

Miroslav Radojic: Experience of the Republic of Serbia in International cooperation in prevention of financial abuse

In addition to international cooperation in the area of the exchange of information with authorities of other countries, which directly contributes to the analytical work of the APML as its basic task, the APML also participates in other forms of international cooperation important for the system for fight against money laundering and terrorism financing as a whole²⁶⁴.

The global network for combating money laundering and terrorism financing consists of 194 jurisdictions and territories which are grouped in the above mentioned FATF-Style Regional Bodies – FSRBs. Regional bodies modelled after FATF are: Eurasian Group (EAG), Asia/Pacific Group on combating money laundering (APG), Caribbean Financial Action Task Force (CFATF), Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Financial Action Task Force on Money Laundering in South America (GAFISUD), Intergovernmental Action Group against Money-Laundering in West Africa (GIABA), Middle East and North Africa Financial Action Task Force (MENAFATF).

As the Republic of Serbia is a permanent member of the Committee on the Evolution of Anti-Money Laundering Measures – Moneyval Committee, Serbian system falls under its assessment. In addition to its membership in Moneyval, the Administration acts an observer in Eurasian Group for fight against money laundering and terrorism financing (EAG).

Furthermore, given that the Administration for Prevention of Money Laundering (Administration) is the financial intelligence unit of the Republic of Serbia, it became a member of the Egmont Group in July 2003. This membership is to confirm that the Administration has met internationally recognised criteria and to witness its capacity to exchange financial intelligence information in an efficient and secure manner with similar institutions the world over. All data exchanged are treated as official secret and may only be used for the purposes and in the manner stipulated by law²⁶⁵²⁶⁶. In 2013, the representatives of the APML took part in the meeting of Working Groups in Ostend, Belgium, in the period 21 – 25 January and at the Plenary and WG meetings in San City, South Africa, in the period 1 – 6 June. The APML constantly contributes to aims of the Egmont Group by participating, within the scope of its capacities, in the projects of the Operational Working Group and other activities of various Working Groups in the Egmont Group²⁶⁷.

The Administration maintains active cooperation with OSCE Mission to Serbia and with the United Nations Security Council Counter-Terrorism Committee (UN SC CTC).

The Republic of Serbia contributes significantly to regional cooperation and regularly participates in annual meetings of Heads of FIUs of the region (Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Albania). Representatives of FIUs from other countries, such as Italy and Greece, also participate at these meetings as observers. Particularly interesting is the situation and cooperation in Hungary.²⁶⁸²⁶⁹²⁷⁰

²⁶⁴ http://www.apml.gov.rs/REPOSITORY/1152_uspn-godisnji-izvestaj-2013.pdf

²⁶⁵ <http://www.apml.gov.rs/>

²⁶⁶ Nagy, I. Z. : A jövedelemeltitkolás okai, következményei és visszaszorítási lehetőségei.

²⁶⁷ Izveštaj o radu uprave za sprečavanje pranja novca za 2013.godinu, http://www.apml.gov.rs/REPOSITORY/1152_uspn-godisnji-izvestaj-2013.pdf

²⁶⁸ Nagy, I. Z.: Die Gründe der Einkommenshinterziehung mit besonderer Rücksicht auf Ungarn

²⁶⁹ Nagy, I. Z.: The Economic and Psychological Context of Tax Evasion in the Example of Hungary.

Moreover, representatives of the Republic of Serbia attended a regional conference on money laundering and assets recovery with representatives of the Ministry of Justice of the USA, the FBI, relevant state authorities of Serbia, Bosnia and Herzegovina, Montenegro and Macedonia, who exchanged experiences and best practices in the field. There are also a number of activities carried out at a bilateral level. Namely, such activities come as a response to functioning of the organised crime in the region - organised criminal groups from the Republic of Serbia establish frequent functional links with similar groups from abroad, in particular from the neighbouring countries, including Macedonia, Montenegro, Bosnia and Herzegovina (BiH), Croatia, Romania, and Bulgaria, primarily in order to execute their joint plans using the international routes for drug trafficking (FYRM, Montenegro, Bosnia and Herzegovina, Croatia, Bulgaria), illegal migration (Romania, Bosnia and Herzegovina, Croatia), money counterfeiting (Bulgaria, Bosnia and Herzegovina), and illegal arms trade (Bosnia and Herzegovina).²⁷¹

Bilateral additional activities also include workshops, study visits etc.

Finally, within relevant international activities in this filed one should mention Project against Money Laundering and Terrorist Financing in Serbia (MOLI-Serbia). The source of its funding comes from the IPA funds approved by the European Commission to Serbia. Its overall objective is to contribute to democracy and the rule of law through prevention and control of money laundering and terrorist and other forms of economic and financial crime in Serbia. The purpose of the Project is to enhance the capacities of the anti-money laundering and counter-terrorist financing system in Serbia in terms of legislation, operations and capacities²⁷².

Conclusions

The thesis has reiterated the international aspect of organised crime and underlined that financial abuse, particularly money laundering, is a problem of international character, suggesting that possible activities carried out in isolation i.e. on an individual country level, could have rather limited effects. In a large number of cases it is even impossible to conduct entire investigation²⁷³ and analytical assessment of a case pertaining to analysis of suspicious transactions without due support of another FIU. Such conclusion related primarily to data on a party or related transactions. Any analysis of financial flows starts necessarily from the point of entry of money into the financial system of a country and after several steps it reaches its final point, the point of money exiting the financial system. This final step is not necessarily in the same country as the entry point, which is to say that money transfers have taken only one step to move into financial systems of another country or several countries for that matter.

Therefore, states ought to ensure that their authorities adhere to international norms and standards (adopted as national legislation), whereby it is essential that international cooperation be established among respective state authorities, primarily FIUs. In technical terms, it is vital to establish and maintain effective systems that facilitate smooth and swift exchange of information among peer institutions of different states, at a request or unprompted, regarding financial abuse, not only money laundering and predicate criminal offences. It is important to allow for unobstructed exchange of information free of unnecessary impeding requirements, regardless of whether a request for help includes fiscal issues or the official secret matter, personal data protection and information secrecy. Such "sensitive" cases at a request of peer institutions from the international environment should be addressed by competent national bodies, through inquires and other investigation activities, on behalf of and at a request of peer institutions from abroad, whereby it is a

²⁷⁰ Nagy, I. Z.: *Spezielle Eintreibungstechniken zur Senkung der Außenstände*

²⁷¹ National Strategy against Money Laundering and Terrorism Financing, Official Gazette of RS", no. 89/08

²⁷² http://www.coe.org.rs/def/tdoc_sr/coe_office_in_belgrade/projects_sr/?conid=2059

²⁷³ Nagy, I. Z.: *The Economic and Psychological Context of Tax Evasion in the Example of Hungary.*

prerequisite that state to which request is addressed has in place the capacities necessary to carry out this investigation.

To provide for smooth international cooperation, in the sense of capacities for carrying out investigations at an international level, a largest possible number of states should abide by international standards and norms described earlier, whereby state bodies will have at their disposal certain international institutions and associations whose scope of competence has already been touched upon in this chapter. In addition to normative role over financial abuse, some of these institutions play control and supervisory role in this field as well. Manyval, for instance, assess compliance of member states with relevant international standards in the area of fight against money laundering.

Additional conclusion relates to close regional and bilateral cooperation among states, especially in FIUs terms. Sharing experience and establishing direct cooperation is of massive importance in the fight against international financial frauds and money laundering. No country is immune to abuses in this field, nor is it safe from terrorist organisations whose activities are primarily funded from dirty money.

The following part of the thesis will provide analyses of real-life cases related to the international aspects of financial abuses. These analyses will explain why international-wise adoption and implementation of legal norms is a prerequisite and will show the significance of international cooperation and capacities for their implementation.

Literature

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