

Pursuant to Article 45, paragraph 1 of the Law on Government ('RS Official Gazette', No. 55/05, as amended in 71/05; 101/07 and 65/08), the Government of the Republic of Serbia hereby adopts the

## **NATIONAL STRATEGY AGAINST MONEY LAUNDERING AND TERRORISM FINANCING**

### **1. INTRODUCTION**

The purpose of the National Strategy against Money Laundering and Terrorism Financing (hereinafter referred to as: the Strategy) is to give recommendations for the resolution of problems and improvement of the current system against money laundering and terrorist financing. The recommendations are based on the description and analysis of the crime situation and trends, as well as on the analysis of the legislative, institutional and operative anti-money laundering (AML) and countering the financing of terrorism (CFT) framework. These recommendations will be further developed in the Action Plan which will provide for responsibilities for all the bodies referred to in this Strategy as well as the relevant deadlines.

#### **1.1. Objectives of the Strategy**

The key objectives of the Strategy are as follows:

1.1.1. to influence the reduction in money laundering and terrorism financing-related crimes by taking preventive and repressive measures;

1.1.2. to implement the international standards leading to membership or an improved status of Serbia in international organizations;

1.1.3. to develop a system of cooperation and responsibilities of all stakeholders in combating money laundering and terrorism financing;

1.1.4. to improve the cooperation between the public and the private sectors in the fight against money laundering and terrorism financing;

1.1.5. to ensure the transparency of the financial system.

#### **1.2. Money laundering and terrorism financing**

**1.2.1. Money laundering** is a process of disguising the illegal source of money or assets originating from crime. When proceeds are generated through the commission of a criminal offense, the perpetrator seeks ways to use this money without attracting the attention of the competent authorities. That is why they carry out a series of transactions whose purpose is to show the money generated as legitimate. Money laundering has three main stages:

The first stage – the stage of 'placement' is the termination of the direct link between the money and the illicit activity through which it was generated. This is the stage where the illegally acquired funds are introduced into the financial system. Money is deposited into bank accounts, most frequently using a legitimate activity where payment is carried out in cash. One of the ways to do it is by setting up a fictitious company that has no business activities but serves only for

depositing 'dirty' money or structuring large amounts of money and then its depositing into the accounts in amounts that are not suspicious or subject to reporting to the competent bodies.

The second stage is 'layering' or 'disguising'. After the money has been introduced in the legal financial system, it is transferred from the account where it was deposited to other accounts. The main purpose of such transactions is to conceal the link between the money and the crime that it originates from.

The third stage is the stage of 'integration' where the 'dirty' money appears as money whose source is a legitimate activity. Real estate purchasing is a method frequently used to integrate 'dirty' money into the legal financial system. Renting real estate is a legitimate business while profit from renting is not suspicious. Money is frequently invested in companies having difficulties after which they continue operating while the dividends and managers' salaries paid out are legitimate proceeds. When money arrives in this stage it is almost impossible to detect its illegal origin.

**1.2.2.** The financing of terrorism is the provision or collecting of funds or property, or an attempt to do so, with the intention of using it, or in the knowledge that they may be used, in full or in part for the commission of a terrorist act, by terrorists or terrorist organizations.

Similar to money laundering, terrorism financing too has several stages.

The first stage is the collection of funds from legitimate business activities of companies that are linked to, or even run by terrorist organizations or individuals, or from criminal offences such as illicit drugs trafficking, hijacking, extortion, fraud, etc. Donations from individuals supporting the aims of terrorist organizations, as well as the charitable funds that raise funds and channel them to terrorist organizations, also constitute an important source of these illegal funds.

In the second stage, the collected funds are kept in various ways, including in accounts with banks opened by intermediaries, individuals or companies.

In the third stage, the funds are transferred to terrorist organization units or individuals in order to be used for operations. This stage is characterized by a frequent use of money transfer mechanisms, such as the cross-border wire transfer between banks or money remitters, use of charitable organizations, alternative money remittance systems or networks, such as the Indian "Hawala", Pakistani "Hundi" or the Chinese "Chiti" or "Chop", that function within strictly defined racial, tribal or national groups. Money is transferred also through cash couriers and by smuggling across state borders.

The last stage is its use. Criminal nature of such funds is manifest where they are used for any of the terrorist activities, purchase of explosives, arms, telecommunication equipment, support to the regular cells' activities, providing shelter and medical care, financing of training camps, propaganda, or buying political support or refuge in suitable countries.

### **1.3. Reasons to fight money laundering and terrorism financing**

Money laundering and terrorism financing are global problems affecting the economic, political, security and social structures of any country. The following are ramifications of money laundering and terrorism financing activities: undermined stability, transparency and efficiency of the financial system of a country, economic disorders and instability, jeopardized reform programs, fall in investments, deteriorated reputation of the country as well as endangered national security.

The International Monetary Fund estimates that a total volume of money laundering throughout the world constitutes 2 to 5 percent of the global total gross domestic product. The amount corresponding to this percentage is USD 590 billion to 1.5 trillion USD per year. Given the secrecy of money laundering and its inherent nature, the above data give us only an indication of the size of this problem.

### **1.4. Categories of stakeholders**

The following four categories of stakeholders are involved in the fight against money laundering and terrorism financing:

1.4.1. Obligors under the Law on the Prevention of Money Laundering;

1.4.2. The competent state bodies;

1.4.3. Associations;

1.4.4. Other natural and legal persons whose obligations are provided for in the law governing the repressive measures applied based on the relevant United Nations Security Council resolutions (hereinafter: UN SC).

### **1.5. Other adopted strategies and their relation with this strategy**

The recommendations relevant for prosecutors' offices, courts and other state bodies that are contained in the National Judicial Reform Strategy ('RS Official Gazette', No. 44/06), National Anti-Corruption Strategy ('RS Official Gazette', No. 109/05) and Republic of Serbia Public Administration Reform Strategy, where they refer to material and human resource issues in the relevant bodies, have not been specifically further developed in this strategy.

### **1.6. Other areas relevant for the strategy**

Fight against money laundering is directly linked to other forms of fight against crime, so this strategy also gives recommendations with respect to:

1.6.1. Confiscation of illegal proceeds;

1.6.2. Provisional measures in the confiscation of illegal proceeds;

1.6.3. Reversal of the burden of proof in the confiscation of illegal proceeds;

1.6.4. Management of the illicit proceeds seized

## **1.7. Fight against money laundering and terrorism financing in Serbia**

The fight against money laundering started with the adoption of the Law on the Prevention of Money Laundering ('FRY Official Gazette' No. 53/01) in September 2001. This Law criminalized money laundering, it laid down a series of preventive measures and actions for the detection, prevention and suppression of money laundering, and it also set up a Federal Commission for the Prevention of Money Laundering. Following the promulgation of the Serbia and Montenegro Constitutional Charter ('SM Official Gazette' No. 1/03 and 26/05), the Commission became a body of the Republic of Serbia within the Ministry of Finance, and changed its name to Administration for the Prevention of Money Laundering.

A new Law on the Prevention of Money Laundering ('RS Official Gazette' No 107/05 as amended in 117) entered into force on 10 December 2005.

Money laundering was criminalized in Article 231 of the Criminal Code ('RS Official Gazette' No. 85/05, 88/05 and 107/05-amendment).

Terrorism financing was first criminalized in Article 393 of the Criminal Code. Currently, a Law on the Prevention of Money Laundering and the Financing of Terrorism is being drafted, and it will govern a system of preventive measures against money laundering and terrorism financing. Also drafted is a law on the repressive measures applied based on the relevant UN SC resolutions which will lay down restrictions on the disposal of the property of natural and legal persons designated by the UN SC as terrorists or terrorist organisations.

## **1.8. Republic of Serbia membership in the relevant international organizations**

**1.8.1. United Nations.** As a member of the United Nations, the Republic of Serbia has an obligation to implement measures based on UN SC resolutions 1267 (1999), 1333 (2000), 1390 (2002), 1455 (2003), 1526 (2004) and 1373 (2001).

**1.8.2. Council of Europe.** Moneyval is a Council of Europe committee dealing with ML/CFT issues. This Committee is made up of experts delegated by member states and it functions on the principle of mutual evaluations. The first-round evaluation and assessment in the Republic of Serbia was conducted in October 2003. The outcome was the adoption in January 2005 of a Report on the First-Round Evaluation of the system against money laundering and terrorism financing in Serbia. The report contains recommendations that the Republic of Serbia is required to implement.

During the Moneyval meeting in September 2006, a Progress Report on the actions and measures implemented by Serbia in the area of AML/CFT was adopted.

One of the recommendations of the Moneyval report was to develop a national strategy against money laundering and terrorism financing.

**1.8.3. Egmont Group.** Egmont Group is an international association of financial intelligence units (hereinafter: FIU) whose primary objective is to raise the level of international cooperation and data exchange relative to money laundering and terrorism financing between national FIUs.

The Administration for the Prevention of Money Laundering, as the financial-intelligence unit of the Republic of Serbia became member of the Egmont Group in July 2003.

### 1.9. Relevant international standards

1.9.1. In 2003, the Financial Action Task Force on Money Laundering (hereinafter: FATF) issued new 'Forty Recommendations' against money laundering;

1.9.2. From 2001 to 2005, the FATF published 'Nine Special Recommendations' on the prevention of terrorism financing;

1.9.3. In 2005, the European Union adopted a new Directive on the Prevention of the Use of the Financial System for the Purpose of Money Laundering (hereinafter: the Third EU Directive);

1.9.4. In 2006, the European Union adopted a regulation concerning controls of transportation of physically transferable payment instruments amounting to or exceeding EUR 10,000 across the European Union borders.

1.9.5. Conventions listed in Chapter 2.2.1. of this strategy, which have been ratified and signed.

### 1.10. Implementation deadline

The recommendations from this strategy will be implemented within five years from the date of its adoption.

## 2. DESCRIPTION OF SITUATION

### 2.1 Description of situation and crime trends

#### 2.1.1. Situation concerning proceeds generating crimes, money laundering and terrorism financing and related data

2.1.1.1. Data collected by the Administration for the Prevention of Money Laundering regarding the suspicious transaction reports received, cases opened and cases transmitted to the competent state bodies:

Table 1

	1.11- 31.12.2003	2004	2005	1.1 –31.12.2006
<i>Reports on suspicious transactions in obligors</i>				
<i>Banks</i>	24	249	275	802
<i>Exchange offices</i>	-	7	-	-

<i>Post Offices</i>	4	1	4	1
<b>Total:</b>	<b>28</b>	<b>257</b>	<b>279</b>	<b>803</b>

The number of reported transactions in obligors shows a rising tendency. Banks have a dominant share of these transactions, whereas the reporting of suspicious transactions by other obligors is insufficient. The Administration for the Prevention of Money Laundering opened 90 cases on the basis of the suspicious transaction reports sent by obligors. Compared to the number of the STRs (1367 STRs) the number of opened cases also testifies to an insufficient quality of received STRs.

Table 2

<i>Cases opened on the basis of:</i>	<b>1.11-31.12.2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Total:</b>
<i>Cash transaction analysis</i>	4	50	48	21	<b>123</b>
<i>Reports submitted by other state bodies</i>	-	6	19	14	<b>39</b>
<i>Foreign FIU initiatives</i>	-	2	6	3	<b>11</b>
<i>STR reports</i>					<b>90</b>
					<b>263</b>

The majority of cases were opened based on the cash transaction data analysis carried out in the Administration for the Prevention of Money Laundering. The decrease in the number of opened cases is a result of a complex nature of those cases as they refer to acts of organized crime involving a great number of individuals and a great number of transactions.

Table 3 shows the number of cases transmitted from 1 November 2003 to 31 December 2006 to other state bodies in order to take measures in their competence.

Table 3

<i>Police</i>	<b>71</b>
<i>Tax Police</i>	<b>76</b>
<i>Prosecutor's Office</i>	<b>3</b>
<i>Foreign Currency Inspectorate</i>	<b>8</b>
<i>Budgetary Inspection Sector</i>	<b>1</b>
<i>Security Information Agency</i>	<b>4</b>
<i>Securities Commission</i>	<b>1</b>
<i>Privatization Agency</i>	<b>1</b>
<b>TOTAL</b>	<b>165</b>

2.1.1.2. Data held by the Tax Police concerning the criminal reports submitted within its competence and the amounts of the illegal proceeds involved:

From October 2003 to October 2006, the Tax Police Section submitted 3572 criminal reports, involving damage to the Budget totaling RSD 26,448,784,636.00.

From 1 October 2003 to September 2006, the Tax Police submitted a total of six criminal reports concerning the criminal offense of tax evasion, in relation to the money laundering criminal offense. The Interior Ministry filed criminal reports for the criminal offense of money laundering in these cases.

2.1.1.3. Data held by the Customs Administration on the submitted reports in relation to foreign currency offenses the amount of which exceeds EUR 10,000:

*Table 4*

<i>Year</i>	<i>Number of reports</i>	<i>Amount (in EUR)</i>
2002	75	1.443.059
2003	87	1.895.754
2004	95	5.316.260
2005	83	1.480.956
2006 (up to 31.10.2006)	60	1.473.166

2.1.1.4. Data on the number of the persons reported, charged and convicted of criminal offenses through which illegal proceeds were generated and concerning the measures taken in order to confiscate such proceeds. Table 5 contains data concerning the following crimes: negligent conduct of business affairs, causing bankruptcy, abuse of authority in economy, embezzlement, abuse of authority, deception of buyers, illicit production, devastation of forests, forest theft, other crimes against economy, illicit intermediation, accepting bribes, offering bribes, other offenses against official duty, economic crime in a wider sense, theft and aggravated theft, burglary, aggravated burglary, other offenses against property, money counterfeiting, issuing of uncovered cheques, illicit production, possession and distribution of narcotic drugs and facilitating the use of narcotic drugs.

*Table 5*

<i>Year</i>	<i>Number of persons reported</i>				<i>Number of persons charged</i>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
	49999	52293	52120	38184	26750	25438	27435	21676
<b>TOTAL</b>	192.596				101299			
<i>Year</i>	<i>Number of convicted persons</i>				<i>Proceeds confiscation measures</i>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
	<b>18548</b>	<b>19843</b>	<b>21026</b>	<b>17115</b>	<b>55</b>	<b>166</b>	<b>100</b>	<b>65</b>
<b>TOTAL</b>	76532				386			

During the analyzed period there was a total of 192,596 reported, 101,299 charged, and 76,532 convicted persons. During the same period 386 proceeds confiscation measures were ordered. The number of proceeds confiscation cases varied from 55 in 2002 up to a maximum of 166 in 2003. This data indicates that the number of measures for the confiscation of illegal proceeds in the period was small. The data concerning these measures, in terms of the value involved, is not available. This suggests that neither did the prosecutor's office nor the courts pay considerable

attention to the proceeds acquired through the commission of criminal offenses. This data, however, needs to be amended given that civil proceedings have been instituted in a number of cases involving illegal proceeds. Most of the illegal proceeds confiscation occurred in court decisions regarding the following criminal offenses: unlawful production, possession and trade in narcotic drugs, unlawful production, unlawful trade and forest theft.

### **2.1.2. Crime in other countries affecting money laundering situation in the Republic of Serbia**

Organized criminal groups from the Republic of Serbia establish frequent functional links with similar groups from abroad, in particular from the neighboring 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). The money for these services is mostly transferred and paid in cash, through couriers or via Western Union.

### **2.1.3. Criminality and other factors related to terrorism financing**

Money acquired by organized criminal groups through various criminal activities, in particular narcotic drugs trafficking, was used to a considerable extent during the 1990s to finance terrorism, illegal purchase of arms and other terrorist activities carried out in the Autonomous Province of Kosovo and Metohija.

After the arrival of the international security forces in the Autonomous Province of Kosovo and Metohija, certain terrorist groups continued their terrorist activities against the Serbian population in Kosovo and Metohija, members of the international forces and, by crossing the administrative line from the territory of the Autonomous Province of Kosovo and Metohija, also against the members of the Serbian Army and Police in the area of the municipalities of Preševo and Bujanovac. The financing of these terrorist activities was mostly done using the funds acquired from crime, primarily by narcotic drugs trafficking and smuggling of illegal migrants.

During the 1990s, a considerable presence of international Islamic non-governmental organizations, through which terrorist activities were financed, was noticed in Bosnia and Herzegovina. These organizations were active also in the Autonomous Province of Kosovo and Metohija. Currently, they operate through some local non-governmental associations that provide finances for the construction and operation of Muslim religious buildings and activities, controlled by radical Islamic movements such as Salafi and Wahhabi, in the Autonomous Province of Kosovo and Metohija, .

The presence of the Wahhabi movement members in the Raška district (Raška oblast) also poses a major security threat. They too are financed with foreign donations delivered in cash, via a courier.



#### **2.1.4. Economic activity trends influencing money laundering and terrorism financing**

The final stage of the privatization process will have an effect on money laundering as the criminals will look for opportunities to buy privatized companies using dirty money, and because they will also seek ways to launder the money generated through illegal privatization. The liberalization of the foreign trade and foreign currency operations too will have an effect, enhancing the risk of money laundering.

### **2.2. Description of situation at the legislative level**

#### **2.2.1. Conventions ratified and signed**

2.2.1.1. United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (hereinafter: Vienna Convention), adopted in 1988 ('SFRY Official Gazette – International Agreements', No. 14/90);

2.2.1.2. Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (hereinafter: Strasbourg Convention), adopted in 1990 ('FRY Official Gazette - International Agreements', No. 7/02 and 'SCG Official Gazette – International Agreements', No.18/05);

2.2.1.3. United Nations Convention Against Transnational Organized Crime with its Additional Protocols (hereinafter: Palermo Convention, adopted in 2000 ('FRY Official Gazette - International Agreements', No. 6/01);

2.2.1.4. 1999 Council of Europe Criminal Law Convention on Corruption ('FRY Official Gazette - International Agreements', No. 2/02 and 'SCG Official Gazette – International Agreements', No.18/05);

2.2.1.5. United Nations Convention Against Corruption, adopted in 2003 ('SCG Official Gazette – International Agreements' No, 12/05);

2.2.1.6. United Nations Convention for the Suppression of the Financing of Terrorism, adopted in 2000 ('FRY Official Gazette – International Agreements' No. 7/02);

2.2.1.7. Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and the Financing of Terrorism (hereinafter: Warsaw Convention), adopted in 2005, signed on 16 May 2005.

#### **2.2.2. Regulations in force**

2.2.2.1. Law on the Prevention of Money Laundering ("RS Official Gazette", No. 107/05 as amended in 117/07);

2.2.2.2. Criminal Code ("RS Official Gazette" No. 85/05-amended and 107/05-amended), entered into force on 1 January 2006;

2.2.2.3. Criminal Procedure Code ("RS Official Gazette", No. 46/06 and 49/07), applicable as of 31 December 2008;

2.2.2.4. Law on Banks ("RS Official Gazette", No. 107/05);

2.2.2.5. Law on Insurance ("RS Official Gazette" No. 55/04, 70/04 – as amended in 61/05 and 85/05);

2.2.2.6. Law on Voluntary Pension Funds and Pension Plans ('RS Official Gazette', No. 85/04);

2.2.2.7. Law on Financial Leasing ("RS Official Gazette", No. 55/03 and 61/05);

2.2.2.8. Law on Games of Chance ("RS Official Gazette", No. 84/04);

2.2.2.9. Law on Securities and Other Financial Instruments Market ("RS Official Gazette", No. 47/06), applicable as of 11 December 2006;

2.2.2.10. Law on Investment Funds ("RS Official Gazette", No. 46/06), applicable as of 11 December 2006;

2.2.2.11. Law on Foreign Exchange Operations ("RS Official Gazette", No. 62/06);

2.2.2.12. Law on the Training of Judges, Public Prosecutors, Deputy Public Prosecutors and Assistant Judges and Prosecutors ("RS Official Gazette" No. 46/06) – applicable as of 1 March 2007;

2.2.2.13. Law on the Organization and Competences of State Bodies in the Suppression of Organized Crime ("RS Official Gazette", No. 42/02, 27/03, 39/03, 67/03, 29/04, 58/04-additional law, 45/05 and 61/05).

2.2.2.14. Law on Accounting and Auditing ("RS Official Gazette", No. 46/06);

2.2.2.15. Law on Payment Operations ('FRY Official Gazette', No. 3/02 and 5/03 and 'RS Official Gazette', No. 43/04 and 62/06);

2.2.2.16. Law on Bases of Organization of the Republic of Serbia Security Forces ("RS Official Gazette", No. 116/07);

2.2.2.17. The by-laws passed pursuant to the Law on the Prevention of Money Laundering, Law on Banks, and Law on Foreign Exchange Operations, as follows:

- Rulebook on the Methodology, Duties and Actions for the Implementation of the Tasks specified under the Law on the Prevention of Money Laundering ("RS Official Gazette", No. 59/06 and 22/08);

- Decision on the Minimum Content of “Know Your Customer” Procedure (“RS Official Gazette”, No. 57/06);
- Decision on the Conditions and Non-Resident Account Maintenance (‘RS Official Gazette’, No. 16/07);
- Decision on Requirements for Opening and Maintenance of Foreign Currency Resident Accounts (‘RS Official Gazette’, No. 67/06).

### **2.2.3. Other relevant regulations**

- 2.2.3.1. Law on Public Administration (“RS Official Gazette”, No. 79/05 and 101/07);
- 2.2.3.2. Law on Civil Servants (‘RS Official Gazette’, No 79/05, 81/05, 83/05, 64/07, and 67/07).

### **2.2.4. Regulations currently drafted**

- 2.2.4.1. Draft law on repressive measures applied based on the relevant UN SC resolutions;
- 2.2.4.2. Draft law on confiscation of proceeds of crime;
- 2.2.4.3. Draft law on criminal corporate liability;
- 2.2.4.4. Draft law on the prevention of money laundering and terrorism financing.

## **2.3. Description of situation at the institutional level**

### **2.3.1. Ministry of Finance**

The Ministry of Finance carries out public administration tasks relating to the prevention of money laundering and proposes regulations governing the area. The following separate bodies have been established within the Ministry of Finance having the fight against money laundering and terrorism financing within their remits: The Administration for the Prevention of Money Laundering, Tax Administration, Foreign Currency Inspectorate and the Games of Chance Administration.

### **2.3.2. Administration for the Prevention of Money Laundering**

The Administration for the Prevention of Money Laundering (APML) is the financial intelligence unit (FIU) of the Republic of Serbia. The APML collects, analyses and keeps data and information and, where it suspects money laundering, it notifies the competent state bodies (the police, judiciary, and inspectorate authorities) so that they can take measures within their competence.

The APML is an administrative body within the Ministry of Finance. The finances for the operation and functioning of the APML, as a direct budget user, are provided in the Republic of Serbia budget. The APML 2008 budget amounts to RSD 46,136,000.00.

The Rulebook on the Internal Organization and Jobs Systematization in the MF-Administration for the Prevention of Money Laundering envisages 35 positions for civil servants and employees, of which 24 posts have been filled.

Internal organizational units in the APML are: Analytics Department; Suspicious Transactions Department comprising the Suspicious transactions team monitoring banks and other financial institutions, and Suspicious transactions team monitoring the capital and securities market and other obligors; International and National Cooperation Department, and Section for legal, material and financial affairs.

### **2.3.3. Tax Administration**

The Tax Administration is an administrative body within the Ministry of Finance. In 2003, the Tax Police Sector was established with competences to detect tax criminal offenses and their perpetrators. This sector has about 220 employees, and it is managed by the chief inspector who is appointed by the Government at the proposal of the minister of finance.

The Tax Police Sector consists of two departments at the level of the Republic, located at the sector's head office (Department for the coordination of tasks concerning tax crime identification and Department for analysis and IT), and four regional departments (Belgrade, Novi Sad, Kragujevac, and Niš), which are subdivided into 26 operative sections.

Tax Police authorities are laid down in the Law on the Taxation Procedure and Administration. The Tax Police acts as an internal affairs body during the pre-trial procedure and has powers to apply, in accordance with law, all the investigative actions except for the restriction of movement. The Tax Police also applies the provisions of the Criminal Procedure Code governing the pre-trial procedure.

### **2.3.4. Customs Administration**

The Customs Administration is an administrative body within the Ministry of Finance. Within its Internal Control Department, the Customs Administration established a Team against terrorism, organized crime and money laundering. This team has primarily a coordinative role and works with other state bodies, including by sharing operative data and conducting checks in certain cases when requested by other bodies.

The Customs service is authorized to conduct foreign currency controls in the international passenger traffic. Where it identifies an infringement of foreign currency regulations it makes a report on the perpetrated foreign currency offense.

If the Customs service officers obtain indications, during the customs procedure or when they apply the measures of customs supervision and inspection, that a legal person committed a

foreign currency offence they will report it to the Foreign Currency Inspectorate. The Foreign Currency Inspectorate will decide on any further action concerning such a report.

### **2.3.5. Ministry of Justice**

**The Ministry of Justice** performs public administration tasks relating to criminal legislation, international legal assistance, etc. Within its Sector for normative tasks and international cooperation, the Ministry of Justice has several organizational units, including the Section for normative tasks dealing with drafting and monitoring of the implementation of laws, development and improvement of the legal system in the Ministry's remit; Department for international cooperation and European integration follows the European integration programs, legal harmonization with the regulations of the European Union, Council of Europe and the United Nations; it also monitors the implementation of the rights and obligations that derive from the relevant international conventions within the competence of the Ministry of Justice; the Ministry's International legal assistance section deals with requests of the domestic and foreign courts, other state bodies and individuals for international legal assistance.

### **2.3.6. Judicial Training Centre**

The Judicial Training Center is an organization offering training and professional improvement programs for judges, prosecutors and other employees in the Republic of Serbia judiciary. The founders of the Judicial Training Centre are the Ministry of Justice and the Judges' Association of Serbia. The purpose of the Judicial Training Center is to design and implement training programs, improve and upgrade the knowledge of judges, prosecutors, and other staff in the judiciary, to explain the present-day international legal order standards and court practice of developed legal systems, as well as new institutes and regulations concerning the European integration processes.

### **2.3.7. Ministry of Interior**

The Administration against organized crime within the Ministry of the Interior (hereinafter: MIA) has been reorganized, in line with the Law on organization and competences of state bodies in the suppression of organized crime, as the Bureau against organized crime. Within the Bureau and its Department against organized financial crime, a Section against money laundering has been set up. The Bureau against organized crime forms part of the Criminal Police Administration.

Other regional police administrations too are involved in the field. An ongoing education of police officers is under way. Given the high level of social risk that these criminal offenses entail, as well as the lack of practice, the education has targeted not only the members of the Ministry of the Interior dealing with economic crime, but also towards the police officers dealing with the so-called general crimes. The reason for this is that kidnapping, extortions, illicit trade in narcotics are also among the predicate offenses.

It is especially important to hold international meetings and expert round tables as a means of experience sharing in the process of harmonization of national legislation with the regulations of other countries.

The police work in collecting evidence relating to a criminal offense of money laundering is largely dependant on the availability of adequate equipment. An important step has been made in that regard, but the needs of the police regarding equipment are still considerable.

### **2.3.8. Security Information Agency**

Security-Information Agency (hereinafter: BIA), under the Law on the Security Information Agency ('RS Official Gazette' No. 42/02), also deals with countering organized international crime. It works on detecting, investigating and documenting the most serious forms of organized crime with a foreign element such as drug smuggling, illegal migrations and human trafficking, arms smuggling, money counterfeiting and laundering, and it also deals with the most serious forms of corruption linked to international organized crime. BIA also has special tasks concerning the prevention and suppression of the internal and international terrorism.

An important area of BIA's activity is investigating, detecting and documenting links between individuals, groups and organizations involved in the international organized crime and terrorism.

Separate departments have been created within the Counter-Intelligence Administration carrying out security operative activities against terrorism and international organized crime, as well as the appropriate organizational units in the BIA's territorial centers.

Within the Counter-Intelligence Administration, a Center for Education and Research (CER) is operational and implementing basic operative and specialist professional training courses for staff working on countering international organized crime and terrorism. Professional training of staff is carried out by in-house lecturers, lecturers from other state bodies and institutions, as well as through international cooperation. The CER also organizes specialist courses for members of other state bodies. BIA has its own budget.

BIA cooperates internationally with over forty security services. It has a particularly intensive cooperation with the countries in the region. The main area of cooperation relates to data exchange concerning the international organized crime, international terrorism and data relating to money laundering and terrorism financing.

Apart from the bilateral cooperation, the BIA also actively participates in multilateral fora organized by the South East Europe Intelligence Conference, as a member, and Middle Europe Conference, as an observer.

### **2.3.9. Ministry of Defense**

Ministry of Defense, pursuant to the Law on Ministries ('RS Official Gazette', No.65/08), performs, among other things, public administration tasks related to security matters relevant for defense. On the basis of the Law on Bases of Organization of the Republic of Serbia Security Forces ("RS Official Gazette", No. 116/07) Military Security Agency and Military Intelligence Agency were established as administrative bodies within the Ministry of Defense, having the status of a legal entity. Law on Security Forces ('FRY Official Gazette', No.37/02 and 'SCG Official Gazette' No.17/04) lays down the competences of military security forces – Military Security Agency and Military Intelligence Agency in the combat against terrorism and organized crime, which includes prevention of money laundering and terrorism financing.

#### **2.3.9.1 Military Security Agency**

Military Security Agency is a security service performing tasks relevant for defense. Pursuant to the law, Military Security Agency, among other things, detects, investigates, monitors, suppresses and intercepts national and transnational terrorism, as well as detecting, investigating and documenting most serious crimes with elements of organized crime aimed against commands, institutions and units of the Serbian Army and the ministry competent for defense matters. Given the competences of Military Security Agency as stipulated by law, one of major tasks in protecting defense system is the prevention of money laundering and terrorism financing.

Military Security Agency established cooperation with counterpart agencies in the country and abroad in the field of prevention of money laundering and terrorism financing, as well as with the Serbian Ministry of Interior.

#### **2.3.9.2 Military Intelligence Agency**

Military Intelligence Agency is a security service performing tasks relevant for defense. Pursuant to the law, Military Intelligence Agency, among other things, collects, analyses, evaluates and provides data and information on potential and real threats posed by transnational and foreign organizations, groups and individuals aimed against Serbian Army, ministry competent for defense matters, as well as against sovereignty, territorial integrity and defense of the Republic of Serbia, including data related to the prevention of money laundering and terrorism financing.

Military Intelligence Agency established cooperation with counterpart agencies abroad in the field of prevention of money laundering and terrorism financing, as well as with other state authorities of the Republic of Serbia.

## **Public Prosecutor's Office**

**Public Prosecutor's Office** is an independent state body whose jurisdiction is governed by the Constitution of the Republic of Serbia and the Law on Public Prosecutor's Office. In the Republic of Serbia, there are the State Public Prosecutor's Office, 30 District Prosecutors' Offices, and 109 Municipal Public Prosecutors' Offices. The jobs systematization provides for the following posts in the public prosecutor's office: the State Public Prosecutor with 39 deputies, 30 district public prosecutors with 195 deputies, 109 municipal public prosecutors with 403 deputies.

The State Public Prosecutor's Office has set up groups for the monitoring and consultation of cases of economic crime, including the criminal offence of money laundering, but no none have specialized exclusively for the crimes of money laundering and terrorism financing.

A Special Department of the District Prosecutor's Office in Belgrade for the Suppression of Organized Crime (hereinafter: the Special Prosecutor's Office) is competent to act in cases of organized crime in the Republic of Serbia.

A modified role of the public prosecutor provided for in the new Criminal Procedure Code allows for a greater participation of the public prosecutor in collecting evidence and in criminal proceedings. This requires additional personnel and financial capabilities.

### **2.3.10. Courts**

Article 142 of the Republic of Serbia Constitution states that the courts in the Republic of Serbia are autonomous and independent and that they adjudicate in cases based on the Constitution, laws and other general acts where required by the law, as well as based on generally accepted rules of the international law and ratified international agreements.

The judicial power is exercised through the courts of general and special jurisdiction whose establishment, organization, jurisdiction, arrangements and composition are determined in the law. The highest instance court in the Republic of Serbia is the Supreme Cassation Court. Currently, there are 187 courts of general and special jurisdiction. Most of the cases are dealt with in a number courts located in larger cities.

Based on the new constitutional and legislative framework, the National Judicial Reform Strategy ('RS Official Gazette', No. 44/06) envisages a streamlining of court networks as well as a new system of jurisdiction. Appellate courts will mostly take over the jurisdiction of today's Supreme Court, whereas the basic and higher instance courts of general jurisdiction will retain, with slight changes, the jurisdiction they had before. Also envisaged is the establishment of new specialized administrative and minor offense courts. Commercial courts will retain the competences they had.



This strategy also envisages the training of judges which will allow for a systematic improvement and specialization of the holders of judicial offices.

### **2.3.11. Bodies monitoring the implementation of the Law on the Prevention of Money Laundering**

**2.3.11.1. National Bank of Serbia** is the central bank of the Republic of Serbia whose competence is laid down in the Constitution of the Republic of Serbia and the Law on the National Bank of Serbia. The National Bank of Serbia is an independent and autonomous institution. Its main objective is to maintain financial stability. The National Bank of Serbia, among other things:

- improves the functioning of payment operations and the financial system;
- controls the solvency and legality of operations of banks and other financial organizations;
- conducts the monitoring of the implementation of the insurance law by the companies dealing with the management of voluntary pension funds, and financial leasing providers;
- conducts the monitoring of the implementation of the Law on the Prevention of Money Laundering by banks, exchange offices, insurance organizations, companies for the management of voluntary pension funds, and financial leasing providers.

**2.3.11.2. Securities Commission** is an independent and autonomous organization of the Republic of Serbia. Its competences are defined in the Law on Securities and Other Financial Instruments, Law on Investment Funds, Law on the Prevention of Money Laundering and other laws. The Commission, among other things, performs the following tasks:

- issues licenses to broker-dealer companies;
- issues licenses to companies for the management of investment funds and to investment funds;
- conducts the monitoring of the operation of broker-dealer companies, stock-markets, investment funds management companies as well as the Central register of securities, licensed banks, custody banks, securities issuers, investors and other persons with respect to their business conducted in the securities market, etc;
- conducts the monitoring of the implementation of the Law on the Prevention of Money Laundering by broker-dealer companies, custody banks, stock markets and investment funds management companies.

**2.3.11.3. Other bodies and organizations** competent for the monitoring of the implementation of the Law on the Prevention of Money Laundering have not conducted the monitoring, until the time of adoption of this strategy, due to insufficient human and material resources.

### **2.3.12. Other bodies relevant for the fight against money laundering and terrorism financing**

**2.3.12.1. Standing Coordination Group** – On 18 August 2005, the Government of the Republic of Serbia established the Standing Coordination Group with the purpose of developing an Action Plan for the implementation of recommendations contained in the Council of Europe Report

on actions and measures to be taken by the Republic of Serbia against money laundering and terrorism financing, as well as to monitor activities and recommend special measures to the competent bodies against money laundering and terrorism financing.

Within some obligor associations such as the Association of Banks, Association of Accountants and Auditors, etc, there are bodies dealing with the issue of money laundering.

**2.3.12.2. The Association of Banks of Serbia** is an association of all banks in the Republic of Serbia. In January 2005, the Association of Banks of Serbia set up a working group for compliance, which was transformed into a Committee for the banking operations compliance. The Association of Banks of Serbia holds professional training for its members.

**2.3.12.3. The Association of Accountants and Auditors of Serbia** is a professional organization of accountants and auditors in the Republic of Serbia gathering several thousand members.

## **2.4. Description of situation at the operative level**

2.4.1. Indicators have been developed for recognizing money laundering suspicious transactions in certain obligor groups, such as: Banks, exchange-offices, insurance companies, stock-market operations, and leasing companies.

2.4.2. Agreements on cooperation and information sharing have been signed between the Public Prosecutor's Office, Police, and Administration for Prevention of Money Laundering and relevant foreign institutions.

2.4.3. The Administration for the Prevention of Money Laundering signed agreements on cooperation with the National Bank of Serbia and the Customs Administration. The signing procedure with the Tax Administration is currently under way.

2.4.4. The FATF Special Recommendation 8 requires that countries should undertake domestic reviews of non-profit organizations in order to assess the risks of misuse of their operation, as well as measures to prevent NPO's misuse for terrorist financing. Such an analysis has not been conducted.

## **2.5. Description of situation concerning professional training**

There is no comprehensive training curriculum for all those involved in fighting money laundering and terrorism financing. There are no specific objectives or progress indicators regarding the activities conducted. Training is organized on a case-by-case basis and is not a result of the needs analysis with regard to the set objectives and desired effect. Mostly, the training is reduced to theoretical seminars. In a number of cases, training was implemented using the method of experience sharing for resolving practical problems – case study method.

The Administration for the Prevention of Money Laundering has organized and participated in a great number of seminars and workshops which were mostly implemented in cooperation with

and assisted by the following international organizations and institutions such as the World Bank, International Monetary Fund, European Bank for Reconstruction and Development, European Commission, Organization for Security and Co-operation in Europe, Council of Europe, etc. These seminars were mostly intended for the staff of the Administration for the Prevention of Money Laundering, the police, prosecutor's office and courts. Several seminars have been organized also for the representatives of the bodies competent to monitor the implementation of the Law on the Prevention of Money Laundering and compliance officers in banks.

The police receive basic training at the Police Academy while additional and advanced training is implemented through various projects supported by the international community including: CARPO Project – Financial Investigations, PACO Serbia – Project Against Economic Crime in the Republic of Serbia, US Justice Department ICITAP Program, OSCE initiatives, Stability Pact for South-East Europe Organized Crime Training Network Project – three seminars on financial investigations, etc.

### **3. RECOMMENDATIONS**

#### **3.1. Recommendations for the legislative level**

3.1.1. A new Law on the Prevention of Money Laundering and Terrorism Financing should be passed and brought into line with international standards by:

- providing that the preventive measures laid down in this Law be also implemented in the area of the prevention of terrorism;
- modifying and supplementing the list of obligors;
- prohibiting cash payment of goods in the value of EUR 15,000 or more;
- introducing customer due diligence standards;
- strengthening the status of compliance officers in the obligors;
- providing for the obligation requiring the Administration for the Prevention of Money Laundering to send information to the obligors concerning the cases initiated by the obligors in their STRs;
- providing the Administration for the Prevention of Money Laundering with a direct access to certain databases held by some state bodies (Ministry of the Interior, Tax Administration, Customs Administration, Foreign Currency Inspectorate, etc);
- supplementing the provisions on competencies of the Administration for the Prevention of Money Laundering regarding international cooperation and information exchange with foreign FIUs concerning temporary suspension of transactions at a foreign FIU's request, and harmonizing these provisions with the other provisions contained in the Warsaw Convention;
- supplementing the provisions on the monitoring of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing and the Law on the repressive measures based on the relevant UN SC resolutions in terms of designating competent bodies to monitor the implementation of the provisions of these laws for all obligor categories;
- laying down a requirement for the supervisory bodies to report, to the Administration for the Prevention of Money Laundering, suspected money laundering or terrorism financing transactions, where they identify them in the execution of the supervision;
- establishing a system of monitoring in-bound and out-bound transportation of cash and bearer securities across the state border in the value of EUR 10,000 or more irrespective of the existing foreign currency regime;

- laying down which data shall be obtained when cash and bearer securities are transported across the border;
- authorizing the Customs Administration to carry out the tasks referred to in the preceding two lines;
- modifying and supplementing the penal provisions so as to include new requirements on the obligors as well as stipulating provisional measures for not declaring, falsely declaring or incompletely declaring a cross-border transportation of cash and bearer securities;
- ensuring that the data and documents collected by the Administration for the Prevention of Money Laundering through the international cooperation can be used as evidence in court proceedings;

3.1.2. The law on the repressive measures applied based on the relevant UN SC resolutions should be passed.

3.1.3. The Criminal Code (hereinafter: the CC) should be modified and supplemented as follows:

- Articles 91-93 of the CC concerning the confiscation of proceeds should be modified and supplemented, and harmonized with Article 2 of the Strasbourg Convention and Article 5 of the Warsaw Convention concerning the confiscation of equivalent value and confiscation of indirect proceeds;
- Article 231 of the CC and Article 393 of the CC should be modified and supplemented so as to harmonize them with the provisions of Article 6 of the Strasbourg Convention and Article 9 of the Warsaw Convention, Article 1 paragraph 2 of the Third EU Directive and the second FATF Special Recommendation.

3.1.4. The Criminal Procedure Code (hereinafter: the CPC) should be modified and supplemented as follows:

- Article 86 of the CPC concerning the obtaining of data from banks or other financial organizations and provisions on the detention or seizure of cash (to be harmonized with Article 7, paragraph 2 and Article 5 of the Warsaw Convention);
- Articles 87-94 of the CPC concerning the measure of seizure of items and proceeds (to be harmonized with Article 5 of the Warsaw Convention concerning the seizure of proceeds' equivalent value and seizure of indirect illegal proceeds);
- CPC Chapter VIII on "Special Investigative Actions" should be modified and supplemented so as to allow for the use of special investigative actions also for identifying illegal proceeds that may be confiscated (to be harmonized with Article 4, paragraph 2 of the Strasbourg Convention and Article 7, paragraph 3 of the Warsaw Convention);
- provisions of Articles 490-497 of the CPC concerning the confiscation of proceeds from certain criminal offenses should be modified and supplemented so as to also include cases when the proceedings have not resulted in sentence of condemnation – the *in rem* procedure (to be harmonized with FATF Recommendation No. 3).

3.1.5. A law on the confiscation of illegal proceeds and management of seized or confiscated proceeds should be passed.

3.1.6. Regulations on international legal assistance should be harmonized with the Warsaw Convention and the International Convention for the Suppression of the Financing of Terrorism.

3.1.7. A law on the accountability of legal persons for criminal offences should be passed governing, among other things:

- that legal entities may be held liable for the criminal offences of money laundering and the financing of terrorism;
- the provisional measures and confiscation of proceeds from legal entities in case of money laundering and terrorism financing crimes.

3.1.8. The Law on Payment Operations should be harmonized with FATF Special Recommendation 7 (electronic transfers) and the EU Regulation concerning the documentation accompanying electronic transfers.

3.1.9. The Law on Ministries should be supplemented so as to include provisions governing the anti-money laundering and terrorism financing competencies in the ministry competent for finance;

3.1.10. The judiciary should be required to maintain statistical data concerning the seized and confiscated proceeds as well as concerning international legal assistance regarding the money laundering and terrorism financing crimes, so as to ensure compliance with FATF Recommendation No. 32.

3.1.11. The Law on Banks, Law on Capital Market, Law on Investment Funds, Law on Joint Stock Companies' Takeover, Law on Insurance, etc, should be reviewed ensuring that the powers of the bodies competent to monitor the implementation of these laws be applied also in the supervision of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing. These laws should govern the maintenance of statistics concerning the international cooperation of these bodies with their foreign counterpart institutions in the areas of money laundering and terrorism financing.

3.1.12. The situation in the area of the transfer of money or value should be analyzed in order to establish whether there are any informal money or value transfer mechanisms. This analysis should cover both formal and potential informal money or value transfer systems in order to ensure that they are registered or licensed, and that they are included in the system of prevention of money laundering and terrorism financing; Prohibit the existence of informal money or value transfer systems and provide sanctions in case of breach of the ban.

3.1.13. The Warsaw convention should be ratified.

3.1.14. The Law on Registration of Business Entities and the Law on Taxation Procedure and Taxation Administration should be amended, concerning the documentation required for registration and identification number assignment, so as to prevent anonymous companies or companies with unknown owners from becoming founders of domestic companies.

3.2.15. The operation of “other financial institutions” should be regulated in order to regulate the issuing and operating payment cards.

### **3.2. Recommendations for the institutional level**

The following recommendations are relevant for the institutional level and they concern the following issues: systematization of work posts and recruitment, budget, technical equipment available, organizational units and competences.

#### **3.2.1. Public Prosecutor’s Office:**

- district public prosecutors should designate deputy public prosecutors for the areas in their jurisdiction who will be functionally and geographically competent to act in money laundering and terrorism financing cases as well as to recommend proceeds confiscation measures in cases that are not linked to organized crime.

#### **3.2.2. Courts:**

- district and municipal courts’ presidents will designate, in the annual roster, the investigative and other judges who will act in cases of money laundering and terrorism financing cases as well as in issuing provisional proceeds confiscation measures in cases that are not linked to organized crime.

#### **3.2.3. Ministry of the Interior:**

- police officers in economic crime suppression sections who will deal with detecting money laundering and terrorism financing should receive specialized training;  
- separate organizational units should be established to deal with financial investigations at the level of the Interior Ministry and the police administrations.

#### **3.2.4. Customs Administration:**

- a database should be established recording the transportation of cash and bearer securities across the state border in amounts larger than EUR 10,000 in accordance with the FATF Special Recommendation No. 9 (cash couriers) and the EU Regulation concerning the control of cash movement across EU borders;  
- a number of work posts for the analysis of the data referred to in the previous item should be provided for in the systematization of posts.

#### **3.2.5. Ministry of Justice:**

- a number of employees should specialize in international legal assistance tasks in the area of money laundering, financing of terrorism and confiscation of proceeds;

#### **3.2.6. Games of Chance Administration and Tax Administration:**

- a number of employees should specialize for the monitoring of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing by obligors organizing games of chance.

3.2.7. National Bank of Serbia:

- a number of posts should be provided or a special department set up in order to monitor the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing in obligors.

3.2.8. Securities Commission:

- a number of existing employees should specialize for the monitoring of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing by obligors.

3.2.9. Financial and technical conditions should be provided in order to network the databases of the competent state bodies.

3.2.10. Special and specialized bodies or working groups should be set within the obligor associations under the Law on the Prevention of Money Laundering and Terrorism Financing in order to analyze and interpret regulations, offer technical assistance in the data exchange, recommend regulations and their amendments, organize training, etc.

### **3.3. Recommendations for the operative level**

3.3.1. Formalize the cooperation between the competent state bodies (Administration for the Prevention of Money Laundering, the Police, BIA, bodies competent for supervision of the implementation of the Law on the Prevention of Money Laundering, Tax Administration, Customs Administration, and Foreign Currency Inspectorate) in order to:

- work on specific cases;
- implement training of staff in these state bodies and collective training of obligors;
- efficiently cooperate internationally;
- coordinate the participation in international organizations and bodies.

3.3.2. Operative *ad hoc* working groups should be set up to work on specific money laundering and terrorism financing cases and their procedures should be arranged in such a way as to allow for prompt meetings upon request.

3.3.3. Representatives (liaison officers) of the Administration for the Prevention of Money Laundering, Interior Ministry, Tax Police, Customs Administration, BIA, and the Prosecutor's Office should be appointed to work on specific cases of money laundering and terrorism financing.

3.3.4 Provisions should be made so that the Tax Police and Customs Administration are required, when they carry out their tasks, to check the existence of the money laundering and terrorism financing crimes.

3.3.5 Provisions should be made so that the Administration for the Prevention of Money Laundering will sign cooperation agreements with all the foreign FIUs that require such agreements in order to exchange data internationally.

3.3.6 Provisions should be made so that the Administration for the Prevention of Money Laundering, in cooperation with the bodies competent for monitoring the implementation of the Law on the Prevention of Money Laundering and obligor associations, initiates and participates in the development of indicators for identifying money laundering or terrorism financing suspicious transactions in obligors. Representatives of other state bodies too should be included in the development of the indicators.

3.3.7 Provisions should be made so that the Administration for the Prevention of Money Laundering further develops practical mechanisms for sending feedback to obligors.

3.3.8 Provisions should be made so that the Administration for the Prevention of Money Laundering, in cooperation with the Interior Ministry, Prosecutor's Office, courts and the bodies responsible to monitor the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing, develops forms using which misdemeanors and economic offences referred to in the Law as well as criminal offences of money laundering and terrorism financing will be reported.

3.3.9 Provisions should be made so that the bodies competent to monitor the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing may:

- develop guidelines or reference books for the monitoring of the implementation of the Law on the Prevention of Money Laundering and Terrorism Financing in obligors;
- develop guidelines for the application of provisions of the new Law on the Prevention of Money Laundering and Terrorism Financing in obligors.

3.3.10. Awareness on the need for a more efficient application of the Law on the Prevention of Money Laundering should be systematically raised (by designing brochures, electronic training programs, media campaigns, etc).

3.3.11 An analysis of situation in the non-profit sector should be conducted in order to assess the risk of its misuse for the purposes of money laundering and terrorism financing.

3.3.12 The IT system in the Administration for the Prevention of Money Laundering should be further developed.

### **3.4. Recommendations concerning professional training**

In order to institutionalize the training of state bodies, bodies competent to supervise the implementation of the Law on the Prevention of Money Laundering, and obligors, the following measures should be taken:

3.4.1 Conduct a needs analysis concerning professional training which will involve the competent state bodies and the bodies monitoring the implementation of the Law on the Prevention of Money Laundering, as well as the obligors through their associations.

3.4.2 Professional training in combating money laundering and terrorism financing should be implemented through the Judicial Training Center, BIA Educational and Research Center,



Interior Ministry's Training Center and specialized units within the bodies competent to monitor the implementation of the Law on the Prevention of Money Laundering.

3.4.3. The professional training programs should include special modules regarding AML/CFT issues, financial investigations, and confiscation of proceeds.

3.4.4. The Interior Ministry, Justice Ministry, public prosecutor's office, courts, Administration for the Prevention of Money Laundering, Customs Administration, Tax Administration, National Bank of Serbia and the Securities Commission should appoint their respective representatives who will be responsible for professional training in AML/CFT issues, financial investigations and confiscation of proceeds (hereinafter referred to: Instructors). The same is recommended for obligor associations.

3.4.5. Instructors should receive training concerning the AML/CFT issues, financial investigations, and confiscation of proceeds, as well as in the area of methodology and working techniques.

3.4.6. Technical and other working conditions for the instructors should be provided.

#### **4. IMPLEMENTATION**

The body responsible to monitor the implementation of this strategy is the Standing Coordination Group. The Group's mandate should be extended so as to include the monitoring of the implementation of this strategy, monitoring, issuing recommendations and coordination of activities in the area of money laundering and terrorism financing. The Group should include the representatives of all relevant state bodies, as well as the prosecutor's office, courts and independent bodies monitoring the implementation of the Law on the Prevention of Money Laundering. Representatives of obligor associations may also take part in the work of this Group.

An Action plan will be developed for the implementation of this strategy, and it will set out the responsibilities of all the competent state bodies, set the deadlines for their implementation, and assess the necessary financial resources.

#### **5. FINAL SECTION**

This strategy should be published in the "Official Gazette of the Republic of Serbia".