



OF FINANCIAL INTELLIGENCE UNITS



Increasing FIU Effectiveness in the Asset Recovery Process: **Phase II**

Public Summary – July 2025

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Intended Audience: General Public



Glossary of acronyms

AML	Anti-Money Laundering
AR	Asset Recovery
ARO	Asset Recovery Office
ARIN	Asset Recovery Inter-Agency Network
CARIN	Camden Assets Recovery Inter-Agency Network
CFT	Combating of Financing of Terrorism
CTR	Threshold Declarations
ESW	Egmont Secure Web
Eurojust	European Union Agency for Criminal Justice Cooperation
Europol	European Union Agency for Law Enforcement Cooperation
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF-Style regional bodies
IEWG	Information Exchange Working Group
Interpol	The International Criminal Police Organization
JIT	Joint Investigation Team
KYC	Know Your Customer
LEA	Law Enforcement Agency
ML	Money Laundering
MONEYVAL	Council of Europe Anti-Money Laundering Group
MoU	Memorandum of Understanding
NRA	National Risk Assessment
PF	Proliferation Financing
PPP	Public-private partnership
RE	Reporting Entities
SAR	Suspicious Activity Report
SCA	Supervisory and Control Authorities
STR	Suspicious Transaction Report
TF	Terrorism Financing
UNCAC	United Nations Convention Against Corruption
UNODC	United Nations Office on Drugs and Crime
UNTOC	United Nations Convention Against Transnational Organized Crime
UTR	Unusual Transaction Reports
VASP	Virtual Asset Service Provider

Executive Summary

1. In 2023, the FATF, amended Recommendations and/or Interpretive Notes 4, 30, 31, 38 and 40 with the purpose of providing a robust tool kit to LEAs, FIUs, prosecutors, AR experts and competent authorities, to target and confiscate criminal assets in a more effective manner.
2. Prioritising AR at the domestic and international levels, reviewing confiscation policies and operational frameworks periodically, and suspending or withholding consent to transactions, freezing and seizing expeditiously, are among the main changes to help countries deprive criminals, terrorists, and their organisations, of the illicit proceeds and assets that fuel their unlawful activities.
3. Those changes aim to respond to challenges that countries, authorities, and relevant stakeholders are facing, such as the speed of criminal activity, misuse of technology and continuous evolution of threats and methods related to ML and TF.
4. In 2021, the IEWG finalised a project on FIUs role in the Asset Recovery (AR) process. The Report recognised FIUs' strong role in the first two phases of the AR process, namely asset tracing and asset securing.
5. According to these conclusions, also the IEWG project "Increasing FIUs' Effectiveness in the Asset Recovery Process: Phase II" focused on the asset identification and asset freezing stage, reflecting on the FIU freezing powers, national and international cooperation, available information to FIUs and IT tools used in the analysis thereof.
6. The countries which have provided information as part of the project demonstrate a high level of awareness of the role of the AR process in combating and preventing crime, as well as mostly see their own competences in this process.
7. At the same time, weaknesses and challenges continue to be identified that hinder the implementation of the AR process, both at the national level and internationally. Countries are encouraged to provide FIUs with more extensive asset freezing powers or other equivalent mechanisms within the framework of FIU cooperation, to increase the effectiveness of the exchange of information among FIUs, and to ensure full access to financial, administrative and LEAs information.

8. Joint action by FIUs, LEAs and prosecution offices in partnership with the private sector, both at the national level and internationally, is a crucial factor in ensuring an effective AR process, depriving criminal world of their criminal assets and reducing opportunities to commit new crimes.

Introduction

9. In 2021, the IEWG finalised a project about the role of FIUs in the AR process. The Report recognised FIUs' strong role in the first two phases of the AR process, namely asset tracing and asset securing. It also provided a snapshot of the cooperation with AROs, analysed the most useful FIU tools in the AR, and justified the need for more targeted FIU activities to support this process. The Report also focused on the existing challenges and provided primary recommendations.
10. Notably, FATF amendments to Recommendations 4, 30, 31, 38 and 40, introduced stronger tools to temporarily freeze, seize, and restrain suspected criminal property, including the power to suspend or withhold consent to transactions, freeze, and seize expeditiously, in the AR toolkit for the next Round of Mutual Evaluations, also based on foreign requests. Over 100 FIUs already have these powers, potentially impacting standards implementation.
11. The joint EG|FATF|INTERPOL Report on “Illicit Flows from Cyber Enabled Fraud” and FATF Report on “Recovering International Proceeds of Crime through Inter-Agency Networks” also stressed effective AR including at the international level to prevent asset dissipation.
12. Therefore, The Egmont IEWG launched II phase of AR project “Increasing FIUs' Effectiveness in the Asset Recovery Process” in January 2024. The objective of the project is to suggest methods, mechanisms, tools, and best practices for improving FIUs' effectiveness in the AR process.
13. The main sections of the project report are as follows:
 - Asset recovery national strategies;
 - Suspension/freezing powers of FIUs;
 - Strategic collaboration mechanisms: domestic and international cooperation;
 - Financial intelligence and IT tools to improve the AR process;
 - Recommendations;
 - Annexes of PPP examples.



14. The project report sections identify problematic issues, provide solutions from the project co-leads and the project team, as well as solutions to problems identified through the questionnaires. The project report is supplemented by good practice examples provided by countries that can serve as ideas for improving the functioning of FIUs.



Background

15. The IEWG project “Increasing FIUs’ Effectiveness in the Asset Recovery Process: Phase II” is based on the conclusions of the IEWG project “FIUs’ Role in Asset Recovery” on the role of FIUs in the AR process. The following key observations on FIU involvement were made in Phase I of the project.
16. Several studies, researches, and reports on the topic of AR, define the processes main stages, described as follows:
 - Identification Stage: Collecting information on criminally obtained assets through the use of intelligence, tracing of financial flows, and subsequent evidence gathering;
 - Suspension Stage: Securing of assets/asset seizure, freezing;
 - Confiscation Stage: Court proceedings leading to a permanent change of the possession of the assets in favour of the state;
 - Optional phase(s): Enforcing of orders and subsequent asset management; and Asset return/repatriation to the victims.
17. The AR process' success depends on the effective synergy of actions and extensive cooperation and coordination between authorities and agencies involved in every stage. Therefore, one of the main essential factors for AR efficiency is the overall understanding by each competent authority of its role and functions in the process.
18. Jurisdictions have taken different steps to increase the efficiency of the AR process. One such measure is by drafting and implementing a special strategy for AR. An AR Strategy can take the form of a regulatory document, guidance, operating procedure, or even internal order. Differences are also shown in the content of such strategy.
19. As central authorities for combating money laundering, FIUs are an essential part of the AR process along with other public services. Within the strategies of most cases, according to the provided answers via the questionnaire, an FIU’s function is limited to:
 - Locating illegal assets via FIU means of cooperation; and/or
 - Analysing intelligence on criminal assets and providing such information to local LEAs.
20. In some jurisdictions, the FIU is part of a multi-agency task force. These task forces are usually led by a LEA. The strategy’s objective is to coordinate or regulate the

AR process issues. Such task forces are created to increase investigations' effectiveness by involving all responsible national bodies: analysts from FIUs, investigators, ARO officers, prosecutors, etc.

21. International standards on combating ML and TF and PF – The FATF Recommendations determined three core functions of FIUs: receipt, analysis, and dissemination. According to the FATF Recommendations, another fundamental basis for FIUs to make an important input into AR is broad access to various financial information and other data sources, both domestically and internationally, cooperating with or through partner FIUs.
22. Comparison of FIU mandates within the different stages of the AR process allowed to conclude that FIUs can have a higher impact and effectively support the local and global AR efforts during the first two stages of the process: the Identification Stage and the Suspension Stage.
23. According to these conclusions, also the IEWG project “Increasing FIUs’ Effectiveness in the Asset Recovery Process: Phase II” focused on the asset identification and asset suspension/freezing stage, while identifying some elements that may be useful in the confiscation stage, such as the use of FIU analysis as evidence in court when confiscating assets.

Methodology

24. The Egmont IEWG project “Increasing FIUs' Effectiveness in the Asset Recovery Process” was officially launched during the IEWG meeting in Malta in January 2024.
25. The project team was co-led by FIU Latvia and FIU Mexico, supported by the Egmont Secretariat. The project team comprised of 14 FIUs.¹
26. The project co-leads, in cooperation with Egmont Secretariat, developed and distributed a questionnaire with 35 questions covering fields such as:
 - Legal Framework of freezing and AR Strategies;
 - International and Domestic Cooperation;
 - Best practices, Strengthening FIU Capabilities, Challenges;
 - Intelligence and Information Utilisation, Use of technology.
27. In total, 59 FIUs provided answers within the deadline. The information from these FIUs was used in both the quantitative and qualitative analysis. An additional answer was received after the deadline and this information was used in the qualitative analysis.
28. After analysing the responses from the participating FIUs, the project co-leads identified five groups of problematic issues and put them forward for discussion at the project team meeting. The FIUs involved in the project team were asked to provide their views on the problematic issues and to propose solutions, thus validating the existence of the problematic issues as such and providing additional possible solutions. Such views were received from 5 FIUs² that were incorporated in the project report.
29. The project report was prepared, taking into account the main aspects of questions in the questionnaire, including the following main sections:
 - AR national strategies;
 - Suspension/freezing powers of FIUs;
 - Strategic collaboration mechanisms: domestic and international cooperation;
 - Financial intelligence and IT tools to improve the AR process;

¹ FIU Jersey, FIU Cuba, FIU Venezuela, FIU Estonia, FIU the Netherlands, FIU Kyrgyzstan, FIU Bangladesh, FIU Nigeria, FIU Zambia, FIU Aruba, FIU Philippines, FIU South Africa, FIU Kazakhstan and UKFIU

² FIU Aruba, FIU South Africa, FIU Netherland, FIU Jersey, UKFIU



– Recommendations.

30. The project sections identify problematic issues, provide solutions from the project co-leads and the project team, as well as solutions to problems identified through the questionnaires. It also highlights good practice examples that can serve as improvements for enhancing the functioning of FIUs. The project report is supplemented by good practice examples provided by FIUs.



Definitions

31. As outlined in the UNCAC Chapter V, AR refers to the process by which the proceeds of corruption transferred abroad are recovered and repatriated to the country from which they were taken or to their rightful owners.³ Although relevant for corruption related assets, this definition can also be applied to AR cases in general.
32. A similar definition is provided in the FATF report on “Best Practices on Confiscation” (Recommendations 4 and 38) and on “Framework for Ongoing Work on Asset Recovery”, where AR is defined as the return or repatriation of illicit proceeds, where those proceeds are located in foreign countries.⁴
33. The UNTOC provides definitions of the terms “freezing” or “seizure,” which shall temporarily prohibit the transfer, conversion, disposition, or movement of property or temporarily assuming custody or control of the property based on an order issued by a court or other competent authority. The same document also defines the term “confiscation,” which includes forfeiture where applicable, shall mean the permanent deprivation of property by order of a court or other competent authority. Article 12 of UNTOC urges State Parties to adopt such measures as necessary to identify, trace, freeze, or seize the proceeds of crime.⁵ In this report, the term "freezing" will be considered in the context of the powers of the FIU, and the term "seizure" as the powers of the LEA, the prosecutor's office or the court in criminal proceedings.
34. Another essential term is directly related to FIUs' abilities to secure assets is the “suspension/postponement” of a suspicious transaction. The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism,⁶ in article 14, stipulates that “each party shall adopt such legislative and other measures as may be necessary to permit urgent action to be taken by the FIU or, as appropriate, by any other competent authorities or body, when there is a suspicion that a transaction is related to money laundering, to suspend or withhold consent to a transaction going ahead to analyse the transaction and confirm the suspicion. Each party may restrict such a measure to cases where a suspicious transaction report has been submitted.

³ https://uncaccoalition.org/learn-more/asset-recovery/#What_is_asset_recovery

⁴ <https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Best%20Practices%20on%20%20Confiscation%20and%20a%20Framework%20for%20Ongoing%20Work%20on%20Asset%20Recovery.pdf>

⁵ <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

⁶ <https://rm.coe.int/168008371f>

The maximum duration of any suspension or withholding of consent to a transaction shall be subject to any relevant provisions in national law.” Article 47 of the same Convention requires international cooperation related to postponing transactions based on a foreign request. Parties are required to adopt such legislative or other measures as necessary to permit urgent action initiated by an FIU, at the request of a foreign FIU, to suspend or withhold consent to a transaction going ahead for such periods and depending on the same conditions as apply in its domestic law in respect of the postponement of transactions.

35. The joint Egmont Group/World Bank/UNODC paper on “Suspending Suspicious Transactions”⁷ defines this as an administrative power to order the postponement of reported suspicious transactions as a means of preventing the outflow of suspect funds or assets. It should go beyond the reach of national law enforcement and prosecutorial authorities during the time it takes for those national authorities to seek and obtain freezing or seizing orders from the judicial or other competent authorities.

⁷ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/904741468336292131/suspending-suspicious-transactions>

Literature review

Egmont Group Work

36. Egmont Biennial Census (EBC) – the EBC is the Egmont Group’s primary source of statistics and knowledge. It is conducted every two years and all member FIUs are obliged to complete the census in its entirety. The 2024 EBC results analysis indicate that a vast majority of FIUs have the legal power to postpone transactions or freeze assets. However, it is not clear how effectively they use it in practice.
37. 2023 Joint Egmont Group/INTERPOL/FATF Report on “Illicit Financial Flows from Cyber-Enabled Fraud”⁸, this report addresses illicit financing emerging from fraud that is enabled through or conducted in the cyber environments. It includes a specific chapter on international co-operation and AR, in particular, it highlights the relevance of a quick response, standardising and collecting the minimum level of information required to establish criminality by using templates to facilitate rapid exchange of information. It also provides an overview of good practices that help to mitigate the risk of funds dissipating like developing domestic coordination mechanisms to facilitate requests and overcome legislative and enforcement framework differences, leveraging informal and public-private collaboration channels to first gather information and secure intelligence. The report also underscores the benefit of multi-lateral “rapid response” programs such as the INTERPOL’s Global Rapid Intervention of Payments (I-GRIP), the Egmont Group’s BEC Project and the U.S.’ Financial Fraud Kill Chain.

FATF Work

38. 2023 FATF Report on “Recovering International Proceeds of Crime through Inter-Agency Networks”⁹, this report recognises the ARIN and the CARIN, as useful platforms that provide sound support, not only in specific stages of the AR process, but also to the entire set of them. Either by facilitating informal assistance in asset identification, tracing, seizing, freezing, confiscation, and repatriation efforts, or by creating the necessary connections between countries to facilitate interaction, ARINs contribute in a meaningful manner to successful exchanges, supporting effective AR processes. The report sets out an overview of

⁸ <https://www.fatf-gafi.org/en/publications/Methodsand Trends/illicit-financial-flows-cyber-enabled-fraud.html>

⁹ <https://www.fatf-gafi.org/en/publications/Methodsand Trends/recovering-international-proceeds-crime-inter-agency-networks.html>

challenges and opportunity areas to leverage these networks, but also highlights the relevance they have when improving and fostering international co-operation.

The Swiss Confederation/Basel Institute on Governance and World Bank/UNODC Stolen Asset Recovery (StAR) Initiative Work

39. 2021 Summary report of the XI Edition of the Lausanne Seminar on “Boosting Co-operation in Asset Recovery”¹⁰, the report derives from one of the latest editions of the Lausanne Seminars, where recent practices and innovations on public-private collaboration to enhance AR processes were addressed. The document elaborates on partnerships between financial institutions, FIUs’ and LEAs’ with the purpose of identifying strengthens and challenges in the AR process, and a set of valuable key findings to develop a common ground that helps understanding basic steps to effectively recover proceeds of crime.

¹⁰ <https://baselgovernance.org/sites/default/files/2021-12/boosting-co-operation-in-asset-recovery.pdf>



Section I: Asset recovery national strategies in light of the recent FATF amendments

FIUs' AR Strategy

40. As one of the FIUs indicated in the questionnaire, an effective and good practice of AR process is primarily based on the following:
- Whole-of-government approach to AR, where there is strong commitment from all levels of government to tackle ML and criminal activities, preventing ML and criminal actors from accessing financial system, and recover criminal assets for restitution to victims of crime;
 - Comprehensive laws to detect and track criminal activities and their assets, as well as a range of legislative levers to seize and confiscate criminal assets to deprive criminals from profiting from their ill-gotten gains;
 - Use of technology and data analytics to enhance detection and tracing of criminal syndicates and their illicit proceeds;
 - Robust inter-agency operational and enforcement coordination among LEAs, regulators and prosecution offices, to disrupt criminal syndicates and facilitate AR;
 - Strong international partnerships and information sharing with counterparts.
41. One can only agree with that, as confirmed by the indications provided by other FIUs on the identified AR strategies, implemented good practices, including the powers prescribed by the legislation, cooperation mechanisms and effective handling of standard and non-standard situations.
42. In conclusion, the AR strategy depends on FIUs powers and capacities. In most cases FIUs indicate that AR is an integral part of their work, alongside ML and TF identification. Some FIUs indicate that they start their work from STR analysis and upon noticing a possible ML or another criminal offence, they also carry out AR activities to identify and freeze the proceeds of crime. Other FIUs carry out targeted activities particularly to identify AR, such as strategic and tactical analysis to identify unexplained wealth, organised crime assets, etc. Some FIUs have pointed out that they do not have a specific strategy in the field of AR or have no competence in the field of AR. At the same time, FIUs that do not see themselves as competent in respect of AR also take measures to identify related proceeds of crime as part of their ML case analysis.

43. Similar to financial intelligence for ML and TF identification, an AR strategy can be based on close cooperation with LEAs and through access to a wide range of financial information (STRs, transaction records, KYC data, etc.), various registers, international cooperation information, freezing and bank account monitoring capabilities, as well as strategic, tactical and operational analysis.

AUSTRAC is an active member of the national asset recovery Taskforce-CACT. This means AUSTRAC actively collaborates, influences and provides support on asset recovery investigations in real-time, this greatly assists with the pace of investigations. (Australia)

Joint Analysis Team (JAT) projects: Collaborative efforts involving multiple agencies to address specific asset recovery challenges and improve coordination in tackling financial crimes. (Estonia)

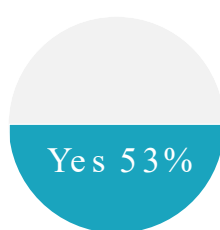
The Latvian FIU identifies the PPP Co-operation Mechanism as a very valuable and effective co-operation instrument for asset recovery, which allows the FIU to prepare and implement investigative or intelligence activities more effectively, as well as to co-operate more effectively between LEA and FIU. (Latvia)

The Asset Recovery Hub (the Hub) was commissioned in February 2023. Its focus was on combating Money Laundering activities by fast-tracking the processing and analysis of STRs towards asset recoveries in terms of Chapter 6 of POCA. The work of the Hub is conducted under the umbrella of the Anti-Financial Crime Coalition (AFCC) MOA entered in December 2021 between the FIC, DPCI & AFU. In addition, the Hub serves as a response to the FATF requirements towards institutionalising the Asset Recovery Hub. (South Africa)

44. Strategic analysis may be reflected in the NRA development when the AR capabilities of a country are evaluated. This may also involve focusing on specific research areas, such as identifying vulnerabilities, risks in the registration and trade of different types of property (real estate, cars, virtual currencies, etc.), or identifying new ML typologies in the concealment of the proceeds of crime.
45. Organised criminal groups and their means, as well as clusters of criminal schemes are identified during tactical analysis, when analysing large-scale personalised data. Tactical analysis can be targeted to identify suspicious transfers of ownership, such as buying or selling properties at a price that does not correspond to the market price or to the level of legally earned income of the

person. Specific identified cases are further verified by operational analysis techniques.

46. Operational analysis is carried out to identify ML/TF and other crimes, as well as the amount and location of the proceeds of crime, and to take measures to freeze them. Operational analysis also identifies unexplained wealth of a particular person.
47. An AR strategy can be formed by using a wide range of analytical methods and analytical tools. For example, using network analysis methodologies to detect and visualise interconnected entities to uncover intricate networks involved in illicit activities. Also, OSINT can be used to identify the connections of persons, their lifestyle and hidden properties. As well as monitoring and detection algorithms can be applicable to flag cases for financial intelligence.
48. An essential element of the AR process is the information available to the FIU. The information analysed by the FIU is based on STRs, SARs and additional information obtained from financial institutions (account statements, KYC files, etc.), as well as access to state registers and datasets of open data. At the same time, access to a much wider range of transaction records is essential for an effective AR process, which is not passed to the FIU in the form of STRs or SARs, but according to certain threshold criteria such as the type and size of the transaction. See chapter
49. In view of the above, as regards AR processes of the FIU, the present report looks in more depth at the following aspects:
 - the FIU ability to freeze assets and other property;
 - national and international cooperation;
 - the FIU access to information and analysis of information.



Has your FIU identified any best practices to increase the effectiveness of the asset recovery process?

50. Out of the 59 FIUs that provided replies to the questions in the project questionnaire, 31 FIUs (53%) indicated that they had identified certain good practices that facilitate the AR process. Best practices are any mechanisms that exist outside the traditional FIU responsibilities or cooperation mechanisms, such as the involvement of data scientists to provide financial expertise, the use of liaison officers, the use of FIU information in evidence, etc. At the same time, effective national and international cooperation, effective delivery of results in terms of AR should also be

considered as good practice. Examples of these good practices are given in the following sections.

51. Out of the 59 FIUs, 27 FIUs (46%) revealed that they were conducting particular AR targeted staff training and capacity building activities.
52. FIUs develop both internal procedures and a staff training system to ensure an efficient AR process. Internal procedures are introduced that require each FIU analyst to complete a specific course in the fields of financial investigation, financial analysis or asset identification.

There is a substantial training and development programme within the UKFIU which incorporates mandatory training which needs to be undertaken by officers. This includes a number of new training modules including around money laundering typologies. (United Kingdom)

All new officers attend compulsory training which includes training on legislation related to identifying, tracing and recovering assets, tools used and channels for international cooperation. Our officers also attend regular training sessions and courses such as the regional Financial Intelligence Analyst Course to stay updated and/or refresh ourselves on asset recovery. (Singapore)

53. FIUs develop internal procedures for handling urgent cases, suspending transactions or accounts, identifying assets, including what property-related information should be searched for, when and in which information systems.
54. FIUs also distribute a monthly newsletter to analysts with operational information, reminders and focus areas, including on asset identification, as well as present examples of effective cases where other colleagues can learn about new crime typologies, phenomena or learn new crime detection methods and asset identification techniques.

CTIF-CFI has developed internal processes for the treatment of urgent case files and the procedure for suspending transactions or accounts and distributes a monthly newsletter to the analysts containing operational information, reminders and focus areas, including on identifying assets. (Belgium)

55. Joint training and exchange of experience with the ARO are organised in addition. Such training is aimed at presenting information on the FIU and ARO work tasks and methods, as well as discussing matters relating to the mutual exchange of information.

The FIAU and the Asset Recovery Bureau entered into a MoU in 2024 to enhance cooperation and exchange of information in support of their respective functions. One form of such cooperation includes the setting up of training activities. (Malta)

56. An online training platform has been set up by FIUs. Accordingly, FIUs endeavour to record and upload training that has taken place, including training related to AR. The online platform also includes other training materials, such as presentations or specially prepared online course modules. The online platform is intended for FIU analysts, LEAs, REs and SCAs, according to their level of access.

FIU analysts shall participate in training organised by FIU dealing with asset recovery issues. Such training presentations are provided by foreign experts, prosecutors, analysts, as well as by FIU analysts. The FIU has an on-line environment where materials from the training of FIU staff are available. These materials may be made available to the FIU, LEAs and Res, according to their level of access. (Latvia)

57. The FIU has set up a specific training room where FIU analysts and LEAs can conduct joint training in the fields of financial analysis, cryptocurrency flow analysis and other issues related to the AR process. The training room is equipped with computers and multiple monitors, also providing an opportunity to organise online conferences.
58. The FIU representatives participate in training events and conferences organised by LEAs or organise such themselves, inviting both local and foreign experts to discuss such topics as criminally acquired property and identification thereof; analysis and presentation of large-scale data to facilitate its use as evidence; use of financial investigation tools to prove unexplained wealth, criminal origin of funds; effective use of IT tools to analyse account statements, etc.
59. The FIU representatives also participate in trainings and conferences on AR organised by various international organisations:

- ECOFEL – Global Asset Recovery Conference (2023);
- FATF/Guardia di Finanza – First Learning and development Forum on Asset Recovery (2023);
- Basel Institute on Governance – Asset Recovery and Financial Research Training Program;
- GLACY+ and INTERPOL – Advisory workshops on search, seizure, and confiscation of online crime proceeds;
- COMESA – Regional Trainings on Financial Investigations and Asset recovery.

60. With regard to the question: “How many instances of asset forfeiture have taken place in 2023 and how many of those were based on FIU intelligence?”, FIUs mainly indicate that such information is not kept or that such information lies within the competence of other authorities, for example, the prosecution office. Such responses have also been provided by FIUs that have freezing functions. In some of the replies, FIUs have also only indicated the results of their work, such as the amount of frozen funds and the number of immovable properties, or the number of cases where they have carried out financial intelligence or asset recovery measures, which in some cases is supplemented by information on the seizure of these funds. Only some FIUs have indicated the amount of assets seized in 2023 and the extent of their involvement in the seizure of such assets.

In 2023, court decisions came into force, where 21.4 EUR million were criminally acquired, including 20.6 million is recognised as of criminal origin in criminal proceedings initiated on the basis of information provided by the FIU. (Latvia)

In 2023, based on FIU intelligence, the following assets have been confiscated - 140 billion Uzbek sum and 463,000 USD. (Uzbekistan)

61. It should be noted that FATF Recommendation 33 “Statistics”¹¹ provides that countries should maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of their AML/CFT systems. This should include statistics on property frozen, seized and confiscated. Accordingly, statistics on the amount of assets seized on the basis of the FIU intelligence information or freezes would be one of the indicators of the effectiveness of the FIU involvement in the AR process.

¹¹ FATF recommendations (Updated November 2023), <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

Amendments to the FATF Standards to Strengthen Global Asset Recovery

62. In 2023, the FATF, amended Recommendations and/or Interpretive Notes 4, 30, 31, 38 and 40 with the purpose of providing a robust tool kit to LEAs, FIUs, prosecutors, AR experts and competent authorities, to target and confiscate criminal assets in a more effective manner.
63. Prioritising AR at the domestic and international levels, reviewing periodically confiscation policies and operational frameworks, and suspending or withholding consent to transactions, freezing and seizing expeditiously, are among the main changes to help countries deprive criminals, terrorists, and their organisations, of the illicit proceeds and assets that fuel their unlawful activities.
64. Those changes aim to respond to challenges that countries, authorities, and relevant stakeholders are facing, such as the speed of criminal activity, the misuse of technology and the continuous evolution of threats and methods related to ML and TF.
65. The 5th Round of Mutual Evaluations of the FATF, will be distinguished by effectiveness, and FIUs play a key role in delivering the proper outcomes when preventing and combatting ML/TF by supporting AR processes, which can be clearly verified when stopping money flows in the framework of criminal activities, and recovering assets to be returned to victims of crime or other appropriate purposes.
66. New activities implemented by the FIUs to increase the effectiveness of asset recovery. Considering the latest amendments to the FATF Standards (R.4, 30, 31, 38 and 40),¹² countries have carried out different actions to comply with the new requirements. Among the most common are the legislative amendments to the main national AML/CFT laws, to enable its competent authorities to apply provisional measures expeditiously; as well as the adoption of National AR Plan or Strategy that includes the measures to be implemented and the authorities responsible in this process in order to increase the effectiveness. Meanwhile, some other jurisdictions are analysing and exploring possible measures to comply with the new standards, ranging from structural changes to the competent authorities and increasing resources to meet operational needs, to ensuring and

¹² FATF recommendations (Updated November 2023, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>)

strengthening cooperation and adequate and timely exchange of information between authorities to ensure the effectiveness of the AR process.

67. Results of the last Mutual Evaluation Reports on Immediate Outcome 8 – FIU asset recovery efforts. Most jurisdictions mentioned that the FIU's actions in AR were recognised under Immediate Outcome 8 in their last assessment, emphasising the recognition of the existence of a broad legal and sound system for freezing, seizing and confiscation measures, of a range of powers and mechanisms that are being used, but highlighting that the results achieved are only moderately effective. In addition, in most cases it was highlighted that the FIU is not directly responsible and is not the only one involved in AR, but only in a support capacity, so inter-agency cooperation is essential when dealing with this issue, as LEAs are primarily responsible for AR. Finally, very few jurisdictions achieved a substantial level of effectiveness in this Immediate Outcome in their last Mutual Evaluation, whose Mutual Evaluation Report identified that they recognized the importance of AR and actively pursue confiscation as a policy objective and demonstrated the ability to recover ML/TF assets.
68. Impact of the recent FATF amendments to Recommendations 4, 30, 31, 38 and 40 on the role of the FIU in the AR process. Most jurisdictions stated that the recent amendments to Recommendations 4, 30, 31, 38 and 40 have not had a major impact on the role of the FIU in the AR process. Some others mentioned that, due to the recent amendments, they are still analysing the actions and measures to be taken to comply with the new requirements; while a few other jurisdictions expressed that the FIU's capabilities and powers have been reassessed in line with the revised recommendations.
69. Ways in which the updated FATF Recommendations can assist jurisdictions to address the rapid pace of criminal activity in the digital era. On this issue, jurisdictions agree that the FATF standards provide a framework for developing national policies and procedures and have been a benchmark that has enabled legislative, strategic, and operational changes to be made in order to cope with the rapid pace of criminal activity in the digital age. They also stated that the updated Recommendations have sensitised national authorities to adopt a proactive approach to the prosecution of illicit funds, thereby encouraging them to proactively engage their foreign counterparts where appropriate and contributing to the strengthening of cooperation and information exchange at the national and international levels. Finally, although the jurisdictions recognise the progress made so far in preventing and combating ML/FT in the digital era, they also note

that the regulatory and supervisory approach to cybercrime still diverges significantly between different jurisdictions, generating the possibility that the risks and threats that arise are not effectively combated, so they agree that there are still many opportunities for improvement in this area.



Section II: Suspension/Freezing powers of FIUs

70. As mentioned above, FATF amendments to Recommendations 4, 30, 31, 38 and 40 introduced stronger tools to temporarily freeze, seize, and restrain suspected criminal property, including the power to suspend or withhold consent to transactions and freeze and seize expeditiously, also based on foreign requests.
71. FATF Recommendation 4 states that countries should have measures, including legislative measures, to enable their competent authorities to:
- suspend or withhold consent to a transaction;
 - expeditiously carry out provisional measures, such as freezing and seizing, to prevent any dealing, transfer or disposal of criminal property and property of corresponding value.¹³
72. Furthermore, FATF Recommendation 40 stipulates that countries should ensure that the FIU or other competent authority is able to take immediate action, directly or indirectly, to withhold consent to or suspend a transaction suspected of being related to money laundering, predicate offences, or terrorist financing, in response to a relevant request from a foreign counterpart. If the competent authorities having this power in the requesting and the requested countries are not counterparts, countries should ensure that the FIU is able to send or receive such requests.
73. The United Nations Convention Against Transnational Organized Crime (UNTOC),¹⁴ in Article 12, obliges to adopt measures as may be necessary to enable the identification, tracing, freezing or seizure of proceeds of crime or property the value of which corresponds to that of such proceeds; property, equipment or other instrumentalities used in or destined for use in offences.
74. The Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism,¹⁵ in article 14, stipulates that “each party shall adopt such legislative and other measures as may be necessary to permit urgent action to be taken by the FIU or, as appropriate, by any other competent authorities or body, when there is a suspicion that a transaction is related to money laundering, to suspend or

¹³ FATF recommendations, <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

¹⁴ <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>

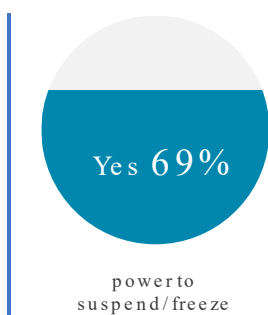
¹⁵ <https://rm.coe.int/168008371f>

withhold consent to a transaction going ahead to analyse the transaction and confirm the suspicion.

75. Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849¹⁶ Article 24 states, that Member States shall lay down the period of suspension or withholding of consent applicable for the FIUs analytical work which shall not exceed 10 working days. Member States may lay down a longer period where, pursuant to national law, FIUs perform the function of tracing, seizing, freezing or confiscating criminal assets. Where a longer period of suspension or withholding of consent is laid down, Member States shall ensure that FIUs exercise their function subject to appropriate national safeguards, such as the possibility for the person whose transaction has been suspended to challenge that suspension before a court. Member States shall ensure that FIUs are empowered to suspend or withhold consent as referred to in this paragraph at the request of an FIU from another Member State. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 10 July 2027.
76. At the same time, despite international laws and regulations that impose the obligation on countries to take measures to identify and freeze assets, such powers are not always granted to the FIU, but to another authority, which is not always entitled to respond to requests for information and asset freezing made within the framework of the FIU cooperation. It should be highlighted that, according to FIUs, the lack of powers to suspend transactions/freeze assets is one of the most important challenges hindering their involvement in effective AR process.

¹⁶ <https://eur-lex.europa.eu/eli/dir/2024/1640/oj/eng>

Freezing of funds



77. Out of the 59 FIUs that provided replies to the questions in the project questionnaire, 41 FIUs (69%) indicated that they have powers to suspend/freeze the proceeds of crime.

78. Some FIUs indicate that they can apply a transaction suspension directly. At the same time, the scope of a transaction suspension varies among FIUs. There are FIUs that have the power to suspend a specific payment. However, other FIUs can apply transaction suspensions more broadly, including the prohibition of certain types of transactions or activities, which by their nature is similar to an asset freeze.

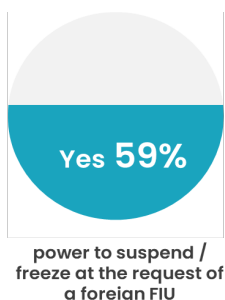
79. More than half of the surveyed FIUs can impose an asset freeze. This notion should be regarded more broadly than suspension of a transaction. An asset freeze can be applied to both suspend a specific transaction and freeze the proceeds of crime or funds of an equivalent value in an account.

80. When assessing the replies of FIUs as regard to their powers to implement transaction suspensions or asset freezes, there are no apparent features of their powers that would apply only to one of these instruments at the disposal of FIUs. Therefore, they will be addressed together as an asset freezing procedure.

81. FIUs point out that the right to freeze funds in international cooperation is affected by:

- Timely Information Sharing – 64%
- Risk Mitigation – 49%
- Collaborative Investigations – 58%
- Disruption of Criminal Networks – 64%
- Trust Building and Reciprocity – 49%
- Other – 22%

82. FIUs have also pointed out that the right to freeze assets ensures the effectiveness of crime prevention and securing the interests of victims, securing assets for later seizure and confiscation and depriving criminals of criminal assets.



83. Not all FIUs authorised to implement asset freezes at national level are entitled to do so upon request of a foreign FIU.

84. In such cases, it is possible that upon receiving the request for an asset freeze from a foreign FIU, the FIU may launch a national investigation and implement the asset freeze at its own initiative. However, it should not be considered as a fully alternative solution to the execution of requests from foreign FIUs, as it depends on the priorities of the FIU of the recipient country and its interest in a particular case.

85. Out of 59 FIUs, 35 FIUs (59%) have indicated their right to freeze assets upon request of a foreign FIU. FIUs that have the power to freeze assets upon request of foreign FIUs have not identified that they have a different framework for freezing assets at their own initiative or upon a request of foreign FIUs. Detailed information on each country's freezing powers can be obtained from the Egmont Biennial Census 2024.

86. Most FIUs authorised to implement asset freezing can do so for relatively short periods, namely, 72 hours, 5 working days, 10 days, etc., which could be referred to as short-term asset freezes.

87. This relatively short period of asset freezing is mainly explained by the necessity to prevent tipping off, i.e. to prevent a person subject to asset freezing measures from becoming suspicious of the FIU or LEAs involvement.

88. It should be noted that such an explanation would be consistent with the freezing of assets at national level, which follows the REs report. In such cases, it is important to make an initial assessment within the given period of the suspected ML or another criminal offence, the criminal origin of the funds, understand the capacity of the LEA, prosecution office or court to investigate the respective crime and assess how freezing of funds could affect an ongoing investigation. At national level, the LEA, prosecution office or court may take urgent measures to secure the seizure of assets during such a short-term asset freeze.

89. However, a short-term asset freeze may not be sufficient to secure the seizure of frozen assets through international criminal justice cooperation instruments. Accordingly, at the end of the freezing period, the funds can be released without

waiting for the seizure to be executed within the framework of criminal justice cooperation.

90. Several FIUs have indicated that they pass on information contained in the request for an asset freeze received from a foreign FIU on a possible ML or another criminal offence to the national LEA for the purpose of assessing the initiation of a national criminal investigation and, consequently, the possible seizure of the proceeds of crime. Such a mechanism would also ensure that funds are protected from diversion and create more opportunities for further international criminal justice cooperation.
91. Unfortunately, not all FIUs with short-term asset freezing capabilities or none at all, have identified that they pass information to national LEAs for the initiation of national criminal investigations. Consequently, short-term asset freezing activities may not be effective, as the proceeds of crime may not be seized after their initial detention or freezing.
92. It should also be noted that 24 FIUs (41%) of the 59 FIUs that participated in the survey do not have the power to suspend a transaction or freeze assets upon request of a foreign FIU or do not have such a power at all.
93. It is important to note that there are situations where the FIU chooses not to send a request at all to the FIU of a country that does not have asset freezing powers, or where the asset freezing period is very short and there is no information that steps could be taken to initiate national criminal proceedings and seize the assets.
94. Some FIUs have drawn attention to relatively long freezing periods, such as 30 days, 45 days or more. It is possible to secure a seizure within the framework of international criminal justice cooperation within this period. Accordingly, the FIU shall ensure the freezing of suspected proceeds of crime until the foreign law enforcement authority has taken the necessary international criminal law assistance measures to secure the seizure of assets.
95. FIUs with the power to freeze funds for 30 days or more indicate that they have the obligation to communicate the decision to freeze funds to the person whose funds may be restricted. In such case, there are no considerations that the person should not have been aware of the measures to freeze the assets.

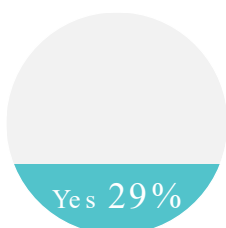
96. At national level, the non-disclosure of information on the freezing of assets to the person to whom the assets belong is a very effective element in protecting the interests of the investigation when an investigation has not yet been initiated openly against a particular person and preparation for an “action day” are under way. There are also situations where joint international activities are planned within the framework of FIU cooperation, and the freezing of assets may need to remain secret for a certain period in order to maintain the secrecy of joint investigative activities. At the same time, is such secrecy essential when the primary objective is to ensure that the proceeds of crime can be returned to the injured parties or confiscated? In the vast majority of cases where a foreign FIU makes an urgent request for an asset freeze, its primary objective is to secure assets and the secrecy of such a freeze is secondary or irrelevant.
97. Consequently, there are different practices among FIUs, both as regards the period for freezing assets and the position on informing a person of such a restriction of their right to property.
98. In addition to the lack of freezing capacity, FIUs also identify the lengthy processing and response to such freezing requests as a significant challenge. The FIU needs to receive a prompt reply from the other FIU on the measures taken to freeze the assets in order to be able to pass on the information to the LEA or the prosecution office during the limited period of the asset freeze, which would organise the seizure already within the framework of criminal justice cooperation.
99. As regards the rapid circulation of information in asset freezing cases, FIUs note that sometimes the requesting FIU has not clearly identified the urgency of the request. In urgent cases, informal channels, such as phone calls, emails or video conferences, should be used in addition to formal communication. It is observed that sometimes requests provide a vague identification of the suspected offence and its link to the person or account to be frozen. As indicated in the section on asset freezing in this report, FIUs must reach a certain level of suspicion of criminality in order to be able to implement an asset freeze. In some cases, the person whose assets have been frozen may appeal the FIU asset freezing decisions to courts and therefore the FIU should have sufficient information to explain the justification for the asset freeze in court. At the same time, there are cases where the freezing order requires a very strict link to the predicate offence and a clear indication that the funds to be frozen are the proceeds of a certain predicate offence. Such strict requirements do not allow effective freezing of funds in stand-alone ML cases. FIUs should have a common understanding that freezing

of assets is also possible in stand-alone ML cases where there is no clear indication of a specific predicate crime.

100. The following question was defined to the project team: In case of short-term freezing or no freezing powers – measures that should be taken so that a national criminal investigation is immediately launched and the funds are seized, which would also allow criminal legal cooperation for the return of the funds?
101. Suggestions from the project team: Improvement of cooperation among FIUs and national LEAs by providing for the right of the LEA to obtain the decision from a judge to freeze assets for up to 90 days as a matter of urgency. The decision by a judge would be based on the information provided by the foreign FIU, supplemented by information available to the national FIU and the LEA (if available). Such a freezing period would ensure international criminal justice cooperation for the seizure of assets.
102. It is also proposed to create the “Egmont Request for Assistance – Seizure and Criminal Investigation Form” that includes the following:
 - indicators of urgency;
 - justification for funds being frozen and a timely criminal investigation started;
 - information held in respect of the suspects and source of the funds.
103. The project team has also pointed out the need to comply with Egmont’s Operational Guidance in respect of the scope of the information to be included in the request. The information provided by the FIU should be sufficient to raise suspicions about the criminal origin of the funds.
104. To summarise, the national FIU should be able to take action in accordance with the interests of the requesting FIU. Most often, these interests will take the form of freezing criminal assets or their proceeds, up to and including seizure, through instruments of international criminal justice cooperation. If the FIU has not been granted an asset freezing power that allows the freezing of assets for a period within which international criminal justice cooperation can ensure the actual seizure of those assets, the FIU and national LEAs, prosecution office and courts should have in place mutual cooperation mechanisms to initiate urgent national criminal investigations and seize assets in the context of national criminal investigations. This would also provide opportunities for further international criminal justice cooperation and asset recovery.

105. Consequently, countries should continue to take steps to ensure FIUs with asset freezing capabilities. FIUs with no or short-term asset freezing powers should also make it clear and communicate to international partners that they will also pass on information to the national LEAs, including by requesting an urgent national criminal investigation and asset seizure.

Freezing of property



power to
suspend/prevent the
re-registration of the
property

106. One of the essential elements of the AR is the ability to confiscate the proceeds of crime. This requires the identification of such funds in whatever form they may take and, once identified, their freezing, seizure for future confiscation or return to the injured party, according to the strategy chosen by the investigation team.

107. Similarly to freezing financial assets, the ability of FIUs to react promptly and freeze assets without delay to allow for future seizure and confiscation is also essential for the recovery of other types of criminal property. If such property is not frozen, it may be re-registered in the name of another person until the implementation of seizure within the framework of international criminal justice cooperation.

108. In total, 17 FIUs (29%) out of 59 FIUs have indicated that they have the power to suspend or prevent the re-registration of property or to freeze such property. FIUs holding such powers have indicated that the freezing of property is subject to the same conditions as the freezing of financial assets, both in terms of the period of freezing and the conditions for notification or non-notification of the person. FIUs holding the power to freeze property include FIUs with both short-term freezing powers and longer-term freezing powers.

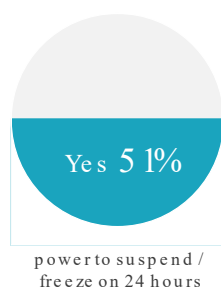
109. FIUs note that the ability to identify and freeze both financial and non-financial assets in a timely manner is clearly a good practice, thus providing essential support in the AR process.

The FIU Latvia has the power to freeze immovable and movable property. By carrying out the financial analysis and concluding that the proceeds of crime are integrated into real estate, the FIU may suspend the re-registration of such property, and then report the suspicions to the LEA. Between 2020 and 2023 the FIU has frozen approx. 90 properties. (Latvia)

Regarding the FIU asset freezing procedure, FIU Peru has identified two best practices: the first one refers to the virtual asset findings, in which the FIU was able to freeze virtual assets because it used open-source and closed source blockchain tracking tools; and the second refers to VASPs companies willing to comply with freezing orders. (Peru)

110. Egmont member countries should take action to ensure FIUs with asset freezing capabilities to improve the efficiency of the asset recovery process.

Freezing capabilities 24/7



111. In total, 30 FIUs (51%) out of 59 FIUs have indicated that they can freeze funds urgently, including taking into account that the banking services are available 24/7.

112. Some of the FIUs that gave an affirmative reply have made it clear that they can implement both day and night asset freezes. Some FIUs have indicated that 24/7 asset freezes could be implemented in certain cases, but not as a matter of routine procedures.

The FIU can suspend transactions including those taking place via 24/7 Internet banking. This is because once the FIU has reached a conclusion that there are proceeds of crime involved, it has powers at any point, both day and night, to cause the reporting entity whether financial or money value transfer services to halt transactions on its clients account at any point that determination is made. (Uganda)

To address the challenges regarding asset securing for international cooperation, specifically in cases of false international transfer orders (referred to as “FOVI” in French), Tracfin has a specific organisation to act quickly to secure the funds if the order has been carried out in the last 48 hours. (France)

113. At the same time, some FIUs gave an affirmative reply, also indicating that decisions are taken promptly (but within working hours). It is also pointed out that the freezing of funds is applicable to any financial service, without linking the issue to the continued operations of the FIU. Thus, the total number of FIUs that could freeze funds 24/7 does not reach 51%.
114. Accordingly, there are FIUs that are able to ensure freezing of funds at any time of the day and night, and to respond in a timely manner to 24/7 Internet banking services, but the number of such FIUs is limited. Egmont member countries should consider mechanisms for FIUs to be able to provide 24/7 asset freezing.

Requirements for freezing

115. In order for the FIU to be able to comply with the request for an asset freeze received from a foreign FIU, the requesting FIU must be able to provide detailed information about the crime, the criminal origin of the funds, the link to the country where suspension or freezing of the funds is requested, etc.
116. In response to the question in the questionnaire: “What information is required to enable the use of suspension power or refuse consent to a transaction?”, a part of FIUs refer generally to the Egmont Group Principles of Information Exchange.
117. Paragraph 17 of the Egmont Group Principles of Information Exchange provides that when requesting cooperation, FIUs should make their best efforts to provide complete, factual and, as appropriate, legal information, including the description of the case being analysed and the potential link with the country receiving the

request. This includes indicating any need for urgency to enable timely and efficient execution of the requests.¹⁷

118. Other FIUs point to detailed information (results of the FIU analysis) that would allow taking of the decision to freeze the funds, including an indication of the criminal origin of the funds and the link to ML, TF or a predicate offence.

119. The FIUs have also pointed out in their replies the need to identify:

- ongoing investigations;
- the connection of the transaction to be suspended or the funds to be frozen to an offence or the criminal origin of the funds;
- the criminal offence – nature of the crime, time period, place, method of committing, person involved, amount of possible proceeds of crime;
- whether the request is based on an STR analysis or upon request of the LEA;
- authorisation to use the information for the purposes of an asset freeze or to pass the information on to the LEA;
- provision of assurance about the interest of the requesting country in the assets to be frozen, whether they will be requested, seized or subsequently confiscated within the framework of international criminal justice cooperation.

120. The authorisation to pass on information to LEAs is particularly important because, as mentioned above, a number of FIUs have the obligation to pass on information to national LEAs or the prosecution office in the event of an asset freeze. Moreover, in the case of short-term freezing capacities, this is of particular importance, because national LEAs, through initiation of national investigations and asset seizure, can secure the assets also in the interest of the requesting country.

121. The question of the powers of the FIU is also intrinsically linked to the scope of the information to be included in the request. The distinctive element of both the question on the information required and the question “Does your FIU have any standards or legal tests when deciding to suspend or refuse consent to transactions?” is the scope of the crimes in relation to which the FIU is empowered to implement asset freezes.

¹⁷ Principles of Information Exchange between Financial Intelligence Units, https://egmontgroup.org/wp-content/uploads/2022/07/2.-Principles-Information-Exchange-With-Glossary_April2023.pdf

122. The asset freezing powers of FIUs are most often applied to ML, predicate offences and TF. In some cases, a mandatory link to the predicate offence is specified as a limiting element. As noted above, such a requirement may limit the freezing of assets in stand-alone ML cases. FIUs should have a common understanding that freezing of assets is also possible in stand-alone ML cases where there is no clear indication of a specific predicate crime.
123. FIUs refer to the power to freeze the proceeds of crime or pooled funds to the extent of the proceeds of crime, while the power to freeze instrumentalities is only mentioned in certain cases.

Safeguards

124. In most FIUs, the asset freezing order is approved within the FIU, either approved by the head thereof or by a specially established internal committee. In some cases, the prosecution office must be informed immediately of the asset freeze. However, if the person whose funds are frozen is informed of such freezing, they have the right to apply to the courts to challenge the legality of the decision. Such notification of persons and the possibility to challenge the decision taken by the FIU are possible in cases where the asset freeze exceeds 30 days. In some cases, the FIU applies to the prosecution office or a court for issuing an asset freezing order. In such cases, the period for freezing funds may be significantly longer than 30-45 days.
125. All FIUs with freezing powers have indicated that they have safeguards to ensure responsible use of freezing powers. Such safeguards include, first and foremost, acting in accordance with the laws and regulations that the freezing of assets shall only apply in those cases and in respect of those assets that the FIU is authorised to freeze.
126. Safeguards also cover detailed guidelines and procedures for asset freezing decisions; decisions are made by applying the four eyes principle and the final decision is taken by FIU senior management or a committee; the decision may be coordinated with legal advisor; in certain cases, the decision is taken by the prosecution office or a court at the initiative of the FIU. In some cases, FIUs indicate that persons whose funds are frozen have the right to apply to a court for a review of the freezing decision. The FIU obligation to cancel the decision to freeze assets in cases where the grounds for freezing are no longer applicable is also essential for ensuring safeguards. Some additional safeguards are also provided by the transfer of information to LEAs, the prosecution office, which decides

whether to initiate criminal proceedings and seize funds that have previously been frozen.

All information sharing activity in the UKFIU is conducted in accordance with GDPR and respect for an individual's human rights. As such information can only be identified and shared for an intended purpose. Cases are kept under review throughout the initial 7 working days + 31 calendar days of suspension by the UKFIU and reviewed immediately following representation by the reporter and/or the subject. The UKFIU will remove the suspension at any time during the suspension period if it is not proportionate to keep the activity suspended. (United Kingdom)

The underlying principle is that the issue of a Letter of No Consent (LNC) should be reasonable, necessary and proportionate in the circumstances of a case and each case must be decided on its own facts and merits. (Hong Kong)

This is an important prerogative that enables to postpone the execution of an operation during a period of 10 days. The transaction may be brought to Tracfin's attention by a RE, a government department or foreign FIUs. In all cases, Tracfin contacts the court that will receive the information note from Tracfin, in order to present their case and find out whether or not they will request a criminal seizure. If the response is positive, Tracfin exercises its right to suspend the transaction. All measures in place ensure that the professional in charge of the transaction will not be exposed and that the existence of an investigation will not be revealed. The power to suspend is used only when there is an imminent risk of funds and capital being diverted. (France)

The FIU Latvia must assess whether there are reasonable grounds for suspecting a criminal offence committed to issue a freezing order. It is also necessary to assess proportionality. The FIU Latvia has the right to freeze only criminally acquired funds or mixed funds in the amount of criminally acquired funds. The freezing order should contain detailed information on the alleged criminal offence. The freezing order shall be received by the person whose funds are frozen. The person has the right to appeal the FIU order to the judge within 30 days. (Latvia)

Steps taken to address challenges or complexities regarding asset securing

127. Egmont Group member FIUs and their jurisdictions are continuously implementing measures to enhance international cooperation in the AR. These measures concern the provision of adequate FIU capacity which allows the FIU to act very promptly and to ensure the freezing of assets 24/7 or within another very short timeframe. Such measures also focus on the use of different cooperation channels for more efficient information acquisition and dissemination of freezing orders, such as ARO, CARIN. FIUs also conclude MoUs with each other thus facilitating international cooperation in both asset recovery and information exchange, and participate in various international projects between FIUs and LEAs that promote the exchange of information and experience. In order to make the AR mechanisms more effective, FIUs cooperate with national authorities involved in asset recovery at both strategic and operational levels.

FIU Singapore is a member of multi-jurisdiction projects such as Egmont Business Email Compromise Project and FICG Multi-jurisdiction Cyber Enabled Fraud project. These projects aim to recover assets with timely information exchange between like-minded FIU members and their domestic LEAs. FIU Singapore also supports LEAs' initiatives such as participation in INTERPOL's I-GRIP, membership in International Anti-Corruption Coordination Centre, as well as Asset Recovery Interagency Network Asia Pacific (ARIN-AP). In these LEA platforms/initiatives, FIU Singapore provides timely exchange of financial intelligence between the FIUs of participating members and work closely with respective domestic LEAs to facilitate AR. FIU Singapore also participates in international fora to strengthen global asset recovery such as FATF INTERPOL Roundtable Engagement (FIRE). This keeps us updated of international best practices. (Singapore)

The FIU Finland has in-house capabilities in multiple languages and has the support of translators in 21 languages if necessary. The ARO is within the same organisation and the FIU maintains close cooperation with it and has access to other ARO and CARIN counterparts. The FIU also has direct access to all the assets of the Intelligence Division and the Investigation Division of the NBI including the Interpol NBC, Europol National Unit and SIS/Sirene. (Finland).

The Tunisian FIU has signed several MoUs with various FIUs in the world in order to address challenges or complexities regarding international cooperation. Tunisian authorities have established in 2020 a national committee in charge of AR in which the Tunisian FIU is a permanent member. (Tunisia)

Section III: Strategic collaboration mechanisms: domestic and international cooperation

International cooperation

128. The international exchange of information by FIUs is an essential element in the fight against ML and TF. Compared to international criminal justice cooperation, such cooperation between FIUs can offer the possibility to obtain the necessary information on funds hidden in another country much more quickly, as well as to ensure the temporary detention of criminal assets pending their seizure through criminal proceedings in a relatively expeditious manner.
129. According to the Egmont Group Principles of Information Exchange between Financial Intelligence Units,¹⁸ FIUs should exchange information with foreign FIUs. In addition to the information that entities report to the FIU (under the receipt function), the FIU should be able to obtain and use additional information from RE as needed to perform its analysis properly. FIUs should be able to conduct queries on behalf of foreign FIUs and exchange with these foreign FIUs all the information that they would be able to obtain if such queries were carried out domestically.
130. At the same time, FIUs mention the delayed international cooperation as a major weakness of the ML identification and AR process. This applies to both

¹⁸ https://egmontgroup.org/wp-content/uploads/2022/07/2.-Principles-Information-Exchange-With-Glossary_April2023.pdf

international cooperation between FIUs, as well as police-level and criminal justice cooperation. There are countries that do not respond to requests for a long time, or do not respond at all. Delayed international cooperation between FIUs and delayed access by FIUs to information on transactions, transaction initiators, as opposed to the speed of modern transactions, often make the AR efforts of FIUs less effective.

131. As with requests for an asset freeze, the FIU points out that in order to be able to comply with requests in the best possible quality and timeliness, they must clearly identify the urgency, the circumstances of the case, the link to the country from which the information is requested. The request should also identify the purpose for which the information will be used and give an indication of the possibilities for use and dissemination of the information contained in the request. In urgent cases, also informal channels, such as phone calls, emails or video conferences, should be used in addition to formal communication.
132. The ability of FIUs to provide the necessary information is also a major constraint to international cooperation between FIUs. There are FIUs that can only provide information at their disposal when they have carried out their own investigations as part of their STR analysis. This way, upon request of foreign FIUs, FIUs cannot request information at the disposal of RE, such as account statements or customer due diligence files.
133. One of the challenges in the area of international cooperation is situations where FIUs are not provided with online access to property registers and countries do not have centralised registers for certain types of property, making it time-consuming or significantly more difficult to obtain information. More detailed information in section: "Access to assets registries".
134. The ability to determine the place of registration of VASP is an increasing challenge, especially for global players with branches in many countries. FIUs that register such VASPs often refuse to comply with requests. Some FIUs have indicated that they use the Kodex platform <https://www.kodexglobal.com/> to communicate with VASPs, where it is possible to pass on information, freezing requests to several large VASPs. Also, LEAs use this communication channel. At the same time, there is no common understanding whether the transfer of FIU data through this platform is compliant with data protection rules and whether there is a high risk of tipping off.

135. The project team was asked the following question: One of the most frequently cited challenges is delayed responses or no response at all. What would be your suggestions to solve these challenges?
136. The project team made the following suggestions that could reduce delayed responses:
- requests must contain all the information contained in the Egmont Principles for Information Exchange;
 - education of FIUs to increase quality of requests, including clarity on information requested, reduction in subjectivity in rationale for requesting the information. This may result in a reduction of queries being received/sent via ESW;
 - assigned specialists in FIUs for requests relating to asset freezes and initiating formal investigation, allowing immediate engagement with a member of the receiving FIU;
 - organisational measures are also being encouraged to carry out in-depth comprehensive studies on the challenges of timely international cooperation. The IEWG may collate and present holistic statistics on volumes of delayed/non-responses to requests via ESW at periodic Egmont meetings, and then call for FIUs to reduce delays/non-responses to requests for information.
137. One of good practice examples in national cooperation is the ability of the FIU to provide not only intelligence information, but also information that can be used as evidence in court. Of course, this is only possible in cases where local legislation permits it, and ensuring that in cases where foreign financial intelligence is involved, appropriate permission has been obtained from the foreign FIU. At the same time, foreign FIUs almost never authorise the use of information provided by the FIU as evidence in court, even in cases where an asset freeze is requested. It should be noted that freezing periods are sometimes very short and the time-consuming nature of asset seizures in the context of international criminal justice cooperation makes them impossible. The FIU receiving the request must pass on the information to its LEA or prosecution office and the country must initiate its own national investigation, including the seizure of assets agreed with the court within the framework of criminal investigations, which can be challenged by the affected party. If the foreign FIU denies the use of such information, including as evidence, it is sometimes impossible for the requesting recipient country to obtain substitute information for the foreign FIU information that could serve as a basis for the seizure of assets in criminal proceedings. It should be noted that, similarly, such authorisation is not granted even for information coming from official national registers, such as property

registers, which are very important for the AR process. Such information would serve as proof of the existence of property belonging to the person abroad and would allow for more effective enforcement of AR measures.

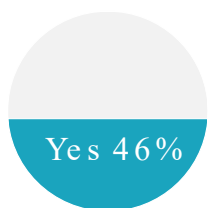
138. The project team was asked the following: Your opinion and possible measures that foreign FIUs allow to use at least the information from the property registers as evidence?

139. The replies provided by the project team were mainly affirmative to the extent that such information from registers could be used as evidence. The project team identifies that obtaining information once through intelligence channels and again through criminal justice channels is redundant and time-consuming. Delays also increase the risk that funds will be dispersed or the proceeds of crime will be transferred in the ownership of another person to protect them from confiscation. The information is factual, easily verifiable and not linked to other information. This information is not based on STRs/UTRs nor is it influenced by any subjective circumstances. If such information were used as evidence by another jurisdiction, it would not compromise the FIU, its functions or its confidentiality obligations.

140. At the same time, the project team draws attention to the following current obstacles:

- FIUs do not currently distinguish in their replies or requests between intelligence information obtained, for example, from STRs or from public registers. If only a separate section of the information provided by the FIU were used, this could lead to a desire on the part of the defence to have access to all the information that is not permissible. Consequently, measures would need to be taken to segregate such information, which would in turn increase both the resources required and the quantity of information to be transmitted;
- it is also mentioned that the FIU should not be identified as the source, despite the fact that it is information obtained from registers;
- the project team also suggests that this issue should be the subject of a wider discussion on whether FIUs, which are mostly administrative, should exchange information that would be used as evidence.

141. In addition to direct cooperation between FIUs through the ESW and FIU.net channels, cooperation in various international AR networks and with international organisations, such as Europol, Interpol, etc., play an important role in AR.



Does your FIU contribute to the regional Asset Recovery Inter-Agency Networks (ARINs) and regional FATF-Style regional bodies (FSRBs)?

142. Out of the 59 FIUs that responded to the project questionnaire, 27 FIUs (46%) indicated that they cooperate with the regional ARINs and regional FSRBs.

143. Given the wide geographical spread of the respondents, the answers on cooperation organisations also varied. These included organisations such as: Financial Action Task Force of Latin America (GAFILAT)¹⁹ and GAFILAT Asset Recovery Network (Red de Recuperación de Activos del GAFILAT, RRAG);²⁰

– Balkan Asset Management Interagency Network (BAMIN);²¹

- Asia/Pacific Group on Money Laundering (APG);²²
- Eurasian Group (EAG);²³
- Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG);²⁴
- Middle East and North Africa Financial Action Task Force (MENAFATF);²⁵
- Council of Europe Anti-Money Laundering Group (MONEYVAL);²⁶
- The Financial Intelligence Consultative Group (FICG) – regional body of FIUs from Southeast Asia, New Zealand and Australia;
- Asset Recovery Inter-Agency Network of Southern Africa (ARINSA);²⁷
- Camden Asset Recovery Inter-agency Network (CARIN);²⁸
- Anti-Money Laundering Operational Network (AMON) that connects law enforcement anti-money laundering units and facilitates cross-border financial investigations.

¹⁹ <https://www.gafilat.org/index.php/es/>

²⁰ <https://www.gafilat.org/index.php/es/rrag>

²¹ <https://www.bamin-network.org/>

²² <https://apgml.org/>

²³ <https://eurasiangroup.org/en>

²⁴ <https://www.esaamlg.org/>

²⁵ <https://www.menafatf.org/>

²⁶ <https://www.coe.int/en/web/moneyval>

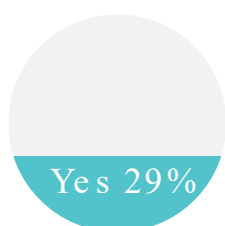
²⁷ <https://arinsa.org/>

²⁸ <https://www.carin.network/>

The UKFIU encompasses the asset tracing networks of CARIN and ARO alongside its Egmont responsibilities. Our remit is to receive, process and reply to requests for financial intelligence both domestically and internationally. Intelligence is shared via the secure platforms of Egmont or Siena (Europol system) or by encrypted emails in the case of CARIN. (United Kingdom)

RRAG allows for the exchange of information among the countries that have contact points in it, and among them and the contact points of other similar regional networks. In the first case, the exchange is carried out through an online platform, which is accessed with a username and password, and which is equipped with computer security measures that ensure the confidentiality of the information exchanged through it (such information travels encrypted). In the second case, the exchange is carried out by email among the contact points of the different networks, previously validated by the authorities of the respective network. In both cases, an official GAFILAT form, which has to be completed by the public authority requesting the information, is sent to the contact point receiving the request. (Argentina)

144. It should be noted that several FIUs that provided a negative response indicate that they cooperate indirectly, for example through national ARO units. The issue of cooperation with ARO is analysed in the report of IEWG project “FIUs’ Role in Asset Recovery”.



Does your FIU get involved in Europol/Eurojust/Interpol or similar organization activities or international joint investigations teams to increase the effectiveness of the Asset Recovery Process?

145. Out of the 59 FIUs, 17 FIUs (29%) indicated that they were involved in Europol/Eurojust/Interpol or similar organisation activities or international joint investigation teams to increase the effectiveness of the AR process.

146. Several FIUs highlight their cooperation with the Europol European Financial and Economic Crime Centre (EFECC). The EFECC supports law enforcement (and relevant public authorities) in their international financial crime investigations and aims at improving the recovery of criminal assets.²⁹ FIUs indicate that they participate in the EFECC analytical projects related to asset recovery. FIUs also participate in the Europol Financial Intelligence Public Private Partnership Steering Group (EFIPPP) which provides an environment for cross-border cooperation and information exchange between

²⁹ <https://www.europol.europa.eu/about-europol/european-financial-and-economic-crime-centre-efecc>

Europol, competent authorities (including FIUs and LEAs) and regulated financial service entities such as banks.³⁰ It is also pointed out to the cooperation within the FATF-INTERPOL Roundtable Engagement (FIRE) project³¹ and also the Interpol Global Rapid Intervention of Payments (I-GRIP).³²

147. Some FIUs identify cooperation with Interpol and Europol through participation and exchange of information in annual operational activities organised by these institutions, such as the European Money Mule Action (EMMA)³³ and Interpol's Operation First Light against online scammers. It should be noted that the European Public Prosecutor's Office (EPPO) is also listed as a cooperation partner of FIUs.³⁴
148. Some police-type FIUs indicate that they participate in JITs, where their duties involve the identification and freezing of the proceeds of crime, including through international cooperation between FIUs. International JITs at the level of LEAs and prosecution offices are now quite common, while this is not the case among FIUs. It should be noted that Article 32 of EU Directive 2024/1640³⁵ will provide for the possibility of setting up joint analysis teams of FIUs.
149. The project team was asked the following question: "Do you see the possibility of FIU being involved in international JITs?"
150. The project team had different views. Some respondents said they could cooperate in such international JITs, but that the competences, roles and responsibilities of the participants should be clear. An MoU should also be concluded. Other representatives of the project team failed to recognise the competence of FIUs in international JITs as there is no investigative power. Certain challenges were also identified: timely circulation of information, compliance with national legislation, different structured data and the language of information analysis.

³⁰ <https://efippp.eu/>

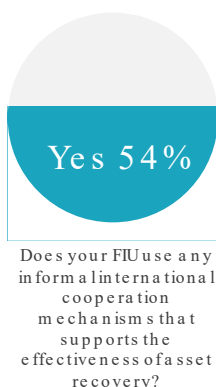
³¹ <https://www.fatf-gafi.org/en/publications/Methodsandtrends/FATF-Interpol-partnership.html>

³² <https://www.interpol.int/News-and-Events/News/2024/INTERPOL-network-renews-commitment-to-protecting-victims-from-global-crime-threats>

³³ <https://www.europol.europa.eu/operations-services-and-innovation/operations/operation-emma>

³⁴ <https://www.eppo.europa.eu/en>

³⁵ Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Text with EEA relevance), <https://eur-lex.europa.eu/eli/dir/2024/1640/oj/eng>



151. In total, 32 FIUs (54%) responded that they had informal international cooperation mechanisms in place that contribute to the effectiveness of the AR.

152. The most frequently quoted examples of practice relate to telephone, video conference or email communication in parallel with the official FIU communication channels (Egmont, FIU.net). The FIU representatives, through various experience exchange events, have established direct contacts with FIUs of the most important countries for cooperation. Such personal contacts allow for direct communication and informing the cooperating FIUs about the transmission of an urgent information request or a freezing request, as well as, if necessary, discussing any unclear conditions for the execution of the request.

153. Other cooperation channels, such as CARIN, ARO, regional AR networks, are also used. The institute of liaison officers is also an example of good practice.

AUSTRAC employs its overseas deployed officers in China, Fiji/Pacific, Malaysia/SEA, the UK/Europe and US/North America, as well as our domestic partners international liaison officers, to engage with foreign counterparts. This helps to smooth coordination with foreign counterparts and often is quicker than formal bilateral channels. The understanding of overseas posted staff of foreign law and frameworks also helps to navigate different legislative and governmental systems. (Australia)

Domestic cooperation

154. According to FATF Recommendation 29, the FIU is the national focal point for receiving STRs, obtaining other necessary information, analysing this information and disseminating the results of the analysis. In order to perform these functions, the FIU must cooperate with both the RE and the SCA to ensure the effective submission of STRs to the FIU, and with LEAs and prosecution offices, courts with competence in the investigation of ML, TF or other crimes, the AR.

155. In order to ensure quality and timely retrieval of STRs and other necessary information to obtain support in the AR activities implemented by FIUs, FIUs take the following measures:

- create cooperation platforms – 34%;

- issue guidelines and organise training – 59%;
- organise information campaigns – 27%;
- update reporting obligations – 49%;
- disseminate information on current trends and red flags – 58%;
- organise other events – 20%.

156. Other measures identified by FIUs include regular meetings with cooperation partners, dissemination of typologies and good practice examples. Equally important is the existence and continuous development of good quality information systems that allow data to be received from RE in a structured, electronically processable form. PPP mechanisms are also an important element in the submission of good quality STRs.

157. Effective cooperation with LEAs, prosecution office and/or court is also necessary in the FIU analysis and subsequent dissemination of FIU financial intelligence results. Early exchange of information on the circumstances of a particular case can provide a better understanding of the priority of the case, the possible way forward and additional information that would allow better quality decision-making as regards asset freeze. Such communication should also take place not only on a case-by-case basis, but also periodically, to examine the latest trends, problematic issues and find common solutions.

Timely and early communication with the LEAs and Prosecution office are the key elements to increase the effectiveness of the regime. This type of communication, should not be focused only on specific cases, but periodic meetings between the authorities involved are necessary. (Albania)

158. FIUs and LEAs can work together in different task force formats to foster mutual cooperation and comprehensive analysis. Such task forces can be stand-alone or case-specific.

AUSTRAC offers intelligence led asset referrals, technical expertise regarding AML/CTF systems and policies and understands the evidence-based approach for our LEAs partners to best contribute to proceeds of crime investigations. Having multiple seconded AUSTRAC FIU members across Australia in the same room as our LEAs means that we can share relevant value-added financial intelligence efficiently. (Australia)

In Aruba, a specialised asset recovery team was established in 2016 to strengthen efforts in seizing illicitly obtained funds. This multidisciplinary team brings together key partners from various relevant departments, including law enforcement, the FIU, and the tax investigation department. By collaborating across these sectors, the team ensures a comprehensive approach to identifying, tracing, and confiscating assets linked to criminal activities, enhancing the overall effectiveness of asset recovery operations. The team convenes to deliberate on instances of unexplained wealth or other suspicious and illogical practices involving assets. Each participant, representing a different department or agency, contributes relevant information from their respective databases, providing a comprehensive view of the case. The team meets biweekly, if not sooner. (Aruba)

The operations centre (OpCen) - The FIU Latvia has dedicated OpCen premises where analysts, investigators, criminal intelligence staff of the institutions may gather and examine the circumstances of the case, agree on the tasks to be performed by each institution, exchange information, and most importantly work together in these premises to analyse information. (Latvia)

159. An equally important element of cooperation is the transfer of FIU expertise to LEAs and the prosecution office. FIUs are often endowed with knowledge of the potential criminal use of financial systems and the analytical capacities to best identify the proceeds of crime and to establish the facts that confirm the criminal origin of funds.

AUSTRAC also has a dedicated data scientists' team that is able to conduct data matching to better identify assets purchased with suspected proceeds of crime. Data science-driven network analysis, for instance, has quickly illuminated third parties' holdings suspected criminal assets for restraint. Without data science capabilities, the network development would have taken longer and more resources to complete. (Australia)

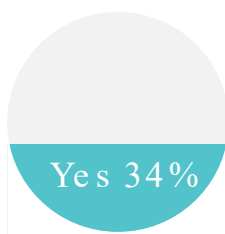
The FIU Latvia provides not only intelligence information, but also conclusion of the competent authority regarding facts indicating ML. Conclusion does not contain financial intelligence provided by foreign FIUs, nor does it identify the RE. Such conclusion can be used as evidence by LEAs in the criminal proceedings, including in court proceedings for confiscation of assets. (Latvia)

The FIU is allowed to produce affidavits/sworn statements on cash flow analysis produced, this can also be used as part of the evidence in support of the information shared with foreign FIUs. Same may be used to support the supplementary information retrieved from property registers. (South Africa)

160. The following question was defined for the project team: Effective cooperation between the FIU, LEAs and the prosecutor's office at the national level is mentioned as an important mechanism for the AR. One of the tools is various joint investigation teams, task forces, operational centres where FIU analysts, LEAs investigators, analysts, and/or prosecutors work together – share and analyse information, plan activities. How do you see such cooperation mechanisms (advantages, disadvantages, challenges)?
161. The project team notes that such cooperation with LEAs and the prosecution office would ensure speedy recovery of assets through joint resources and expertise; timely and early communication between agencies; prioritisation of matters following frequent reporting to other agencies. Challenges include lack of resources; different mandates and priorities. Overall, the project team sees no major obstacles to cooperation at national level.

Public Private Partnership mechanisms

162. PPP is one of especially remarkable national cooperation mechanisms. Such cooperation is based on the deep involvement of the private sector in cooperation with FIUs and LEAs in both ML prevention and detection and the AR process.



Does your FIU have a Public-Private Partnership (PPP) model among reporting entities, and law enforcement entities to improve the Asset Recovery Process?

163. Out of the 59 FIUs that provided replies to the questions in the project questionnaire, 20 FIUs (34%) said that they had PPP mechanisms in place. These PPP mechanisms are not just about improving the AR process but ensuring that the AR is one of the operational issues of PPPs.

164. Some PPP mechanisms function as strategy developers. They exchange and collect information for strategic purposes and develop strategic studies. PPP cooperation can also be used in the NRA process to identify ML threats, vulnerabilities and assess risks. The PPP ensures the development of ML/TF and other crime red flags, typologies, indicators that facilitate the ability of reporting entities to identify suspicious transactions and the proceeds of crime and report them to the FIU. ML phenomena can be also identified as part of such cooperation and further communicated to other parties involved in the PPP.

165. PPPs of a strategic level are mainly set up with the participation of various public authorities, FIUs, LEAs, SCAs and certain REs. Such a PPP model and the institutions involved therein may be laid down by laws and regulations or through MoUs. Strategic-level PPP meetings are mainly attended by all representatives of the institutions involved, but for specific studies the range of participants can be narrowed or broadened to include other necessary cooperation partners with specific information at their disposal or particular interests in the results of the study, as well as scientists, experts, etc.

166. Several FIUs have reported that their PPP models include both strategic cooperation and operational cooperation on specific financial intelligence cases and investigations, including AR processes.

167. Under operational PPP mechanisms, FIUs and/or LEAs cooperate with REs, mainly financial institutions, SCAs, to exchange intelligence information that can increase the effectiveness of and accelerate possible asset freezes, account monitoring activities, enable LEAs to better prepare for investigative actions, including requesting information from REs, or identifying or detention of criminals

when they are planning or carrying out criminal activities in branches of financial institutions, ATMs. The exchange of information within the PPP also allows for more effective STRs on the part of the REs, including consultation with the FIU on the necessity to refrain from a transaction.

168. PPPs of an operational level in cooperation with the SCA may discuss the compliance of specific REs with the requirements of laws and regulations and plan investigative or monitoring activities for a specific RE in cooperation with the SCA and the LEA.
169. Similar to strategic PPPs, operational PPP mechanisms may also be provided for in laws and regulations or MoUs. At the same time, meetings of operational PPP models are mainly attended by those LEAs, FIUs, REs, SCAs whose participation is necessary for the particular meeting (need to know) to address specific ML prevention or investigation, AR issues.
170. Some FIUs have indicated that, despite the absence of specific PPP mechanisms, they form or participate in various working groups jointly with the private sector, REs to exchange information and carry out strategic studies.
171. See Annex A for more detailed country-by-country PPP models.
172. European PPP models are also analysed in the EFIPPP Practical Guide for Operational Cooperation between Investigative Authorities and Financial Institutions.³⁶ The aim of this Practical Guide is to provide policymakers with an understanding of the benefits of cooperation and the key factors that legislative frameworks would need to accommodate. Practical Guide outlines ways of enhancing public-private cooperation with the caution that if it is not embraced, investigative authorities might miss this promising opportunity to improve both their own and the collective response to financial crime as well as to wider organised crime and terrorism. Importantly, the practices described in this Practical Guide are meant to improve how authorities uncover criminal activity or to improve the quality of evidence, and at the same time to improve how financial institutions protect themselves from crime.
173. FIUs participating in the PPP model see it as an important efficiency-enhancing tool in the exercise of their functions, as well as in the overall efforts of a country

³⁶ <https://www.europol.europa.eu/publications-events/publications/efippp-practical-guide-for-operational-cooperation-between-investigative-authorities-and-financial-institutions>

to prevent and detect ML and other crimes. Consequently, other countries should consider similar steps and introduce PPP mechanisms at both strategic and operational levels.

174. The project team was asked the following questions: “Public Private Partnership. How do you see such cooperation mechanisms (advantages, disadvantages, challenges)? What would be the challenges for international PPP models?”.

175. As regards advantages, the project team mentions the rapid flow of information and exchange of expertise and knowledge which enable more effective ML prevention and detection, as well as freezing and seizure of the proceeds of crime. Such cooperation also builds a common understanding and shared knowledge of ML.

176. Challenges include sometimes different understandings of how the mechanism works and the parties' respective roles, lack of resources and lack of powers. If a PPP mechanism involves many participating members, individual members may not be interested in participating effectively enough.

177. Challenges for international PPP mechanisms include ensuring confidentiality and different national legislation on these issues; restrictions on the use of such information as evidence; timely circulation of information and appropriate involvement of all partners; different national legislations; different structured data and different language of information analysis.

Additional issues that may affect the flow of information

178. In response to the question whether FIUs share intelligence from STRs, SARs, UTRs for civil investigations/proceedings, or only criminal investigations/proceedings, and is it seen as a problem for AR proceedings, the following answers were provided.

179. In total, 21 FIUs indicated that information from STRs, SARs, UTRs is provided for both criminal investigations/proceedings and civil investigations/proceedings. This is most often due to the fact that AR takes place in the context of civil confiscation, sometimes administrative confiscation, and is not directly linked to a criminal investigation of a crime.

180. Meanwhile, 24 FIUs indicated that information from STRs, SARs, UTRs is only provided for the purpose of criminal investigations/proceedings. This is based on the right to provide information, including on the proceeds of crime, where ML and related predicate offences are suspected, as well as TF. Accordingly, such criminal acts are investigated in criminal proceedings. It is also mentioned that there is no civil confiscation mechanism in the particular country, but confiscation of the proceeds of crime is carried out within the scope of criminal proceedings, both as non-conviction-based confiscation and conviction-based confiscation. Such FIUs have sometimes indicated that in practice they have not encountered the need to disseminate information for civil procedural purposes, but this would not be a problem as they cooperate with SCAs that use FIU information for administrative purposes anyway.
181. Also, 5 FIUs revealed that they disseminate financial intelligence information and that it is not to be used in criminal or civil proceedings, but in criminal intelligence. It should be noted that even in cases where the FIU indicates that it is disseminating information from STRs, SARs and UTRs for use in criminal or civil proceedings, it is mainly defined as financial intelligence information. Only some countries indicate in particular that such information can be used as evidence.
182. Some FIUs have identified the transfer of information for civil confiscation purposes as a challenge and are taking organisational measures, including strategic cooperation projects, to facilitate the transfer and use of such information for civil confiscation purposes. At the same time, this is due to the fact that there is civil confiscation in the country, but the FIU does not yet disseminate information to promote AR through civil confiscation.
183. It follows that there is no common position among FIUs on the dissemination of financial intelligence for civil procedural purposes. This position is mainly based on whether a country has civil or administrative confiscation of the proceeds of crime or only criminal confiscation.
184. In response to the question: “Does personally identifiable information (PII)/GDPR (where applicable) create any obstacles for your FIU in receiving/disseminating sensitive asset recovery information?”, FIUs deny that the processing of personal data has interfered with the receipt or dissemination of information. FIUs note that the right to obtain, analyse, store and disseminate information relevant to the performance of the FIU tasks/duties is governed by laws and regulations. Laws and regulations also lay down requirements for the

protection of FIU information, including personal data, as well as the conditions for transferring information to foreign countries. Basic conditions for the exchange of information with foreign countries: information is used only for the purpose for which it was provided; information may be transferred if the recipient country provides at least equivalent protection for the information.

185. FIUs have identified certain cases that raise concerns with regard to the processing of personal data:

- the quality of personal data information, which is not always accurate, especially if the data exchange is automated or if the information is about a counterparty to the transaction other than the RE client;
- extracting and processing large datasets during massive data analysis. Personal data protection regulations sometimes restrict the extraction of very large sets of personal data, intended for other purposes and aggregated for other purposes.

186. FIUs believe that a secure and efficient flow of information in the asset recovery process can be achieved by:

- secure channels for information exchange – 51 FIUs (86%);
- legal basis and cooperation, including MoU – 46 FIUs (78%);
- independence, absence of restrictions from supervisory authorities – 29 FIUs (49%);
- other measures – 14%.

187. Other measures identified by FIUs include broad access to national databases and exchange of information contained in these databases with foreign counterparts without third-party control; rapid information flow and the ability to freeze assets internationally; joint investigation/intelligence teams at national level; effective IT tools, IT infrastructure and data quality.

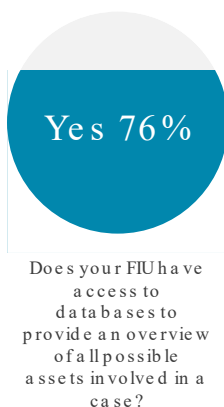
Section IV: Financial intelligence and IT tools to improve the AR process

Access to assets registries and IT tools for financial intelligence

188. An essential element of the AR process is the information available to the FIU. Traditionally, the information analysed by the FIU is based on STRs, SARs and additional information obtained from the bank (account statements, customer due diligence materials, etc.), as well as access to registers, open information, as authorised by the FIU.
189. Timely access to good quality information is one of the key success factors in both ML identification and the AR. Such information allows the identification and location of the proceeds of crime and provides the basis for measures to recover them, including freezing and further seizure and confiscation.
190. An example of good practice in obtaining information from REs is the FIU power to monitor transactions and to obtain information from REs on ongoing transactions within very short deadlines.

Legal provisions that enable quick access to banking information (4 hours to obtain banking information in urgent matters), secure and electronic channels of communication with banks, mutual trust between banks and FIO. (North Macedonia)

One of the practices adopted by the FIA to enhance the overall effectiveness of the asset recovery process is monitoring; the FIA can order financial entities and non-financial entities, including at the request of a criminal prosecution authority or a foreign FIU and for a specified period of time, to monitor one or more business relationships, in accordance with the terms and conditions established by the FIA. (San Marino)



191. In addition to STRs from RE, direct access to good quality information on all types of assets of individuals is of particular importance in the AR process.

192. Out of the 59 FIUs that provided replies to the questions in the project questionnaire, 45 FIUs (76%) said that they had access to databases that provide information on all possible properties.

FIU uses a wide range of other financial and non-financial information available through automated access to more than 95 databases maintained by different ministries and government agencies. Besides that, the FIU-Uzbekistan uses information obtained in the framework of international cooperation and from open sources (social media, messaging services, commercial databases). (Uzbekistan)

Italian FIU can trace flows analysing STRs. It can also request to obliged entities further or missing information, in order to reconstruct the entire flow of money. An important tool is a Single Electronic Archive (Italian acronym "AUI") dedicated solely to specific AML/CFT data, which must be recorded together with their normal record-keeping framework. AUI contains information on transactions, customers, counterparts, as well as beneficial owners. Both the AUI and the more general records must be maintained for at least ten years, and the regulators routinely check for compliance with this principle in their inspection procedures. The use of AUI in FIU's analysis has revealed to be particularly suitable because it permits to store information coming from different obliged entities, regardless of the IT system used by them. (Italy)

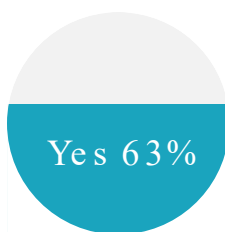
193. At the same time, one of the challenges for the successful implementation of the financial analysis and the AR process, as well as in the field of international cooperation is situations where FIUs are not provided with online access to property registers and countries do not have centralised registers for certain types of property, making it time-consuming or significantly more difficult to obtain information.

194. The absence of centralised registers of beneficial owners is also a major challenge. Countries have very different approaches to collecting and publishing information on beneficial ownership. There are countries that have made it mandatory to fully disclose all information on beneficial owners, regardless of how many ownership layers there are to the beneficial owners. In addition, information on beneficial owners is also made public. But there are countries where information on beneficial owners is not directly accessible to the country, not to mention inclusion of such information a single register.
195. In order to address such challenges, jurisdictions are encouraged to implement FATF³⁷ Recommendation 29, i.e. the FIU should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly. Jurisdictions are also encouraged to ensure FATF Recommendation 31, i.e. countries should ensure that competent authorities have timely access to a wide range of information, particularly to support the identification and tracing of criminal property and property of corresponding value. This may include, but is not limited to, basic and beneficial ownership information, information held by tax authorities, information held in asset registries (such as for land, property, vehicles, shares, or other assets), and information held in citizenship, residency, or social benefit registries.
196. The project team also points out that the lack of access to registers and other data sources is a problem. Although FATF Recommendation 29 prescribes that FIUs should have access to financial, law enforcement and other administrative data, at the same time, they should perhaps be made clearer and clear references to registers of assets and beneficial owners should be made. Similar to the provisions laid down in Article 21 of EU Directive 2024/1640³⁸, clearly defining the minimum databases to which FIUs must have immediate and direct access. These databases include all major property and personal identification registers, etc.
197. According to FATF recommendation 29.³⁹ FIU serves as a national centre for the analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offences and terrorist financing. The interpretive note states that FIUs should be encouraged to use analytical software to process information more efficiently and assist in establishing relevant links.

³⁷ <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>

³⁸ <https://eur-lex.europa.eu/eli/dir/2024/1640/oj/eng>

³⁹ <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html>



Does your FIU use any free and paid IT tools like Graph Analysis, AI tools, and Analyst Notebook to contribute to the effectiveness of the asset recovery process?

198. Out of the 59 FIUs that provided replies to the questions in the project questionnaire, 37 FIUs (63%) said that they were using free or paid IT tools for financial intelligence and AR purposes.

199. FIUs have specified the widest range of IT tools that allow the analysis of STRs, account statements, financial flows, cryptocurrency transactions, OSINT and information from property registers, as well as to perform graphical analysis of transaction patterns. FIUs revealed that they were also working on AI/machine learning solutions to process large volumes of data, improve data quality and prioritise reports.

200. FIUs have not identified one specific IT tool that each FIU would have at its disposal and that would provide all the necessary solutions for effective financial analysis and AR. Several FIUs have chosen to implement their own solutions and develop their own analytical tools. Other FIUs use the goAML platform solution developed by the UNODC for receiving and processing reports, as well as for financial analysis and transaction visualisation.

201. FIUs are encouraged to further develop their analytical capacities, including by developing their own IT tools or by using and adapting commercial or freely available tools. As the examples below show, they add significant value to both the identification and analysis of money laundering and criminal assets. The availability of such analytical tools is particularly important in the context of increasing information flows.

Our current database allows to apply rules for report prioritisation. These prioritising rules include a check and scoring mechanism for organised crime networks, on-going aggravated crime investigations, terror financing indicators, other selected indicators and a cross-check on the existing information in the FIU database. By analysing these prioritised reports further with, for example, visual analysis tools, FIU is able to match accounts that have been formerly used in ML. By automatically verifying the BIC (Account or card issuer) FIU can trace the funds effectively through inquiries, freezing orders or requests of information to other FIUs. (Finland)

The EFIU utilises a dual approach to identify pertinent data for asset tracing. This involves conducting comprehensive financial analysis on both FIAT and cryptocurrency assets. Additionally, we employ network analysis methodologies to detect and visualise interconnected entities, enabling us to uncover intricate networks involved in illicit activities and streamline our asset tracing endeavours. (Estonia)

Practically in every financial intelligence case, I2 Analyst Notebook is used. This software tracks financial flows, finds relationships. It also serves as a visualisation tool to more effectively transfer and extract information to a LEA. LEAs also use I2 Analyst Notebook, which makes it easier to take over information. I2 Analyst Notebook, along with I2 Enterprise Insight analysis, is also used for bulk data analysis, cluster building, assessing suspicious transaction reports and threshold declarations. Traditional data analysis tools are also used – Excel, SQL. (Latvia)

The FIAU uses the tools (Analyst Notebook, ORBIS, COBWEBS, Chainalysis) in its day-to-day analysis. These tools assist intelligence analysts in identifying assets, such as whether the individual under analysis holds any legal entities in other jurisdictions, whether there is any adverse media, or whether there are any connections with specific businesses that the subject of the analysis may be advertising through social media. Moreover, the Analyst Notebook is used to present a timeline of case events, to understand connections and conduct a transaction analysis in a graphical way. (Malta)

Our FIU leverages on technology and data analytics to enhance detection and tracing of criminal syndicates and their assets. In 2022, we launched our new analytics and data management system. The new system equips our FIU with enhanced data analytics capabilities to analyse large volumes of reports and improve the quality of financial intelligence disseminated to LEAs and SCAs. Our FIU has also enhanced our data collection capabilities by partnering with our major RE in various initiatives. Such initiatives include the CSV standardised transaction template, which enables our FIU to ingest, process and analyse the data collected more efficiently, and the standardised XML template, which reduced manual form filling by RE which saved them much time and helped reduce typographical errors in STRs. (Singapore)

Launched by our domestic LEA in 2019, Project Production Order Electronic Transmissions (POET) is a PPP that uses technology and automation to facilitate the transmission of banking information from banks to LEAs and our FIU for domestic investigations and financial intelligence analysis, allowing such information to be obtained by investigators and financial intelligence analysts in a fraction of the time it took previously. LEAs and our FIU send a standardised electronic production order via a secured eChannel to the banks. Banking information is retrieved automatically by the banks' systems and transmitted to the law enforcement agencies and our FIU via the secured eChannel. Project POET has allowed investigators and financial intelligence analysts to apply analytical tools directly over the data in electronic form and tailored to investigative and financial intelligence analysis requirements. This has enhanced the investigation capabilities of law enforcement agencies and our FIU; and led to more efficient investigations, analysis and tracing of illicit assets. This has also led to cost savings for the concerned financial institutions by eradicating manual processes. (Singapore)

202. Equally important in the AR process is the analysis of open-source information, which allows the identification of both criminally acquired assets and the unexplained wealth of individuals, in particular public officials.

Open source and database queries. In order to swiftly detect the proceeds of crime, it is essential to have timely, reliable and truthful information. In this sense, it is crucial to develop and update sources of asset and financial information that can be quickly and easily accessed, as well as to train officials of the judiciary in the search of open and semi-open sources of information in the country and abroad. In other words, the financial investigation in a transnational case must begin with the exploration of public access databases and databases accessible through passwords. This open-source analysis allows us to guide subsequent investigations and use inter-agency cooperation mechanisms more efficiently. (Argentina)

Use of Threshold declarations (CTRs)

203. As already mentioned above, an essential element of the AR process is the information available to the FIU. The information analysed by the FIU is based on STRs, SARs and within the scope of authority, additional information is obtained

from the bank (account statements, KYC files, etc.), as well as access to registers and publicly available information.

204. At the same time, access to a much wider range of transaction records is essential for an effective AR process, which is not passed to the FIU in the form of STRs or SARs, but according to certain threshold criteria such as the type and size of the transaction.

205. Such threshold transactions are reported to the FIU as unusual transaction reports (UTRs), threshold declarations (CTRs) or may be provided as data sets upon request of the FIU.

206. FIUs most often indicate that they receive CTRs regarding cash transactions. The amounts of cash thresholds vary widely and range from a transaction amount in a single transaction to the amount of transactions over a particular period of time (24 hours, a month). For purpose of this example, the currency will be shown in EUR:

- cash deposits/withdrawals exceeding ~ EUR 7500 / EUR 10 000 / EUR 15 000 / EUR 36 000 in a 24-hour period;
- any cash transactions of EUR 1000 or EUR 2000 per month;
- currency exchange – EUR 2000;
- any cash transaction ~ EUR 3200 / EUR 10 000 / EUR 15 000;
- cross-border cash declarations ~ EUR 10 000 / EUR 15 000, etc.

207. FIUs also note that REs may have the obligation to submit CTRs for cross-border non-cash transactions of a certain amount, e.g., ~ EUR 1000 / EUR 1300 / EUR 10 000 / EUR 15 000 / EUR 500 000.

208. The obligation to submit CTRs may be also imposed on REs across various sectors or in the relation to specific commodity transactions, e.g.:

- all transactions using virtual currencies or where they exceed ~ EUR 1000 / EUR 2500 / EUR 15 000;
- money remittances ~ EUR 1000 / EUR 2000;
- gambling ~ EUR 1000 / EUR 2000;
- new car, jewellery purchase transactions ~ EUR 15 000 / EUR 20 000 / EUR 50 000;
- notaries in cases where any approved transaction or claimed inheritance in cash exceeds EUR 15 000;
- loans granted by reporting entities ~ EUR 15 000;
- credit institutions regarding mutual loans of customers ~ EUR 5000;

- savings insurance, private pension funds disbursement – EUR 15 000 / EUR 100 000.

209. There are countries that have made it mandatory for REs to submit information to the FIU for any transaction exceeding a certain threshold, e.g., ~ EUR 3200 / EUR 9000.

210. Such CTRs are used by the FIU to provide strategic, tactical and operational analysis. For example, CTRs are cross-checked with STRs, analysed using link-analysis to identify relationships and money movement, analysed with Business Intelligence tools or by implementing a machine learning anomaly detection model.

For CTRs analysis, SQL language queries are used, along with dashboards developed in Qlik Sense, Excel, and other tools that have direct access to this information such as the I2 Analyst Notebook. (Peru)

FIU implements tactical analysis of CTRs. CTRs and STRs are reconciled with information held by different public authorities, thus identifying possible suspicious cases which may form the basis of an in-depth investigation. Tactical analysis is carried out in the form of projects setting objectives, selection of data from which authorities could derive such data. The data is then selected and analysed. The findings of the analysis are disseminated to the LEAs or directed to an in-depth investigation within the FIU. (Latvia)

211. The following question was asked to the project team representatives: CTRs are often compared with data on the person's income and can be used to determine unexplained wealth or income of a person. How do you see such possibilities (advantages, disadvantages, challenges)?

212. The project team representatives pointed out that the CTRs and their analysis would have the following advantages:

- awareness of high value/volume movement of funds;
- identify banks that are outliers, in respect of high value/volume movement of funds;
- identify destination of funds moved either local or international;
- support the analysis of cases and creation of ML typologies, and providing intelligence which starts/supports LEA investigations;

- provide insight into the financial activities of persons and determine whether they are consistent with what has been declared;
- provide an indication of the size of the illicit assets;
- help to flag transactions that exceed specific monetary thresholds, thereby assisting authorities in focusing their resources on areas where illicit activities are more likely to occur.

213. The project team representatives pointed out that the CTRs and their analysis would have the following shortcomings:

- complex reporting requirements may lead to errors in data; data quality issues;
- FIU information cannot solely be used to determine unexplained wealth even if matched against other data sets. Competent Authorities would need to provide evidence to support to illustrate lifestyle not matching declared source of income and/or income linked to proceed.

214. The project team representatives pointed out that the CTRs and their analysis would have the following challenges:

- reporting entities incurring costs due to requiring additional resource, including potentially investing in software to enable compliance with the threshold reporting obligations;
- FIU may have to devote resource to having the appropriate software to analyse reported transactions against the information known about the subject;
- the effectiveness of CTRs may be reduced by the fact that sub-threshold transactions will be carried out by individuals who wish to remain undetected. At the same time, this is already a matter of RE capabilities to identify and report to the FIU STRs in situations where there are systematic sub-threshold transactions with no legitimate explanation;
- CTRs usually do not contain enough information to infer suspicions, and reporters do not pay close attention to them compared to when they report suspicions;
- no statutory framework compelling suspects to explain the origin of their unexplained wealth and/or allow a forfeiture application against unexplained wealth.

215. It must therefore be concluded that the existence of such CTRs and their analysis provide additional possibilities for the identification and recovery of the proceeds of crime. Analysis of CTRs and other types of data related to ownership offers greater opportunities to detect ML by identifying unexplained wealth, living beyond one's means, etc. Therefore, the capacity of FIUs to obtain and analyse such data array should be enhanced.

Recommendations

216. FIUs mostly identify themselves as authorities involved in the AR process. At the same time, some FIUs do not see this aspect as their competence, even if they have the power to freeze assets. While the FIU functions are associated with the identification of ML and TF, these crimes are based on different types of asset flows and it is only natural that the location of these criminal assets is identified simultaneously. Of course, given the role of FIUs in receiving, analysing and disseminating financial intelligence, the AR competence of FIUs is also linked with the identification of criminal assets and the initial freezing to ensure their subsequent recovery by LEAs, the prosecution office and courts. FIUs are encouraged to identify themselves as being involved in the AR process by making changes to legislation or internal procedures where necessary.
217. The necessity to freeze assets abroad immediately is identified as an essential element of the AR. A number of FIUs still do not have asset freezing capabilities, or have such powers within their national jurisdiction, but cannot implement asset freezes upon request of a foreign FIU. Consequently, countries should continue to take steps to endow FIUs with asset freezing capabilities, in particular upon request of foreign FIUs.
218. A large part of FIUs authorised to implement asset freezing can do so for relatively short periods of time, namely, 72 hours, 5 working days, 10 days, etc., which could be referred to as short-term asset freezes. This relatively short period of asset freezing is mainly explained by the necessity to prevent tipping off, i.e., to avoid a person subject to asset freezing measures being suspicious of FIU or LEA interest. At the same time, a short-term asset freeze may not be sufficient to secure the seizure of frozen assets through international criminal justice cooperation instruments. Accordingly, at the end of the freezing period, the funds can be released without waiting for the seizure to be executed within the framework of criminal justice cooperation.
219. At national level, the non-disclosure of information on the freezing of assets to the person to whom the assets belong is a very effective element in protecting the interests of the investigation when an investigation has not yet been initiated openly against a particular person and preparations for an action day are under way. There are also situations where joint international activities are planned within the framework of FIU cooperation, and the freezing of assets may need to remain secret for a certain period in order to maintain the secrecy of joint

investigative activities. However, is such secrecy essential when the primary objective is to ensure that the proceeds of crime can be returned to the affected parties or confiscated. In the vast majority of cases where a foreign FIU makes an urgent request for an asset freeze, its primary objective is to secure assets and the secrecy of such a freeze is secondary or irrelevant. Countries would therefore be encouraged to increase the periods for which FIUs may freeze funds upon request of foreign FIUs.

220. In addition, FIUs with no or short-term asset freezing powers should also make it clear and communicate to international partners that in cases of asset freeze they will also pass on information to the national LEA, including by requesting an urgent national criminal investigation and asset seizure. International criminal justice cooperation to seize assets is relatively time-consuming and in most cases cannot be carried out within 48 hours, 72 hours, 5 days or even 10 days. Consequently, during such a short-term asset freeze, it is more likely that assets could not be seized in the context of international criminal justice cooperation. The requesting country might not choose to request such a short-term asset freeze if it is not confident that the country receiving the request will continue to implement the asset securing measures.
221. The FIU ability to freeze not only financial assets, but all types of immovable and movable property is identified as a good practice example in the project. Such powers allow the FIU to secure property for future confiscation or return to the affected party in the case of unlawfully alienated property. In today's world, when many transactions can take place instantaneously, mechanisms to ensure the immediate freezing of funds are also essential. Some FIUs have identified opportunities to freeze funds at any time of the day or night. Consequently, in order to enhance the effectiveness of the AR, countries are invited to consider extending the asset freezing powers of FIUs with regard to all types of assets, as well as to consider mechanisms for the immediate freezing of assets outside traditional working hours.
222. The asset freezing powers of FIUs are most often applied to ML and predicate offences thereof, TF. FIUs should have a common understanding that freezing of assets is also possible in stand-alone ML cases where there is no clear indication of a specific predicate crime. FIUs indicate to the right to freeze the proceeds of crime or pooled funds to the extent of the proceeds of crime, and countries should take further steps to extend the asset freezing powers of FIUs also to instrumentalities.

223. FATF Recommendation 33 “Statistics” provides that countries should maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of their AML/CFT systems. This should include statistics on property frozen, seized and confiscated. Accordingly, statistics on the amount of assets seized on the basis of the FIU intelligence information or freezes would be one of the indicators of the effectiveness of the FIU involvement in the AR process. FIUs are encouraged to collect and analyse such statistics.
224. In the case of FIU requests, absence of a reply or a delayed reply is one of the most significant challenges of the FIU international cooperation. The following proposals were put forward within the scope of the project:
- requests must contain all the information contained in the Egmont Principles for Information Exchange;
 - education of FIUs to increase quality of requests, including clarity on information requested;
 - assigned specialists in FIUs for requests relating to asset freezes and initiating formal investigation, allowing immediate engagement with a member of the receiving FIU;
 - organisational measures are also being encouraged to carry out in-depth comprehensive studies on the challenges of timely international cooperation. For example, the IEWG may collate and present holistic statistics on volumes of delayed/non-responses to requests via ESW at periodic Egmont meetings, and then call for FIUs to reduce delays/non-responses to requests for information.
225. Limited access to information by FIUs is also identified as a major challenge both for the national AR process and for the international cooperation of FIUs. Countries are encouraged to continue to establish centralised registers of properties and beneficial owners and to grant FIUs direct access to these registers. In addition, countries are invited to continue to grant FIUs the power to request information from REs even in cases where there has been no prior STR. Such information is essential for the AR, as it is necessary for the FIU, within the framework of international cooperation, to identify funds hidden abroad by criminals, as well as to detect related ML.
226. The Egmont Committee and FIUs are invited to organise a wider discussion on the possibility of allowing the use as evidence of information provided by FIUs within the framework of international cooperation from official property registers. Such information would serve as proof of the existence of property belonging to the person abroad and would allow for more effective enforcement of AR

measures. The project team mainly pointed out that such information from registers could be used as evidence and also that obtaining such information once through intelligence channels and again through criminal justice cooperation channels is redundant and time-consuming. At the same time, the project team has also pointed out various nuances that limit this possibility, such as the separation of information from registers from intelligence information, the use of FIU cooperation channels for this purpose, etc.

227. As regards national cooperation, FIUs are encouraged to work closely with national LEA and the prosecution office through close and regular exchange of information, organisation of various types of task forces, both on operational matters and strategic issues. Such cooperation ensures the exchange of knowledge and expertise, common understanding and prioritisation, and more effective action in preventing and detecting ML, freezing and seizing of the proceeds of crime.
228. FIUs participating in the PPP model see it as an important efficiency-enhancing tool in the exercise of their functions, as well as in the overall efforts of a country to prevent and detect ML and other crimes. Consequently, also other countries are invited to take similar steps and to introduce PPP mechanisms at both strategic and operational levels.
229. FIUs are encouraged to further develop their analytical capacities, including by developing their own IT tools or by using and adapting commercial or freely available tools. This represents a significant added value to the identification and analysis of both ML and the proceeds of crime. The availability of such analytical tools is particularly important in the context of increasing information flows.
230. The existence and analysis of CTRs, as well as the analysis of register data and open data, provide additional opportunities for the identification and recovery of the proceeds of crime. Analysis of CTRs and other types of data related to ownership offers greater opportunities to detect ML by identifying unexplained wealth, living beyond one's means, etc. Therefore, the capacity of FIUs to obtain and analyse such bulk data should be enhanced.
231. The project report contains good practice examples provided by FIUs in the areas of asset freezing, information to be gathered, analysis and dissemination thereof, including as evidence, national and international cooperation, PPP mechanisms, use of IT tools, which other FIUs are invited to evaluate and, if necessary, use in their own work.

Annex A. Examples of public private partnership mechanisms

Australia

Fintel Alliance brings together experts from financial institutions, state and Commonwealth law enforcement and intelligence agencies, and academic and research institutions. Each partner provides a unique perspective on the financial sector. Working together, Fintel Alliance develops shared intelligence and delivers innovative solutions to detect, disrupt and prevent money laundering and terrorism financing (ML/TF).

Professional money laundering schemes vary in complexity and can be challenging to detect, as they can involve multiple parties and jurisdiction. Fintel Alliance partners recognise professional money laundering schemes as a serious risk and use the partnership to identify target and disrupt this offending to protect business, the community and the Australian Economy. This involves working with law enforcement partners in money laundering or criminal asset confiscation investigations.

Estonia

The EFIU operates within a Public-Public as well as Public-Private Partnership (PPP) model to enhance among else the asset recovery process. This collaboration involves direct communication and coordination between state institutions, particularly the EFIU and the PBGB. Under this framework, the PBGB assumes the enforcement of restrictions set by the EFIU, facilitating a streamlined process for asset recovery.

Furthermore, the EFIU engages with the private sector through the PPP model, enabling swift communication regarding the necessity for asset restrictions. This direct engagement with reporting entities fosters a cooperative environment, allowing for timely action to safeguard assets associated with financial crimes.

The benefits of this PPP model include:

1. **Enhanced Coordination:** The collaboration between public entities such as the EFIU and law enforcement agencies like the PBGB ensures efficient coordination in asset recovery efforts.
2. **Timely Action:** Direct communication channels between state institutions and the private sector enable swift response to asset-related issues, facilitating prompt action to prevent illicit financial activities.
3. **Improved Effectiveness:** By leveraging the expertise and resources of both public and private entities, the asset recovery process becomes more effective in identifying, seizing, and confiscating proceeds of crime.



Overall, the PPP model enhances the efficiency and effectiveness of the asset recovery process by promoting collaboration, communication, and shared responsibility among all stakeholders involved.

Germany

The Public Private Partnership - Anti Financial Crime Alliance (AFCA) was established in 2019 under the leadership of the German FIU with the aim of strengthening strategic cooperation between public and private sector institutions in combating money laundering and terrorist financing. Working groups enable a regular exchange of information of a strategic nature on current developments, phenomenon-related fact patterns and issues, with the aim of achieving concrete results that are available to all members. Issues relating to the Asset Recovery Process can also be dealt with in this context.

In this way, existing knowledge and experience from forms of cooperation between authorities and obliged entities that have already been tried and tested in individual cases can be used within the framework of the PPP for a permanent strategic exchange of information within the framework of partnership-based cooperation.

Hong Kong

HKPF's lead unit for combating fraud, the Commercial Crime Bureau (CCB), set up the Fraud and Money Laundering Intelligence Task Force (FMLIT) in May 2017 with the support of the Hong Kong Monetary Authority (HKMA), the Hong Kong Association of Banks (HKAB) and the jurisdiction's major banks. The FMLIT's potential to harness private and public sector data capability and expertise is evident in the good quality alerts it has issued on illegal bookmaking and types of fraud and TBML. The JFIU is a member of the FMLIT's strategic working group that meets monthly to examine the ML/TF environment and set priorities. Online access to STREAMS supports the FMLIT's operational case work.

The informal co-operation that characterises HKC's general style of government operations works reasonably effectively in supporting co-ordination and information sharing. The FMLIT provides a sound platform to support this work as well as cross-fertilise expertise between the authorities and private sector.

Latvia

In July 2018, a new public private partnership mechanism Cooperation Coordination Group (CCG) was introduced to ensure an effective cooperation among the FIU Latvia, LEAs, the PO, the SRS, REs and SCAs. There is a precise and efficient legal basis for this CCG mechanism in place.

FIU Latvia is a central authority in AML system in Latvia and an institution that collaborates the most with all the stakeholder of the AML system (competent authorities, REs and any other). Thereby, FIU Latvia is also the one central authority in charge of the CCG. FIU Latvia also acts as a secretariat, ensures confidentiality (signing of NDAs, using secure channels and sharing information on a need-to-know basis in operational cases), takes minutes and follows-up if actions are taken in line with what was discussed. CCG mechanism effectiveness is supported also by the fact that a meeting can be convened within minutes, the same day or the next day.

CCG meetings have three broad types, with specific purposes, as follows:

1. CCG meetings in operational cases: to discuss and exchange information on operational issues for the effective prevention or investigation of a specific (potential) criminal offense.
2. Other types of CCG meetings: exchange of information on strategic issues as well as other issues aimed at facilitating the effective fulfilment of the regulatory obligations (for example, ML/TF/PF risk indicators and typologies, interpretation of legislation, security of information exchange, development of ML/TF/PF risk assessments).
3. CCG feedback meetings: the FIU Latvia provides REs or SCAs with feedback on the submission of STRs, indicating both technical and substantive deficiencies (if any) in the reports.

Between 2018 and 2024 1423 CCG meetings were held, of which 960 were on operational cases (440 at the initiative of the FIU Latvia and 215 at the suggestion of the LEAs and the PO).

<https://www.fid.gov.lv/en/roles-and-responsibilities/public-private-partnership>

OPCEN is a concept of Operations Centre with the aim to solve complicated large-scale cases in collaboration with LAEs and/or other competent authorities. Collaboration between FIU Latvia and LEAs is organised as meetings under CCG.

FIU Latvia provides a dedicated office place with network infrastructure, range of hardware and software solutions for OPCEN to support joint analytical work of FIU Latvia and LEAs. OPCEN is used for long-term and in-depth joint analysis, involving several competent authorities.

For OPCEN purposes, safe, modern equipment dedicated to analytical process has been installed. Participants of OPCEN meetings (LEAs) can use their own computer (only connecting to the additional monitors provided by FIU Latvia) as well remotely connect to their resources in a secure way.

Depending on the specifics of the case, the involved participants of OPCEN case may decide to create a joint case file or operate in isolated environments, sharing the fragment of the cash flow corresponding to a joint analysis. Links of subjects can also be reflected in a shared i2 analytics file.

The forms of cooperation are diverse. For example, OPCEN is used to share specific knowledge or skills, including joint work for tracking crypto transactions with solution TRM Labs.

Malta

While the FIAU engages in various PPPs, the latter's primary focus is on discussing and identifying new trends and typologies in ML/TF. These PPPs may also involve joint analysis projects aimed at proactively identifying suspicious transactions or activities. However, as the FIAU does not have a remit for asset freezing and confiscation, these PPPs do not specifically focus on asset recovery processes. More information on the PPPs the FIAU engages in can be found on the FIAU's website at <<https://fiaumalta.org/public-private-partnerships/>>.

New Zealand

The Financial Crime Prevention Network (FCPN) is a PPP that includes the FIU, Customs, and our five biggest retail banks. We are currently in the process of increasing membership, initially with our tax and immigration authorities. This allows effective sharing of Information, including the provision of asset recovery cases to the FCPN that may initiate reporting on the subjects of interest. The FCPN has also created closer relationships that streamline existing processes due to a better understanding of each other's processes.

Singapore

We have a comprehensive AML/CFT ecosystem and adopt a Whole of Government (WOG) approach to asset recovery. The Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Steering Committee is the national AML/CFT coordination authority. The Inter-Agency Committee (IAC) supports the AML/CFT Steering Committee as the main operational body that coordinates the implementation of the national AML/CFT policy. The IAC comprises our jurisdiction's key AML/CFT agencies, including policymakers, our FIU, law enforcement authorities, supervisors, customs and tax authorities, intelligence services, and the Attorney General's Chambers.

Our public-private partnership (PPP) was established in April 2017. It brings together the financial sector, regulators, law enforcement agencies and other government entities (such as our FIU) to collaboratively identify, assess and mitigate key and emerging money laundering and terrorism financing risks facing our jurisdiction.

Expert working groups are created by our PPP's Steering Group to study identified areas of interest; these working groups induct members outside the Steering Group to provide added expertise and wide-ranging perspectives. For instance, some deliverables of our PPP were the issuance of red flag indicators for certain crimes, typologies for sharing with the industry to better identify and report suspicious transaction to our FIU. This in turn facilitate the detection and investigation of ML, whilst accelerating operational asset recovery responses. There were also case sharing information sharing with select members in the private sector which in turn triggered further suspicious transaction reports to our FIU and subsequently resulted in successful seizures and prosecution for our domestic investigations.

Uganda

All relevant stakeholders for AML/CFT are members of the Uganda AML/CFT National Taskforce, including law enforcement agencies and private bodies. Additionally, the National Taskforce has established working groups on various processes of AML/CFT including one for assets recovery.

The PPP model enables easier access to information required from/on private firms. It also provides for representation of the private sector in AML/CFT activities and initiatives.

United Kingdom

Within the National Crime Agency (NECC) is the Joint Money Laundering Intelligence Unit (JMLIT).

JMLIT is a public/private partnership with the financial sector founded in 2015, and from the outset has maintained a core group of our most trusted partners with whom, under the NCA's data sharing powers provided by section 7 of the Crime & Courts Act, they share tactical intelligence in support of live operations. There are currently 46 partners in this operational group and to date they have supported 1,090 requests leading directly to: the identification of over 9,100 accounts unknown to case teams, the closure of over 6,600 accounts by partners, over 330 arrests and over £170 million under restraint. The operations group and tactical sharing model is the most well-known aspect of JMLIT (and internationally recognised by FATF).

In 2021, the NECC launched the current JMLIT+ operating model which allows over 150 public and private partners to collaborate on an agile and mutually beneficial basis through Public Private Threat Groups and time-limited cells. Since 2015, these cells have created 84 alert products for the wider community and have allowed for private sector analysis to lead directly to targeted police and NCA operational action. JMLIT+ continues to grow and evolve the membership to reflect the changing nature of the threat.

EGMONT GROUP

OF FINANCIAL INTELLIGENCE UNITS

WWW.EGMONTGROUP.ORG



The goal of the Egmont Group of Financial Intelligence Units (Egmont Group) is to provide a forum for financial intelligence units (FIUs) around the world to improve co-operation in the fight against money laundering and the financing of terrorism and to foster the implementation of domestic programs in this field. The IEWG builds opportunities for FIUs to share operational intelligence, develop technical solutions for effective information exchange, and work collaboratively to address emerging ML/TF risks and vulnerabilities.
