreign Obligated Entities (in their majority Fintech companies)	803	54%	↑
Banking Institutions	476	-26%	↓
Investment Services Companies	251	-11%	↓
Electronic Money Institutions	115	39%	↑
Money Service Businesses	112	-78%	↓
Gambling Service Providers	44	389%	↑
Administrative Services Providers	37	-49%	↓
Accountants / Auditors	21	-73%	↓
Lawyers	18	-42%	↓
Rest of Obligated Entities	24	-23%	↓
TOTAL	1.901		

During 2022, 803 reports were submitted by foreign Obligated Entities recording an increase of 54%. This category includes Financial Technology Companies (FinTech)² based in EU member states.

This increase is indicative of the transformation of the financial sector landscape and the use of technological innovation in the financial services industry.

² Financial Technology Companies – products and companies that employ newly developed digital and online technologies in the banking and financial services industries – Merriam - Webster Dictionary

The banking sector, traditionally one of the larger submitters of reports, was in 2022 second in terms of submissions, with 476 reports. Even though the number of reports remains satisfactory, nevertheless, a reduction of 26% was recorded.

Investment Firms were third in rank with 251 reports, followed by E-Money Institutions which recorded a significant increase of 39% (115 reports).

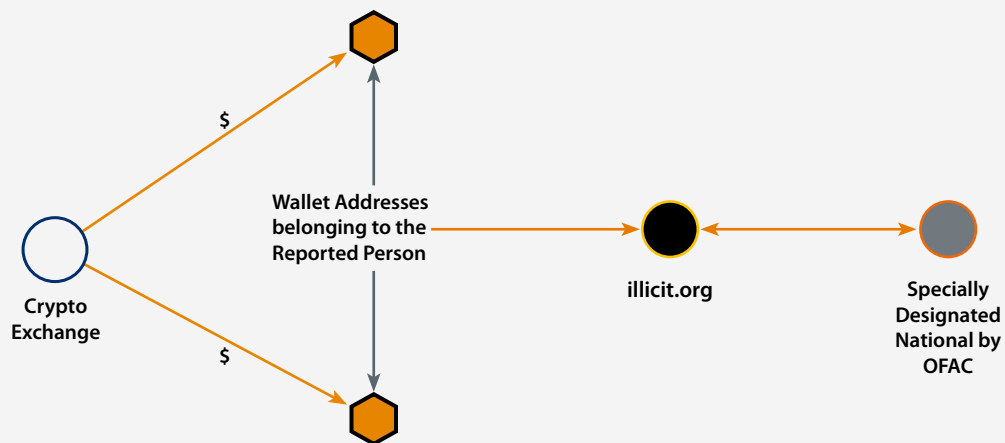
The greatest reduction in the reports submitted was recorded by Money Service Businesses (MSBs) which submitted 112 reports (a reduction of 78%).

Sanitized case: Report from a Foreign Obligated Entity

The Unit received a report from a Cryptocurrency Exchange which operates in a Member State, in relation to an individual who resides in Cyprus.

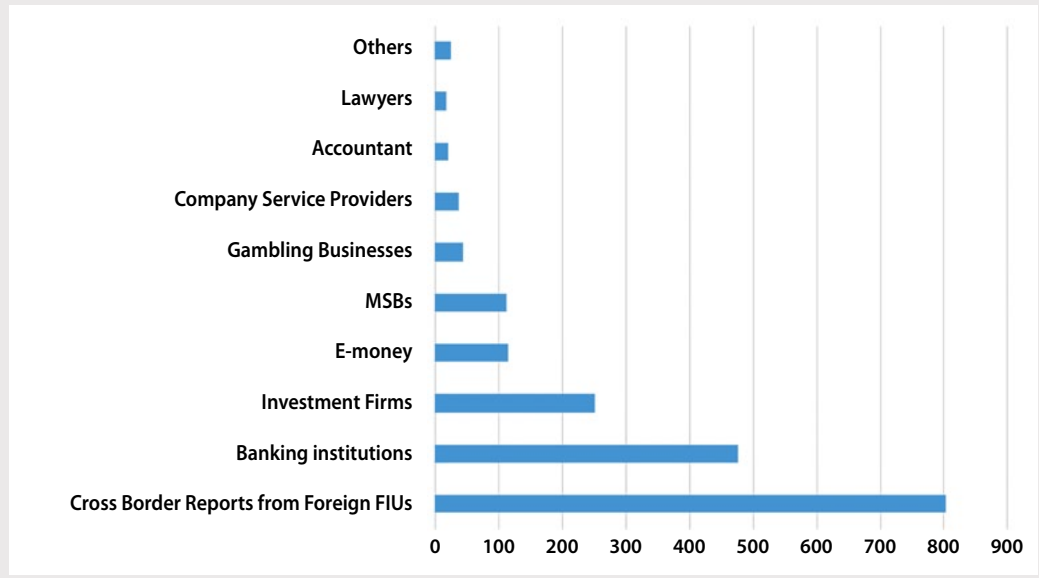
Suspicious were raised when the reporting entity identified cryptocurrency flows from the subject under report, to a wallet address which belonged to a website operating in the Dark Web.

The Analysis Department analysed the transactional activity of the reported individual with the use of the Blockchain Analysis Tool, and found bitcoin withdrawals to Wallets which belonged to a website involved in the sale of drugs.



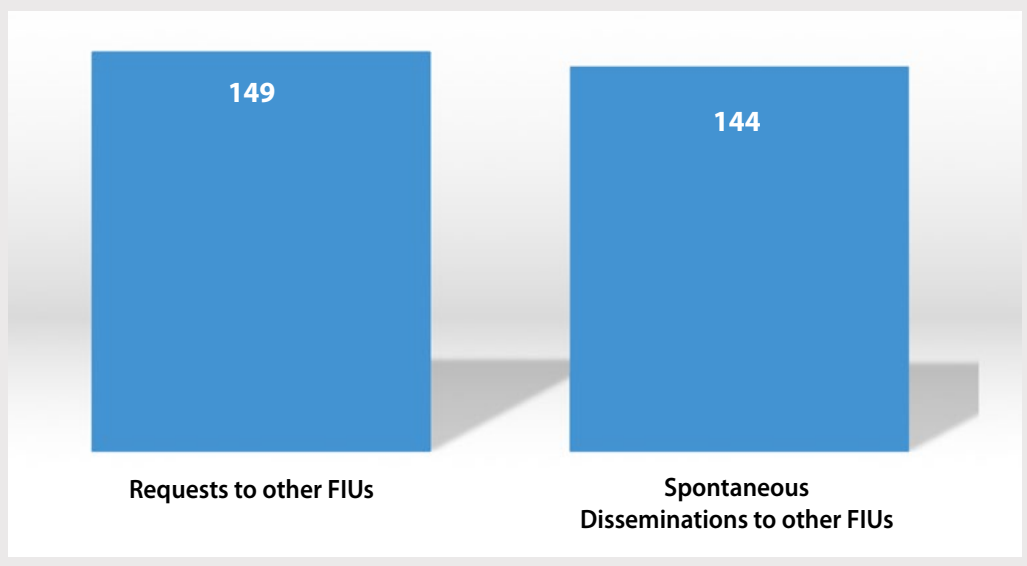
The Unit analysed all the available information and cooperated with counterpart FIUs.

The results of the analysis were disseminated to the Cyprus Police for investigation purposes.

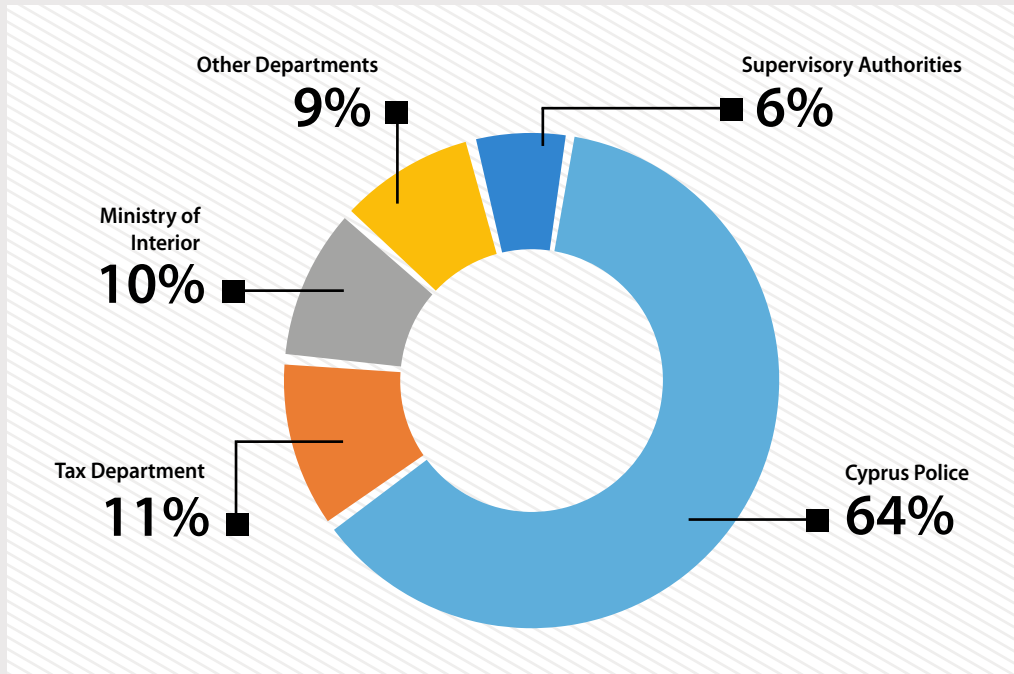
GRAPH 2: NUMBER OF REPORTS PER SECTOR 2022

In the stage of analysis, the Analysis Department gathers information from various sources such as counterpart FIUs, several databases, the Tax Department, the Police, the Department of the Registrar of Companies etc.

In addition and when deemed necessary the members of the Analysis Department send spontaneous information to counterpart FIUs.

GRAPH 3: NUMBER OF REQUESTS AND SPONTANEOUS REPORTS SENT BY THE ANALYSIS DEPARTMENT IN 2022

Lastly, as part of its duties and according to the provisions of the Law, the Unit disseminates information to other Government Departments. In 2022, there were in total 99 disseminations, the majority of which were forwarded to the Cyprus Police (64%) either for intelligence or for investigation purposes, followed by the Tax Department (11%) and the Ministry of the Interior (10%).

GRAPH 4: NUMBER OF DISSEMINATIONS IN 2022

Sanitized Case: Investment Fraud

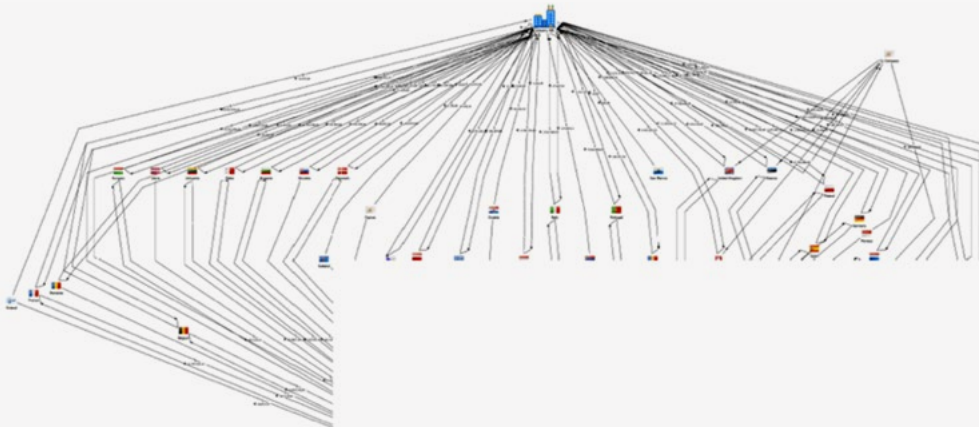
The Unit received a Report from an E- Money Institution in relation to the accounts of two foreign investment companies which belong to the same Group of Companies. The Report was based on the suspicion that there might have been unauthorized access to the electronic accounts of the companies.

However, during the analysis process, the case took a different turn. Specifically, the Unit identified negative publications in relation to a Ponzi Scheme type of investment fraud. Specifically, many individuals had invested money via the online platform of the mentioned companies. At the beginning, some funds were given to the initial investors as a return, in an attempt to create the impression of a legal business activity. Subsequently, the abovementioned online platform ceased to operate and as a result the investors lost their funds.

Additionally, relevant requests for information were received from other FIUs, reinforcing the suspicions of fraud.

The Analysis Department analysed the transactions and the flow of funds, in order to determine their final destination.

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The analysis showed that the majority of the funds, ended up in bank accounts abroad. The result of the analysis was forwarded to the FIUs of all involved countries.

Furthermore, Restraint Orders were received via MLA Requests, which were registered and enforced in Cyprus. More than €4.000.000 remain frozen in accounts in Cyprus, funds that are anticipated to be confiscated after the finalisation of the case.

REPORT INDICATORS

During the submission of the Reports, the Reporting Entities select from a list one or more indicators that raised suspicions and triggered the submission of the Report.

In the following paragraphs the most commonly selected indicators for the year 2022 are listed.

The analysis of this data, provides valuable insights in relation to new patterns, trends and money laundering techniques used by the criminals in order to conceal the origin of their illegal proceeds.

Insufficient documentation

As part of the preventive measures for AML/CFT financial institutions require from their clients, to provide supportive documentation for executed/intended transactions. When customers fail to comply with this requirement this could be an indicator of suspicious activity.

Adverse Media

Reporting entities often discover negative information regarding their clients that is either publicly available or contained in internet databases. These negative information often lead to the submission of SARs/STRs.

Fraud

One of the most common reasons for SAR/STR submission is fraud. This indicator includes suspicion of investment fraud, electronic fraud via the internet (both of which are very common), VAT fraud etc.

No economic rationale of activity

All businesses aim to profitability and all their economic decisions are made on this basis. In a number of occasions however, reporting entities detect transactions with no economic rationale. This can create suspicions for illegal activities and may trigger the submission of a SAR/STR.

Unusual Client Behaviour

Vague business activity, reluctance to cooperate and refusal to furnish the Reporting Entity with supporting documentation usually constitute an indication of unusual behaviour and in combination with other factors raise suspicions and may trigger the submission of a Report.

Transactions not in line with declared activity/ and/or the client economic profile

This is another common suspicion indicator, which concerns entities carrying out transactions that are unrelated to their declared activities and/or normal economic profile. In such cases suspicions may be created regarding the legitimacy of these entities' actual activities.

Fake documents

The provision of documentation which are suspected or proved to be fake is another common indicator for SAR/STR submission. In many cases this concerns documents which are presented to the reporting entity in order to justify a transaction, such as invoices and bill of lading.

Use of Strawmen

Another common indicator for SAR/STR submission in 2022 was the use of strawmen in order to disguise the true owners of the companies. This constitutes an offence punishable with imprisonment and/or monetary fine.

Law Enforcement Investigation

A number of SARs/STRs are submitted to the Unit when reporting entities find out that their clients are investigated by LEAs. This usually happens when the reporting entity is served with a court disclosure order by the police. Such information may of course come to the attention of reporting entities from other sources also, such as the local media.

Cash Deposits

Systematic cash deposits create suspicions to reporting entities and will regularly lead to SAR/STR submission. Such behaviour is seen as high risk and it is often an indicator of illegal activity.

Sanitized Case: Use of report indicators

Report submitted by a banking institution in relation to an individual from abroad who resides in Cyprus.

The report was submitted on the basis of negative information, which Implicated the subject in a Trafficking in Human Beings Case.

The information was confirmed following correspondence with a counterpart FIU.

Analysis of the transactional activity of the account revealed **cash deposits via ATM** and although supportive documents had been requested, the individual failed to provide any justification.

The transactional analysis raised reasonable suspicions since the cash could not be justified from the legal, declared income of the reported individual. It is also noted that the funds were used to purchase immovable property in the Republic of Cyprus.

Report Indicators

- Cash Deposits
- Transactions not in line with the economic profile of the customer
- Insufficient documentation
- Refusal to cooperate

The information and the results of the analysis of the Unit were forwarded to the Police for information and possible further actions.



DEPARTMENT OF INTERNATIONAL COOPERATION AND POLICE AND CUSTOMS COOPERATION

Money Laundering and Terrorist Financing rarely take place on an entirely national level. Often, these offences entail cross border characteristics. Therefore, international cooperation is of utmost importance in combating such crimes, since its absence would definitely limit each country's results.

The Unit, in line with the European Directives and the FATF recommendations, promotes cross border cooperation to the greatest possible extent, on the principles of the Egmont Group which call for the exchange of information and the prompt and effective execution of counterpart FIUs Requests for Information.

This mandate has been assigned to the Department of International Cooperation and Police and Customs Cooperation.

Requests comprise of Requests for Information which are sent to MOKAS by counterpart FIUs, Mutual Legal Assistance Requests sent by foreign countries and forwarded to MOKAS, via the Ministry of Justice and Public Order, only when these contain requests for the freezing or confiscation of illegal proceeds and Requests which are sent to MOKAS from competent Judicial Authorities of EU member states which are forwarded to the Republic of Cyprus for registration and execution, on the basis of Directive (EU) 2018/1805 of the European Parliament and of the Council, in relation to mutual recognition of freezing or confiscation orders.

Additionally, the Department of International Cooperation is responsible for the execution of requests from Asset Recovery Offices (ARO) of EU member states. The Department also analyses spontaneous information reports received by counterpart FIUs and when necessary, it disseminates the result of the analysis to the Police or other government authorities.

COOPERATION WITH FOREIGN FINANCIAL INTELLIGENCE UNITS

The Cyprus FIU (MO.K.AS) signed Memoranda of Understanding with the counterparts of the following countries:

Belgium	Albania	Antilles	Montenegro	United Arab Emirates
France	Bulgaria	Korea	Kazakhstan	Uzbekistan
Slovenia	Canada	Syria	Holy See/Vatican City State	Bangladesh
Czech Republic	Russian Federation	Georgia	Egypt	
Israel	South Africa	Moldova	Sint Maarten	
Ireland	USA	Aruba	Norway	
Malta	Romania	Serbia	Liechtenstein	
Australia	Chile	Jordan	Republic of Kyrgyz	
Poland	Netherlands	Japan		
Ukraine		Armenia		

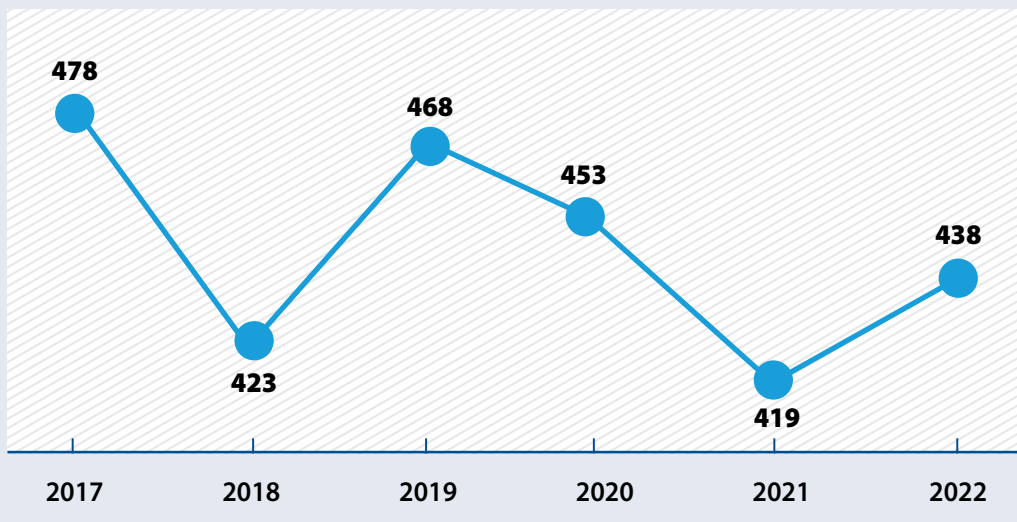
Even in the absence of a signed Memorandum of Understanding (MOU) the Unit can still cooperate with foreign FIUs on the basis of the AML Law, which enables MOKAS to cooperate with foreign counterparts without the need of a Memorandum of Understanding.

During 2022, the Department of International Cooperation and Cooperation with the Police and Customs executed 438 Requests from counterpart FIUs and 67 Requests from E.U AROs.

TABLE C: REQUESTS FROM OTHER FIUS AND E.U ASSET RECOVERY OFFICES (ARO) AND SPONTANEOUS INFORMATION FROM FOREIGN COUNTERPART FIUS FOR THE YEAR 2022

	2022
Requests for Information from foreign FIUs	438
Requests from E.U Asset Recovery Offices (AROs)	67
Spontaneous Information from counterpart FIUs	244

During 2022, the majority of the FIU requests were received from Ukraine, Latvia and Russia.

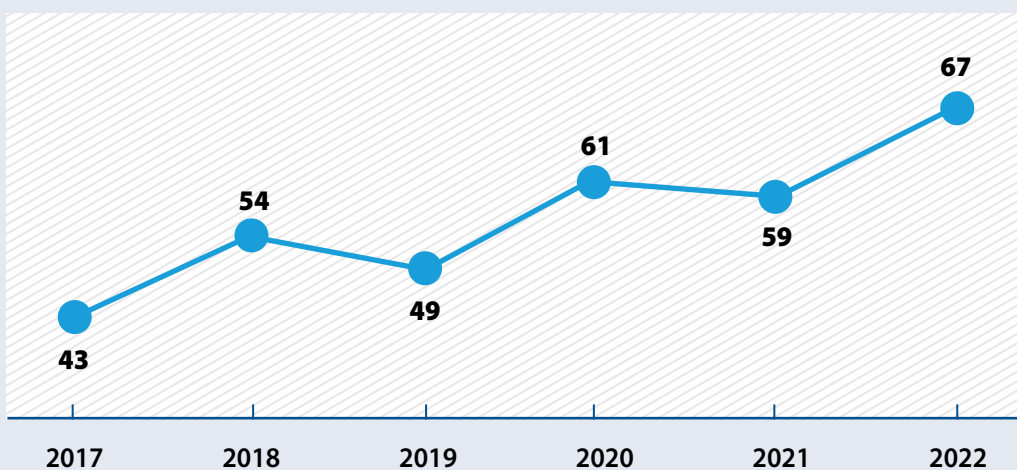
GRAPH 5: REQUESTS FOR INFORMATION DURING 2017-2022

Even though there is no significant fluctuation of the number of requests received over the past few years, nevertheless, they have become more complicated and demanding.

FIU Cyprus, in accordance with the Egmont Principles, endeavors to cooperate with foreign FIUs to the greatest possible extent and to respond to counterpart FIU requests, within a reasonable period of time.

In order to perform their duties and respond to the requests, the members of the Department have access to databases, central registries (such as, Bank account Registry and Ultimate Beneficial Owner Registry) and they can make inquiries in order to collect information.

Additionally, they can issue an administrative order for the non-execution of a transaction, temporarily restraining in this way, funds that may have derived from illegal activities, until a Court Order is obtained.

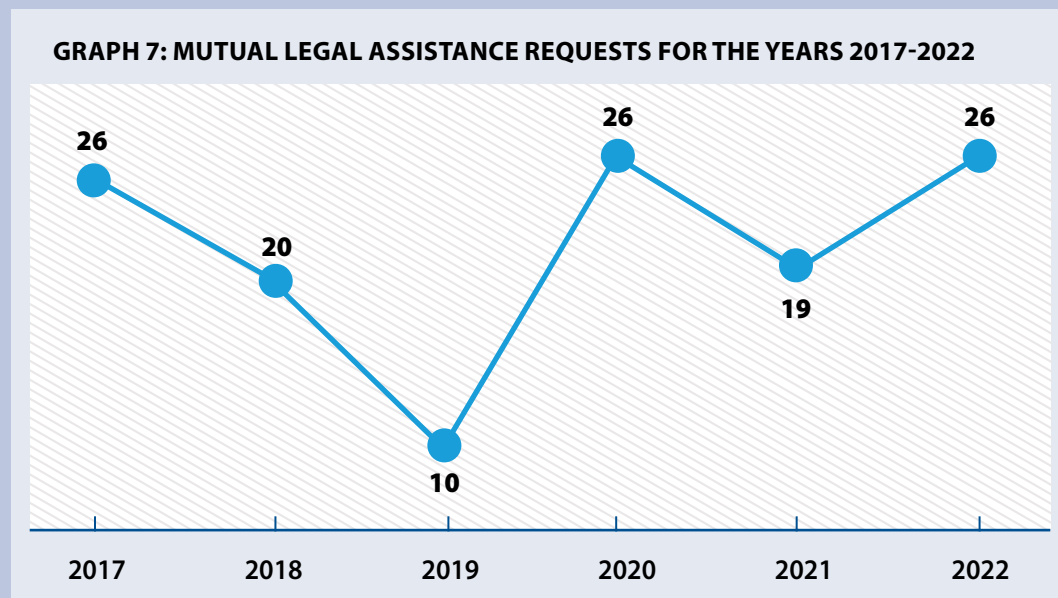
GRAPH 6: REQUESTS FROM EU ASSET RECOVERY OFFICES FOR THE YEARS 2017-2022

EXECUTION OF MUTUAL LEGAL ASSISTANCE REQUESTS RELATING TO FREEZING AND CONFISCATION OF ILLEGAL PROCEEDS

As mentioned above, MOKAS is also responsible for the Execution of Mutual Legal Assistance (MLA) Requests, when these concern restraint and/or confiscation of assets. The MLA requests are sent from the competent authorities of other countries, to the Ministry of Justice and Public Order, which is the central authority for international cooperation. They are then forwarded to MOKAS for execution.

Furthermore, MOKAS is the competent authority for the receipt of freezing and confiscation orders issued from the competent authorities of EU member states which are forwarded to Cyprus for recognition and execution according to EU Regulation 2018/1805 of the European Parliament and of the Council on the mutual recognition of freezing and confiscation orders.

During 2022, the Unit executed 26 Requests.



It has been observed that over the years the requests have become far more complex and demanding. New technologies, virtual assets and new investment products are used by the criminals in order to obscure the illegal origin of the funds.

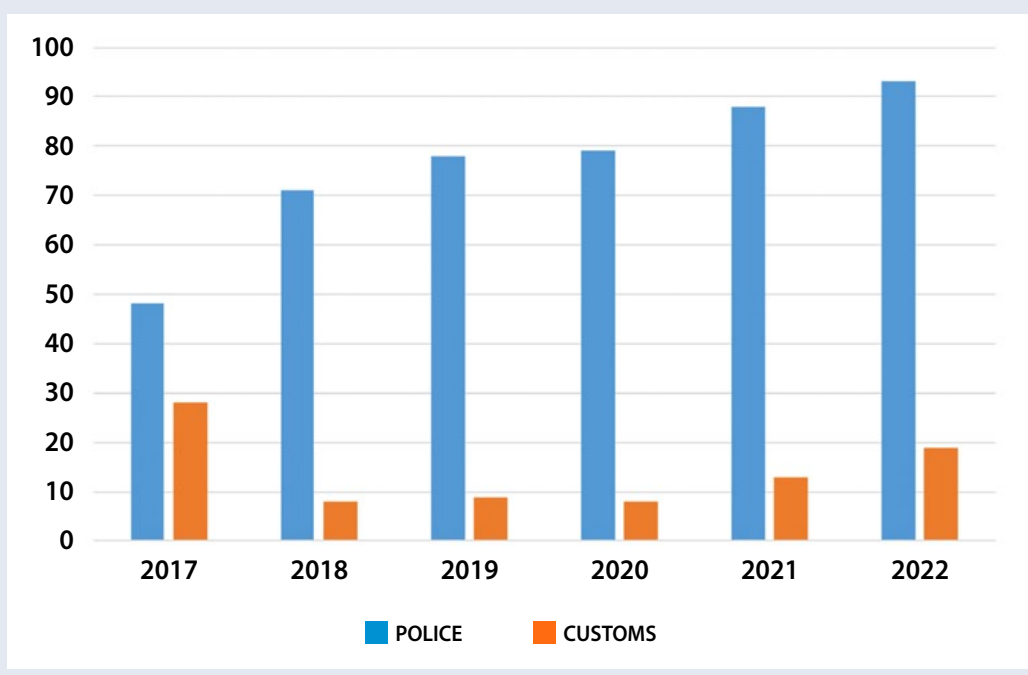
COOPERATION WITH THE POLICE AND THE CUSTOMS DEPARTMENT IN RELATION TO THE FREEZING OF ILLEGAL PROCEEDS

MOKAS' Department of International Cooperation and Police and Customs Cooperation closely collaborates with the aforementioned Law Enforcement Authorities. This cooperation ultimately aims at the freezing and confiscation of criminal proceeds.

Using the authorities and the powers vested to them by law MOKAS' members assist the Police in the course of criminal investigations, by contributing to the tracing and freezing of illegal proceeds and corresponding value property, aiming to deprive criminals of their ill-gotten proceeds with the issue of a Confiscating Order after the conviction of the defendant.

Additionally, MOKAS' members provide lectures, seminars and presentations at the Cyprus Police Academy.

GRAPH 8: COOPERATION WITH THE CYPRUS POLICE AND THE DEPARTMENT OF CUSTOMS DURING 2017-2021





LAWYERS

As underlined in the EU strategy, the deprivation of criminals of their ill-gotten gains is a necessary prerequisite for the dismantling of activities by criminal groups and the prevention of their infiltration into the legal economy. Given that the major goal of crime is in most cases the economic gain, the recovery of assets is a very effective way to disrupt criminal activities and in this way, ensure that crime does not pay.

COMPETENCES/TASKS

The Unit, apart from its role as the Financial Intelligence Unit, it also has the powers which are vested to it, in accordance with article 55 of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (188(I)/2007), presently referred to as the «Law».

Therefore, the lawyers who are designated to the Unit always act on behalf of the Attorney General and are responsible, inter alia, for the following:

- Cooperate with the Police when the latter investigates offences committed in Cyprus which generated illegal proceeds, with the aim to file an application to the Court, on the basis of **Articles 14 and 15** of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (188(I)/2007), for the issue of freezing and charging orders during the investigation process.
- Provide assistance, when needed, to the Prosecution during the legal proceedings relating to criminal offences, for obtaining confiscation orders following the conviction of the accused for of criminal offences and before the imposition of a sentence (**articles 6(1) and 8**).
- Submit applications to the court for the appointment of a receiver following the issue of a confiscation order (article 17 of the Law).
- Have the authority to examine Requests from foreign countries for registration and enforcement of foreign court orders for freezing and confiscation of illegal proceeds. When the request originates from an EU member state, **Part IVB** of the Law is relevant (cooperation with member states of the EU according to directive 2018/1805). When the request originates from a Third Country, **Part IV** of the Law is relevant (International Cooperation)

- They execute Mutual Legal Assistance Requests (MLA) which are sent to the Unit via the Ministry of Justice and Public Order, only when these concern freezing or confiscation of Illegal proceeds located in Cyprus.
- Lawyers of MOKAS attend meetings of EU institutions or of the Council of Europe (MONEYVAL) when there are discussions on legal Instruments relating to AML/Asset Recovery and present views and comments.
- MOKAS lawyers attend meetings of the EU Asset Recovery Offices Platform, the EU FIU Platform as well as meetings concerning International Conventions in which Cyprus is a member and are used as a legal basis for the execution of MLA Requests relating to the freezing and confiscation of assets.
- Lawyers of the Unit prepare legislation for the transposition of EU Legal Instruments into national law when there are matters within the mandate of MOKAS.
- They have an active role in the evaluation of Cyprus by the MONEYVAL Committee of the Council of Europe and had a decisive contribution in the positive Report which was approved and publicised by the Council of Europe MONEYVAL in February 2020.
- They issue administrative orders to the obliged entities for the postponement or the non execution of a transaction in an account when there are reasonable suspicions that a transaction may be related with AML/TF, for the purpose of analysis or for the future issue or registration of a freezing or a confiscation order (article 55(1)(e).
- They offer, legal advice to the Analysis Department of MOKAS.

FREEZING AND CONFISCATION OF ASSETS

TABLE D: FREEZING COURT ORDERS ISSUED FOLLOWING MOKAS APPLICATION (ON BEHALF OF THE ATTORNEY GENERAL) DURING 2022

	Assets Freeze
Freezing Orders	€ 7.754.257
Registration of foreign Court Orders	\$17.996 GBP 15.413 5 Vehicles

TABLE E: CONFISCATION ORDERS ISSUED FOLLOWING MOKAS APPLICATION (ON BEHALF OF THE ATTORNEY GENERAL) FOR 2022

	Confiscated Property
Confiscation Orders	€ 1.548.056
Registration of foreign Court Orders	

Administrative Order: It is issued by the Unit for the postponement of transactions in bank or other accounts, when there is reasonable suspicion that a transaction is related to money laundering or terrorism financing. It is issued for financial analysis purposes or for the future issue of restraint or confiscation orders. It is valid for 7 working days and can be renewed for a period not exceeding 30 working days in total.

Restraint Court Order: It is issued when "(a) criminal proceedings have been initiated and have not been concluded or are about to be instituted against a person for the commission of a predicate offence or (b) the Unit possesses information which creates a reasonable suspicion that a person may be charged or has been charged with the commission of a laundering or a predicate offence and (c) the court is satisfied that there is reasonable ground to believe that the person has benefited from the commission of a of a laundering or a predicate offence".

Confiscation Court Order: It is issued after the conviction of a person in relation to a prescribed offence (predicate or money laundering offence) and before the sentence is imposed and concerns, the illegal income, as it is calculated and verified in accordance with the Law.

Registration and Enforcement of Foreign Court Order: When a Competent Authority of a foreign country submits a request for the enforcement of a foreign restraint or confiscation court order, this court order can be registered before the Court in Cyprus and becomes enforceable as if the order had been issued by a competent court of Cyprus.



PARTICIPATION IN INTERNATIONAL ORGANIZATIONS

(a) Egmont Group

MOKAS is a member of the 'Egmont Group' since June 1998. The Egmont Group is an organisation that serves as an international network fostering improved communication and interaction among the Financial Intelligence Units. Its main goal is to provide a forum for FIUs around the world and to support governments in the fight against money laundering, terrorism financing and other financial crimes. The organisation includes now 166 countries worldwide.

(b) FIU Platform

MOKAS is also a member of the EU FIU Platform. This informal Platform, serves as a forum to cooperate with the European Commission on operational issues in the context of the functions performed by Financial Intelligence Units (FIUs), to facilitate cooperation among national FIUs and exchange views on cooperation related issues, such as effective international FIU cooperation, the identification of suspicious transactions with a cross-border dimension, the standardisation of reporting formats through the FIU.net network and the joint analysis of cross-border cases as well as trends and factors relevant to assessing money laundering and terrorist financing risks both on the national and international level.

(c) FIU.NET Task Force

Following the publication of Council Decision 2000/642/JHA of 17th October 2000 concerning arrangements for cooperation between FIUs of member states in respect of exchanging information, the EU Commission, through the DG Internal Market, launched the FIU.NET initiative, a fully decentralised EU wide system whereby EU FIUs join a computer network to exchange information in a secure environment.

(d) EU Asset Recover Offices Platform

The main motive of cross-border organised crime, is financial gain and the ultimate goal of the Law Enforcement agencies is to deprive criminals from the illegal proceeds.

Thus, the Law Enforcement Agencies should be in a position to rapidly exchange information that can lead to the tracing and seizure of proceeds from crime and other property belonging to criminals.

To that end, the Council adopted the Decision 2007/845/JHA of 06 December 2007 concerning cooperation between Asset Recovery Offices of EU Member States in the field of tracing and identification of proceeds from, or other property related to, crime and each Member State set up or designated a national Asset Recovery Office.

MOKAS has been designated by the Council of Ministers as the National Asset Recovery Office of Cyprus, for the purposes of this EU Decision, for co-operation with counterpart AROs of EU member states. Under this capacity, MOKAS participates in the meetings of the European Union Asset Recovery Offices Platform which aim for the enhancement of cooperation between EU Member States in the area of tracing and confiscation of proceeds of crime and other crime related property and exchanges information with other AROs.

(e) The Camden Assets Recovery Inter-Agency Network (CARIN)

CARIN was established in The Hague in 2004 and it constitutes a global network of practitioners and experts with the intention of enhancing mutual knowledge on methods and techniques in the area of cross border identification, restraint, seizure and confiscation of the proceeds and other property related to crime. Members of MOKAS participate in this network since 2005.

(f) Council of Europe

- Evaluation by the Committee of Experts of the Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

Cyprus is a member of the Moneyval Committee of the Council of Europe, since its establishment in 1997. This is a permanent Committee and it carries out the same tasks as the FATF, on mutual evaluation, with which it cooperates closely. The Head of the FIU is the Head of the Cyprus delegation, in which representatives of the Central Bank of Cyprus and the Cyprus Police participate as well.

The aim of Moneyval is to ensure that member states of the Council of Europe, which are not members of the FATF, have in place effective systems to counter money laundering and terrorism financing and comply with the relevant international standards in these fields.

Where appropriate, the Committee makes recommendations to the evaluated countries, with a view to improve the efficiency of their anti-money laundering and countering terrorism financing measures and to furthering international cooperation.

The Committee has evaluated the Cyprus system 5 times. The last evaluation took place in May 2019 and the relevant report was published in February 2020. More details are given under the Heading "Evaluation by International Bodies".

- The Conference of the Parties (COP) to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism

The main task of this Committee is the evaluation of the state parties regarding the implementation of the provisions of the Convention, with respect to areas not covered by other international instruments.

- EU Working Groups

MOKAS represents the Republic of Cyprus in the Working Party on Judicial Cooperation in Criminal Matters of the Council of the European Union Europe (COPEN) during discussions on draft Directives and Regulations concerning the recovery of assets relating to freezing and confiscation. MOKAS also participates in the Working Party of the European Council on Financial Services during discussions on draft Directives and Regulations concerning FIUs.



SUPERVISORY AUTHORITIES

The Supervisory Authorities of the Reporting Entities are the following:

- The Central Bank of Cyprus.
- The Securities and Exchange Commission
- The Commissioner of Insurance
- The Council of the Institute of Certified Public Accountants of Cyprus
- The Council of the Cyprus Bar Association
- The Council of Real Estate Agents
- The National Betting Authority
- The National Gaming and Casino Supervision Commission
- The Commissioner of Taxation
- Customs and Excise Department
- Any other Supervisory Authorities are appointed following a decision of the Council of Ministers.

The above Supervisory Authorities are responsible for monitoring the compliance of the members falling under their supervision with regards to the provisions of the AML/CFT Law and the Directives they regularly issue for the better implementation of the Law.

The Supervisory Authorities may ask and collect from persons under their supervision any information necessary for the performance of their duties and request within a specified deadline the provision of relevant information, documents and data.

In order to verify the compliance of persons under their supervision, the Supervisory Authorities of the financial sector may carry out inspections, request and collect information, enter the premises of the supervised persons and inspect documents, records and accounts and any data stored in computers or other electronic means and receive copies or extracts of these data.

In case of non-compliance, each competent Supervisory Authority may impose administrative sanctions, including fines. In the case where a Supervisory Authority has information or believes that a person falling under its supervision is involved in the commission of a money laundering or financing of terrorism offence, it should disseminate the information to the Attorney General, as soon as possible. When the information concerns specific funds and there is reasonable suspicion that these funds constitute proceeds of illegal activities, or are related to terrorism financing, then the information is disseminated by the Supervisory Authority to MOKAS.

According to the Law, MOKAS and the Supervisory Authorities cooperate and exchange information within the context of meeting their obligations arising from the relevant law (188(I)/2007).

ADVISORY AUTHORITY FOR COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

This Authority is headed by a representative of the Ministry of Finance and a representative of the Ministry Justice and Public Order. Its functions are among others, the following:

- Informs the Council of Ministers of any measures taken and the general policy applied against money laundering and financing of terrorism offences;
- Advises the Council of Ministers about additional measures which, in its opinion, should be taken for the better implementation of the relevant legislation;
- Coordinates the competent Public Services and private Sector bodies in identifying, assessing, understanding and mitigating the risks of illicit activities and financing of terrorism, as well as updating the risk assessment, understanding and mitigation of the risks from illegal activities and terrorist financing, as well as the updating of the assessment of the said risks;
- Promotes the Republic internationally as a country, which complies with all the conventions, resolutions and decisions of international bodies in respect of combating laundering and financing of terrorism;
- Makes available to the Commission, the European Banking Authority and other Member States the results of the risk assessments including their updates, and a summary of that assessment shall be made public by posting it on the website of the Ministry of Finance without containing classified information;
- Issues and keep up to date a list specifying the precise tasks which are considered to be important public functions for the purposes of the definition of the term “politically exposed person”;
- Transmits to the Commission the list of Supervisory Authorities including their contact details, in order to facilitate and promote effective cooperation and in particular the exchange of information.

The Advisory Authority is composed of representatives of:

- The FIU
- The Central Bank of Cyprus
- All other Supervisory Authorities
- The Ministry of Finance

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- The Ministry of Justice and Public Order
- The Law office of the Republic
- The Ministry of Foreign Affairs
- The Ministry of Interior
- The Customs and Excise Department
- The Cyprus Police
- The Department of the Registrar of Companies and Intellectual Property
- The Association of Cyprus Banks
- The Association of International Banks
- The Cyprus Bar Association, the Institute of Certified Public Accountants of Cyprus and other professional bodies which the Council of Ministers may decide
- The Commissioner of Taxation
- The National Betting Authority
- The National Gaming and Casino Supervision Commission
- The Council of Real Estate Agents
- Any other Organization or Service the Council of Ministers may decide



EVALUATION BY INTERNATIONAL BODIES

Cyprus' anti-money laundering system was assessed five times by the Moneyval Committee of the Council of Europe, in April 1998, September 2001, April 2005, June 2010 and May 2019.

The subsequent evaluation reports published in June 1998, June 2002, March 2006 and September 2011, respectively, concluded that Cyprus adopted measures in line with international standards and should be commended for the comprehensive legal framework put in place.

In May 2019, the 5th Cyprus Evaluation from the Moneyval Committee of the Council of Europe took place. The content of the evaluation report was thoroughly discussed, decided and approved in December 2019. The report was published on 12/02/2020.

The report was fairly balanced, highlighting the positive aspects of the Cyprus system. As in all countries' evaluations, recommendations for further improvements in specific areas, were also contained in this report.

As far as the Unit is concerned, in the "Technical part" of the evaluation, received the highest score (Compliance - "C"). The Unit's work is positively recognized both in the area of international local level.

In November 2022, Cyprus Follow Up Report for the technical compliance was published by Moneyval Committee, summarizing Cyprus' progress made in improving technical compliance regarding specific FATF Recommendations examined in the abovementioned Follow Up Report. The Report outlines the legal and regulatory measures undertaken by the Cyprus Authorities towards accomplishing compliance in relation to certain Recommendations rated as partially compliant.

Cyprus is "compliant" with 16 of the forty FATF Recommendations, "largely compliant" with 20 Recommendations and "partially compliant" with 4 Recommendations (non-profit organisations, correspondent banking, new technologies, and powers of law enforcement and investigative authorities).

Cyprus has no "non-compliant" ratings.



TRAINING

TRAINING BY MOKAS TO THIRD PARTIES

Date	Organiser	Location	Subject
16/2/2022	Cyprus Police	Police Academy	The Prevention and Suppression of Money Laundering and Terrorist Financing Laws
22/2/2022	Cyprus Police	Police Academy	The Prevention and Suppression of Money Laundering and Terrorist Financing Laws
3/5/2022	Cyprus Police	Police Academy	The Prevention and Suppression of Money Laundering and Terrorist Financing Laws
5/5/2022	Cyprus Police	Police Academy	The Prevention and Suppression of Money Laundering and Terrorist Financing Laws
26/10/2022	ICPAC	On Line	Guidelines to Obligated Entities on submission of quality reports
15/11/2022	ICPAC	Royal Hall Nicosia Lanitis Carob Mill Complex Police Academy	Projection of film <i>"All too familiar"</i> of the Institute of Chartered Accountants in England and Wales (ICAEW) and discussion

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TRAINING BY MOKAS TO THIRD PARTIES

Date	Organiser	Location	Subject
16/11/2022	ICPAC	Lanitis Carob Mill Complex	Projection of film <i>"All too familiar"</i> of the Institute of Chartered Accountants in England and Wales (ICAEW) and discussion
17/11/2022	Cyprus Police	Police Academy	The Prevention and Suppression of Money Laundering and Terrorist Financing Laws

TRAINING PROVIDED TO MOKAS STAFF

Date	Organiser	Location	Subject
07/02/2022	FIU Latvia	On line	FIU Autonomy - Building an Effective AML/CFT System
02/03/2022	US Embassy	On Line	Cybercrime and Cryptocurrency Webinar
15/03/2022	British High Commission	On Line	Emerging Technologies Seminar
07/07/2022	Eurojust	On Line	Seminar on (international) collaboration on cryptocurrencies
13-15/09/2022	US Embassy	CYCLOPS Larnaca	International Counterterrorism Exercise
29/09/2022	MOKAS - Analysis Department	MOKAS	Analysing Cryptocurrencies- Introduction to the world of Cryptocurrencies
15/11/2022	Project CRAAFT	On Line	Reassessing the Financing of Terrorism in 2022

