

MINISTRY OF FINANCE
Financial Information Department

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REPORT

on the activity of the General Inspector of Financial
Information in 2006

Warsaw, March 2007

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1. CONCLUSIONS

In 2006 the functioning of the money laundering and terrorist financing counteracting system was improved: the accounts and transactions of criminal groups were blocked more efficiently [page 6 of the Report] **and the exchange of information with domestic and foreign authorities was intensified** [page 11].

In 2006 the risk analysis was performed for the first time [page 16] and the monitoring began of the proceedings conducted by law enforcement authorities on the basis of notifications from the Polish Financial Intelligence Unit which operates at the Ministry of Finance [page 10]. They point to three fundamental threats for the system effectiveness.

1. Irregularities in the performance of tasks by the obligated institutions:

- a. **Regions.** The risk map, based on the reported transactions shows that three voivodships¹ had over 10-times worse suspicious to above threshold transactions ratio (P/PP ratio) than the average for the whole country. It may point to the inappropriate performance of tasks related to combating *money laundering* and the financing of terrorism by the obligated institutions from those regions.
- b. **Sectors.** The results of the control point to the necessity of intensification of activities by the financial institutions² and the increase in activity of lawyers and property values intermediaries.

2. Lengthy preparatory proceedings. Out of 198 notifications submitted by the Ministry of Finance to the Prosecutor's Office in 2006, only 2 were concluded with the indictment filed to the court while 175 are still pending. The main reason behind this situation is the fact that the structure of Article 299 of the Penal Code, i.e. penalisation of *money laundering*, requires the identification of the crime which generates illegal profits. A different approach which is applied i.e. in the Belgian system of combating *money laundering* is to treat this crime independently, without the requirement to prove the source crime.

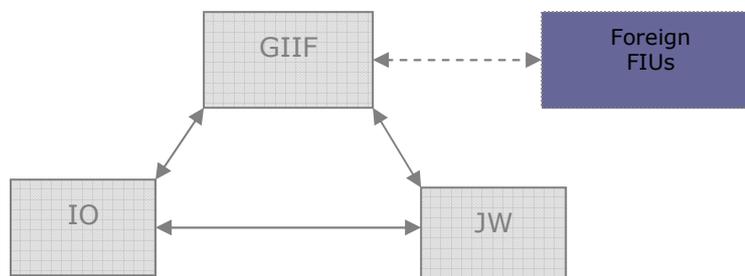
3. Inadequate use of rights to obtain the data by the cooperating units, except for the Prosecutor's Office. Despite a large number of applications and queries to the Ministry of Finance (around 2,900 entities were checked in 2006), the process must be improved on the part of applicants. It concerns, apart from the Prosecutor's Office (76% of applications), all authorised entities which use it either to an insignificant extent or not in conformity with the regulations in force.

¹ Łódzkie, Śląskie and Świętokrzyskie Voivodships.

² Brokerage houses, investment funds, investment fund companies, pension societies, factoring and leasing companies.

2. SYSTEM

The system of combating **money laundering and the financing of terrorism** in Poland consists of the General Inspector of Financial Information, obligated institutions³ and cooperating units⁴.



Obligated institutions and cooperating units inform the Polish Financial Intelligence Unit supervised by the General Inspector of Financial Information about suspicious transactions or suspicious activity. The Polish FIU operating

Financial Intelligence Unit – a term used in conventions and documents of international organisations combating money laundering. It denotes a central national centre for the analysis of financial flows that may be used by criminals and terrorists.

within the Ministry of Finance verifies the reported suspected cases of *money laundering* and financing of terrorism, collects the evidence and informs the Prosecutor's Office which in cooperation

with the law enforcement authorities undertakes the activities aiming at completing the indictment against the suspects.

The authorised entities, mainly the Prosecutor's office and law enforcement agencies, use the Polish Financial Intelligence Unit's data about the transactions. Due to the international dimension of the crime of *money laundering* and financing of terrorism, the information is exchanged to a large extent with foreign Financial Intelligence Units.

The effectiveness of the system is reinforced by the control of the performance of tasks resulting from the Act of 16 November 2000 on counteracting introduction into financial circulation of property values derived from illegal or undisclosed sources and on counteracting the financing of terrorism⁵. The control consists mainly in checking whether individual obligated institutions are adequately prepared to combat money laundering. The control is exercised by the Polish Financial Intelligence Unit and the authorities supervising the obligated institutions.

³ **Banks** and co-operative savings and credit unions; **financial institutions** - brokerage houses, investment funds, investment fund associations, insurance companies, factoring and leasing companies; **legal professions** – notaries public, lawyers and legal advisers; **certified auditors** and **tax advisers**; **non-profit organisations** – foundations; property values intermediaries – auction houses, exchange offices, pawnshops, second-hand shops, real estate agencies, **Polish Post etc.** The complete list of the obligated institutions is in Article 2 (1) of the Act.

⁴ Central administration and local government authorities and other state organisational units, the National Bank of Poland, the Commission for Banking Supervision and Supreme Chamber of Control – Article 2 (8) of the Act.

⁵ Dz.U. of 2003, No 153, item 1505, as amended, hereinafter referred to as *the Act*.

3. POLISH FINANCIAL INTELLIGENCE UNIT

The key objective of the Polish FIU in 2006 was to intensify the fight against money laundering and financing of terrorism through the performance of the following four activities:

Increasingly efficient blockades of criminal groups' accounts and transactions

As a result of blocking 92 bank accounts and suspension of four transactions, PLN 48 million were detained. As compared to 2005, the use of those instruments increased and around 30% financial resources more were detained [chapter 3.1].

Provision of analytical information to law enforcement authorities

198 notifications along with detailed analytical documentation were submitted to the Prosecutor's office. They concerned the transactions worth around PLN 880 million. The number of notifications increased by 13% as compared to 2005. The transactions of around 1,500 entities were controlled at the request of domestic authorities and 154 entities were controlled at the request of foreign authorities. In addition, within the framework of the process which began in 2006, the answers were granted to around 1,200 queries submitted within the National Crime Information Centre [chapter3.2].

Increased number of controls at financial institutions

There were 37 controls carried out at the obligated institutions. As compared to 2005 (25 controls), the number of controls increased by 32% and doubled in the financial institutions (15 controls) [chapter 3.3]. The supervisory authorities carried out 95 controls at the obligated institutions other than bureaux de change, including 25 controls at the financial institutions [see chapter 5.2].

Improved cooperation with foreign institutions and authorities

Three agreements were signed with the Financial Intelligence Units from Canada, Taiwan and Serbia (Polish FIU signed 36 such agreements). In addition, the activities aimed at signing new agreements, including the agreements with the Bahamas and the Cayman Islands, were initiated. The external cooperation concentrated on the specification of the rules governing the exchange of information [chapter 3.4 and 3.2].

3.1. Analyses

Active analysis – obtaining, gathering, processing and examining of transactions where there is a confirmed connection with *money laundering* or terrorism financing.

Passive analysis – gathering and processing of transactions where there is no confirmed connection with *money laundering* or terrorism financing.

In 2006 the Polish Financial Intelligence Unit instituted 1,139 analytical proceedings. In total 1,195 active proceedings were conducted⁶. The instituted analytical proceedings

concerned, among others, the following issues:

⁶ As on 31 December 2006.

- illegal or fictitious trade in goods: *fuels, scrap metal* - 151 proceedings;
- fraud and obtaining advantage by deception – 67;
- unauthorised access to bank accounts – 31;
- transactions of non-residents – 38;
- transfers of money abroad;
- transfers of money from economic operators – fictitious invoices.

3.1.1. DESCRIPTION OF THE ANALYSES

Illegal or fictitious trade in goods: *fuels* – PLN 524 million

One of the main money laundering methods was, as in 2005, the illegal or fictitious trade in fuels. What is striking is the large number of entities involved in the abovementioned activities, which transfer significant amounts of money between themselves. Those amounts are often divided into numerous single transactions for the amounts not exceeding EUR 15 000, i.e. the transactions which are not automatically subject to the registration⁷. At the final stage, the money are paid out in cash or invested in securities (including units of investment funds)⁸.

89 analytical proceedings concerning fictitious or illegal trade in fuels were initiated. 50 notifications on the suspected money laundering crimes pursuant to Article 299 of the Penal Code were submitted to the Prosecutor's Office. They concerned 131 entities and transactions worth PLN 524 million. As a result of blocking 24 bank accounts and suspension of two transactions, PLN 20 million were detained.

As compared to 2005, the number of notifications decreased by 14% which results from the shift of the activities of criminal groups to illegal or fictitious trade in scrap metals.

Illegal or fictitious trade in goods: *scrap metals* – PLN 114 million

The mechanism is similar to the one used in the fictitious trade in fuels. It is based on the use of *shell companies* through which the transactions are made and the *target accounts* (accounts used for the final separation of funds from the illegal source) are open. Then the cash is withdrawn.⁹

62 analytical proceedings concerning fictitious or illegal trade in scrap metals were initiated. 39 notifications on the suspected money laundering crimes pursuant to Article 299 of the Penal Code were submitted to the Prosecutor's Office. They concerned 92 entities and transactions worth approximately PLN 114 million. As a result of blocking 27 bank accounts, approximately PLN 3 million were detained. The number of notifications increased by 49% as compared to 2005.

⁷ Registered on the basis of the additional analysis.

⁸ Information of the General Inspector of Financial Information about the execution in 2005 of the *Act of 16 November 2000 on counteracting introduction into financial circulation of property values derived from illegal or undisclosed sources and on counteracting the financing of terrorism*, Warsaw, March 2006, p. 7.

⁹ As above, p. 8.

Fraud and obtaining advantage by deception – PLN 22 million

Another identified area of money laundering included the transactions performed as a result of acting to the detriment of legal and natural persons. The money was legalized using the target accounts technique, i.e. transfers of funds in order to pay them out in cash immediately, and trading in securities. The depositing stage was omitted. Due to the nature of transactions, e.g. obtaining loans under false pretences, it is difficult to distinguish between the transactions which are source crimes and the money laundering transactions, i.e. legalization of funds.

67 analytical proceedings concerning fraud and obtaining advantage by deception were initiated¹⁰. 20 notifications on the suspected money laundering crimes referred to in Article 299 of the Penal Code were submitted to the Prosecutor's Office. They concerned 61 entities and transactions worth approximately PLN 22 million. Approximately PLN 6 million were detained as a result of blocking 8 bank accounts.

Unauthorised access to bank accounts – PLN 2 million

Another money laundering method were phishing attacks – as a result of unauthorised access to the accounts, transfers to the accounts of leased entities were made, without the knowledge of the account holders. Then the funds were paid out in cash and transferred (through e.g. Western Union) to the perpetrators of the crime. The value of the above transactions was low in order to make it difficult for account holders to discover that the funds on their accounts diminished and to avoid the registration of suspicious transactions by the obligated institutions.

18 notifications on the suspected money laundering crimes referred to in Article 299 of the Penal Code were submitted to the Prosecutor's Office. They concerned 40 entities and the transactions worth approximately PLN 2 million. Approximately PLN 50 000 were detained as a result of blocking 4 bank accounts.

Transactions of non-residents – PLN 4 million

Financial havens denote not only so-called "tax havens" referred to in the Ordinance of the Minister of Finance of 16 May 2005 on the specification of countries and territories using harmful tax competition for the purposes of the personal income tax (Dz.U. No 4, item 790) and in the Ordinance of the Minister of Finance of 16 May 2005 on the specification of countries and territories using harmful tax competition for the purposes of the corporate income tax (Dz.U. No 94, item 791), but also dependencies having liberal legislation with respect to the incorporation and carrying out business by companies and restricted access to data covered by bank secrecy.

The mechanism used here is a combination of cash and non-cash transactions. The transfers from abroad (from *financial havens* as well as Asia and eastern Europe) combined with the payout of funds in Poland were registered. The money was invested or transported abroad. Polish citizens were proxies for the accounts of economic operators with their seat

in *financial havens*.

38 analytical proceedings concerning the transactions of non-residents were initiated. Four notifications on the suspected money laundering crimes referred to in Article 299 of the Penal Code were submitted to the Prosecutor's Office. They concerned 9 entities and the transactions worth approximately PLN 4 million.

¹⁰ A part of those proceedings concerned the suspected money laundering activity with respect to income from so-called „phishing attacks” discussed in the following Subchapter.

Apart from the abovementioned areas, the procedures initiated in 2006 concerned also the transfers of funds:

- abroad – funds coming from fiscal offences were transferred to *financial havens* and to the *Far East*. In both cases it is impossible to recover the transferred funds.
- between economic operators (fictitious invoices) – the funds were transferred on the basis of fictitious invoices through the consulting companies providing services whose value is difficult to establish. Then the funds were deposited at the target account belonging to the owner of the economic operator from which they were transferred.

3.1.2. EXAMPLES OF SPECIFIC ANALYSES

By source crimes

Corruption	A state official received PLN 500 000 on his bank account. Those funds did not match with his income. He transferred the money to other accounts and then he paid them out or invested them.
Extortion	An organised criminal group involved in extortions transferred PLN 3.4 million from the accounts of economic operators to the target account in order to withdraw the money from the account. The funds were detained.
To the detriment of the company	The related economic operators transferred PLN 700 000 to the personal account of a shareholder who withdrew some of the money and transferred part of it to other accounts. The shareholder was probably related to a criminal group involved in fraud, forgery and corruption. The funds were detained.
Fraud	A natural person sold the shares of a company purchased as a result of the order of another entity. It was a fraud against the real beneficiary – the entity placing the order. The funds obtained from the sales of the shares (PLN 4.3 million) was detained.
Fictitious activity	A natural person received PLN 700 000 from abroad for the account opened only for this purpose. No other transactions were made on the account and the business activity of the entity was characterised by low turnover and small revenues. The funds were detained.
Real estate	A natural person paid PLN 500 000 to the personal account although it was not supported by their income. Those funds, as a loan, were transferred to the account of an economic operator established several months earlier which used the funds to pay for the real property.
State Treasury	An economic operator which incurred losses received PLN 300 000 from the state agency. The funds were transferred to the bank account of a natural person who did not have any income. The value of transfers did not exceed EUR 15 000. The funds were ultimately withdrawn at the ATMs.

3.1.3. FINANCING OF TERRORISM

Apart from combating money laundering, the Polish FIU undertook active measures to counteract the financing of terrorism¹¹.

Analyses – financing of terrorism

In 2006 eight analytical proceedings concerning 89 entities were conducted in this area. The proceedings were initiated on the basis of information submitted by obligated institutions (6 proceedings) and cooperating units (2). Following the analyses, the results of 3 proceedings containing analytical material were submitted to the Internal Security Agency.

The abovementioned proceedings concerned mainly the transactions related to the supply of large amount of cash to Poland and non-cash transfers in the case of which at least one of the parties to the transaction was an entity from the countries supporting terrorism or characterised by large activity of terrorism groups.

Database of entities

The database of entities suspected of terrorist financing, which was created in 2003, is maintained and updated using the lists published by the United Nations Organisation, the European Union and the United States Department of the Treasury. The information about the entities units is forwarded to the obligated institutions which check whether those entities are the clients or the parties to the transactions. If the entity is identified, the institution notifies the PFIU about it.

In addition, thanks to the signed agreements, the Polish Financial Intelligence Unit exchanges the information on the financing of terrorism with other Financial Intelligence Units [see chapter 3.2].

3.1.4. RESULTS OF THE ANALYSES

Notifications

On the basis of 1 139 initiated analytical proceedings, the Polish Financial Intelligence Unit submitted 198 notifications to the Prosecutor's Office, along with detailed analytical analysis concerning the transaction to the amount of approximately PLN 880 million.

Table 1 – Results of the Polish Financial Intelligence Unit between 2001 and 2006

Specification	2001¹²	2002	2003	2004	2005	2006
Notifications to the Prosecutor's Office, pursuant to Article 299 of the Penal Code	20	104	152	148	175	198
Suspended transactions	1	26	20 (approx. PLN 37 million)	5 (approx. PLN 2.6 million)	5 (approx. PLN 1.6 million)	4 (approx. PLN 6.4 million)
Accounts blocked	-	-	8 (approx. PLN 22 million)	13 (approx. PLN 12 million)	34 (approx. PLN 36 million)	92 (approx. PLN 41.6 million)

As a result of notifications received in 2006 (as on 12 March 2007), the Prosecutor's Office:

- conducts 175 preparatory proceedings and one verification proceedings;

¹¹ Due to the nature of conducted proceedings, the description of the PFIU activities in this are is limited.

¹² Data for the second half of 2006.

- completed 2 preparatory proceedings – the indictments were submitted to the court;
- discontinued 19 preparatory proceedings and refused to initiate one.

Penalization of money laundering

The above data point to the fact that the proceedings last long which results from the provisions of Article 299 of the Penal Code which requires the identification of the crime generating illegal profits.

Detention of funds

In addition, in 2006 the PFIU detained PLN 48 million as a result of blocking 92 bank accounts and suspending four transactions. The use of these instruments increased as compared to 2005 since they allowed to detain 30% more funds.

3.2. Exchange of information

Apart from the notifications submitted to the Prosecutor’s Office, the Polish Financial Intelligence Unit controlled around 2 900 entities and their transactions at the request of authorised bodies:

- 1 500 entities at the request of domestic authorities;
- 154 entities at the request of foreign authorities;
- 1 200 entities as a result of queries within the framework of the NCIC.

In order to ensure efficient services for the information exchange and in relation to the increasing number of requests and queries, a special unit¹³ to handle them was established within the PFIU structure. In addition, the model requests for authorised bodies were prepared [see chapter 3.4.1].

3.2.1. REQUESTS TO THE POLISH FINANCIAL INTELLIGENCE UNIT

Requests from domestic authorities

On the basis of the requests received, 200 verification proceedings were initiated concerning the transactions of 1 530 entities. The request may be divided as follows:

Prosecutor’s Office

As a result of close cooperation with the Prosecutor’s Office related to the submitted notifications and preparatory proceedings conducted on their basis, 152 verification proceedings were initiated.

Law enforcement authorities

On the basis of the requests from law enforcement authorities, 21 verification proceedings were initiated. However, in the majority of cases (65%), the requests were forwarded without observing the procedure required by the Act. i.e. without the authorisation or justification.

Tax authorities and fiscal control authorities

As in the case of law enforcement authorities, 21 proceedings were initiated on the basis of the requests from the heads of tax chambers and directors of fiscal control offices.

Other requests were submitted by the supervisory authorities, the Supreme Chamber of Control and the Ministry of Internal Affairs and Administration.

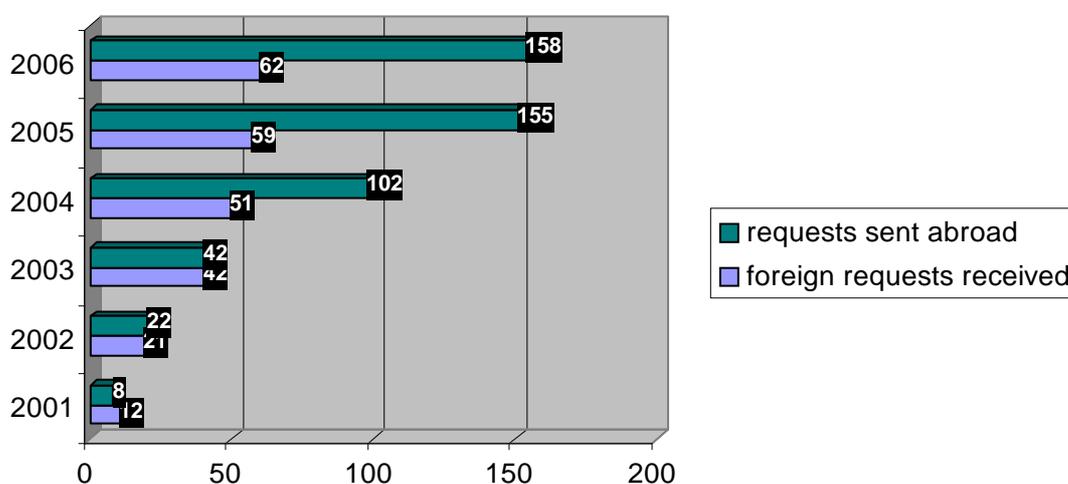
¹³ Information Exchange Unit

The analysis of requests points to a small, as compared to the number of requests submitted by the Prosecutor's Office, number of queries by law enforcement authorities and tax authorities, fiscal control authorities and customs authorities.

Requests from foreign FIUs

On the basis of the received requests from the foreign FIUs, 62 verification proceedings were initiated with respect to transactions by 154 entities. The most active FIUs were those of Ukraine (11 requests submitted to the Polish FIU), Luxembourg (7 requests) and Belgium (5 requests). The remaining FIUs submitted two requests on average. Compared to 2005, the number of the initiated proceedings increased by 5% (59).

Figure 1 – Information exchange with Financial Intelligence Units between 2001 and 2006.



National Centre for Criminal Information queries

The Polish Financial Intelligence Unit¹⁴ actively cooperates with the National Centre for Criminal Information (KCIK). Apart from 660 criminal information submitted ex officio, verifications were conducted in the IT system of the General Inspector of Financial Information (SI*GIIF) with respect to 1,179 entities. Among them, 83 were indicated as those reported in the analytical proceedings in progress.

3.2.2. REQUESTS OF THE POLISH FINANCIAL INTELLIGENCE UNIT

In order to obtain information on transactions and entities, the Polish FIU requested information from cooperating units and obligated institutions, the number of requests totalling 4.3 thousand. In the case when no information about the sources of funds were obtained, tax offices and fiscal control authorities were requested to verify the legality of funds.

¹⁴ The General Inspector of Financial Information is an authorised entity.

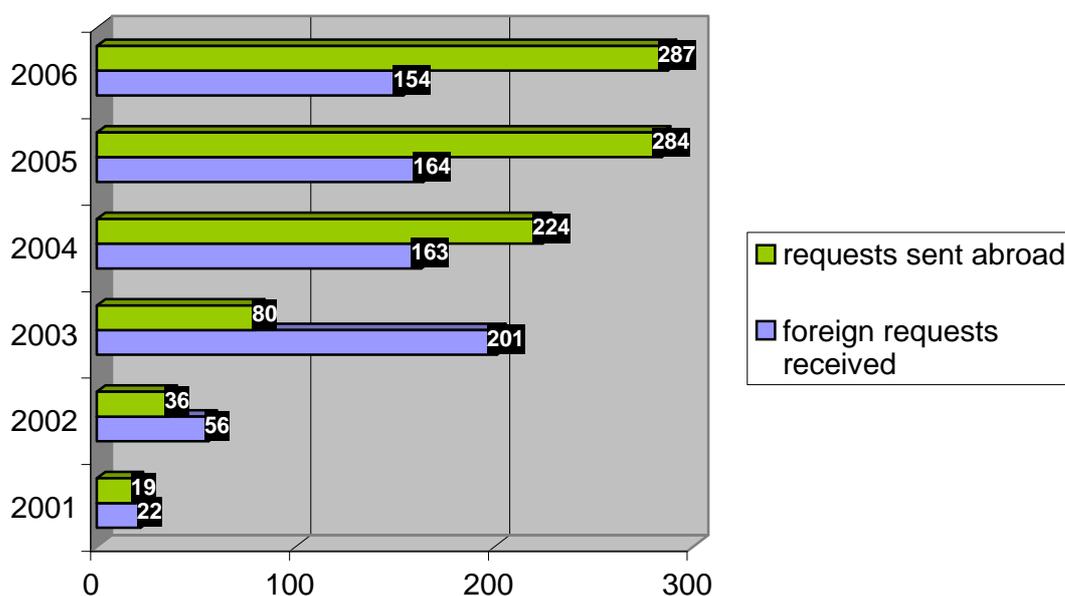
Requests to national authorities

In 2006, 4,309 requests for information were submitted, of which: to obligated institutions (1,660), to cooperating units (1,460) and to the National Centre for Criminal Information (1,189). Among the obligated institutions, the largest number of requests were submitted to banks (90%), whereas among the cooperating units – to tax authorities (52%) and to the National Centre for Criminal Information (45%) in order to obtain information on the income, property and criminal record of the suspected entities respectively.

Requests to foreign authorities

158 requests regarding 287 entities were submitted to the foreign FIUs.

Figure 2 – Entities referred to in requests for information, 2001-2006.



The most intensive information exchange was carried out with the British FIU – SOCA¹⁵, with 27 requests submitted. The remaining requests were submitted e.g. to the United States (20), Ukraine (16), Russia (14), Germany (11) and Cyprus (10).

Table 1 – Information exchange with Financial Intelligence Units in 2006.

	Number of queries	Number of entities
Foreign queries	62	154
Queries to foreign authorities	158	287
Total	220	441

The Polish Financial Intelligence Unit has at its disposal 36 agreements concluded by the General Inspector of Financial Information [see Chapter 3.4], on the basis of which one may obtain information regarding:

¹⁵ Serious Organized Crime Agency.

- identification data and grounds for registration of an entity in the FIU database,
- suspicious and currency transactions,
- entities involved in transactions,
- requests of other stakeholders.

3.3. Control

The Polish FIU carried out 37 controls in the obligated institutions in 2006. Compared to 2005 (25 controls), there was an increase by 48%, and the share of financial institutions more than doubled.

The main objective of the controls¹⁶ was to verify the progress of implementation of measures for the counteracting *money laundering* and terrorism financing in the obligated institutions.

3.3.1. AREAS OF CONTROL

After the analysis of the control results from the years 2001 – 2005, three main areas of control were adopted and the proportion of 2006 controls for the individual areas was established:

- intensification of the activities of the obligated institution – 48.5% of controls (units showing low activity regarding the submission of transaction information),
- maintenance/improvement of the quality of the activities of the obligated institution – 27.3% of controls (units showing good or high activity regarding the submission of transaction information),
- stimulation of the activities of the obligated institution – 24.2% of controls (units showing insufficient or no activity regarding the submission of transaction information).

Individual units were selected for control, taking into account the abovementioned areas and the following information: analytical and control information from the Polish FIU, control information from the supervising authorities and media publications.

3.3.2. CONDUCTING THE CONTROLS

Structure of controls

In 2006, 33 planned controls and four ad hoc controls were carried out in six categories of the obligated institutions:

- Banks and Co-operative Savings and Credit Unions – 8,
- Financial institutions: brokerage houses, investment funds, investment fund associations, insurance companies, factoring and leasing companies – 15,
- Legal professions: notaries public, lawyers and legal advisers – 9,
- Certified auditors and tax advisers – 3,
- Non-profit organisations: Foundations – 1,
- Property values intermediaries: brokerage houses – 1.

¹⁶ A task specified in Article 4 (6) of the *Act*.

The Polish FIU focused on the controls of financial institutions and legal professions. This was in contrast to 2005, when, apart from banks, a particular attention was paid to e.g. mutual wagering companies (four controls).

Three planned controls were not carried out due to the termination of activity, change of place of conducting activity and impossibility to produce authorisation to carry out control to the head of the unit. At the same time, measures were taken to carry out the failed controls.

Detected irregularities

Consequently to the conducted controls, the following key irregularities were detected:

- Errors in the *Transaction Register* or lack thereof (70%),
- Improper provision of information from the *Transaction Register* (22%),
- Incomplete procedure for the counteracting *money laundering* and terrorism financing, or lack thereof (63%),
- Failure to designate persons responsible for counteracting *money laundering* and terrorism financing (8%),
- Lack of training opportunities for employees (11%).

Financial institutions

From among 15 financial institutions being companies, in the case of three (20%)¹⁷ no person responsible for the implementation of tasks referred to in the *Act* was designated from the Management Board members and/or the obligation to provide the employees with training schemes related to the identification of transactions potentially connected with crime referred to in Article 299 of the *Penal Code* was not fulfilled. Procedures compliant with the legislation in force and the correctly maintained *Transaction Register* were not found in any of the controlled financial institutions.

Legal professions

Two out of nine controlled persons carrying out legal professions did not establish any relevant procedures, while in the six cases (67%) the procedure was not adjusted to the legislation in force. Out of the nine controlled persons, two did not have the *Register* and in two cases errors regarding the maintenance of the *Register* were found.

Banks and co-operative savings and credit unions

Out of eight institutions in this category, seven (88%)¹⁸ has procedures not fully adjusted to the legislation in force and the *Transaction Registers* of all institutions included errors.

Other obligated institutions

In three (60%)¹⁹ out of five entities from the „other” category, the procedure was not compliant with the legislation in force. There was one case of lack of the *Register* and one case of erroneous maintenance thereof. One of the institutions failed to provide its employees with training opportunities regarding the

¹⁷ Beskidzki Dom Maklerski SA, Handlowy-Heller SA, Towarzystwo Funduszy Inwestycyjnych SKARBIEC SA.

¹⁸ Bank Ochrony Środowiska SA, Bank Polskiej Spółdzielczości, ING Bank Śląski SA, Nordea Bank Polska SA, PKO BP SA, Volkswagen Bank Polska SA, Wielkopolska Spółdzielcza Kasa Oszczędnościowo-Kredytowa.

¹⁹ Fundacja Centrum Praw Kobiet (Centre for Women’s Rights - Foundation), „DESA” Dzieła Sztuki i Antyki Sp. z o.o. and a certified auditor.

identification of transactions potentially connected with crime referred to in Article 299 of the *Penal Code*.

Notification of the suspected crime

After detailed analyses of control results, in four cases there was a grounded suspicion of crime, therefore decisions were made to prepare notifications to be submitted to the Prosecutor's Office.

Reporting control results

Supervising authorities received 30 written information about the control results in the obligated institutions supervised by them in 2005 and 2006:

- Commission for Banking Supervision – 10,
- Financial Supervision Authority²⁰ – 13,
- Presidents of the Courts of Appeal – 4,
- National Co-operative Savings and Credit Bank – 2,
- Minister of Finance²¹ – 1.

3.3.3. METHODOLOGY OF CONTROL

In order to enhance the control process, a new procedure for control was prepared²². The changes introduced concerned a more detailed specification of deadlines for particular control activities, regulation of the manner of maintenance of control documentation and introduction of specimen for control documents.

The works on the map of risks for the system for counteracting *money laundering* and terrorism financing, initiated in 2006, will allow the specification of the current state of the system both in sectoral and geographical terms. Identification of weaknesses will allow a smooth introduction of remedial actions aimed at reduction of risk of substantial irregularities in the system's operations. Current analyses show a lower activity of investment funds and investment fund associations managing those funds with respect to the transfer of information about suspicious transactions in 2006, compared to 2005.

The analysis of data concerning suspicious and above-threshold transactions by voivodships shows that the average ratio of the former to the latter transactions is 1 : 2,500. In the case of three voivodships, Łódzkie, Śląskie and Świętokrzyskie, this ratio was over ten times worse, i.e. 1 : 27,000. Further analysis of the reasons for such state is necessary in order to take relevant measures, including control activities.

²⁰ Of which the Polish Securities and Exchange Commission – 9, the Insurance and Pensions Funds Supervisory Commission – 4.

²¹ Director of the Games of Chance and Betting Department.

²² Introduced by the GIFI in 2007.

3.4. External cooperation

3.4.1. DOMESTIC COOPERATION

The Polish FIU in 2006 focused in particular on cooperation in the following areas:

- the rules for information exchange: Prosecutor's Office, the Internal Security Agency, the Central Anti-Corruption Bureau, fiscal control authorities, the Police - National Centre for Criminal Information,
- coordination of control activities with the supervising authorities [see Chapter 5.2],
- training: obligated institutions and cooperating units.

Moreover, the FIU participated in the works of task forces related to the coordination of services.

Rules for information exchange

The importance of criminal information for the confirmation of money laundering and terrorism financing and for the indication of the original crime results in the fact that the close cooperation of the Polish FIU with the enforcement authorities and fiscal control authorities is indispensable. To this end, in 2006 a number of meetings were held with the representatives of the Organised Crime Bureau at the National Prosecutor's Office, the Internal Security Agency and the Central Anti-Corruption Bureau. Meeting topics covered the powers of the General Inspector of Financial Information and possibility to cooperate and exchange information, including the scope of information in the notifications prepared by the FIU. Finally, the basic rules for information exchange were adopted:

- the enforcement authorities will allow immediate information transfer, if the procedure related to potential transaction halting or blocking the account has been launched,
- the Prosecutor's Office will provide information about the decisions issued under the proceedings in progress, initiated upon the Polish FIU's notification,
- the data will be provided, if possible, in electronic copy which allows their more efficient analysis, in the case of substantial data quantity.

Moreover, in cooperation with the Prosecutor's Office and the fiscal control authorities, specimen for the request for information held by the Polish FIU were drafted.²³

Training

Training was carried out in two forms: as lectures and exercises addressed to specific groups and as e-learning available for all obligated institutions and cooperating units. Approximately 2.1 thousand of persons were trained.

Lectures and exercises

Lectures and exercises covered 12 training activities for the total of 350 persons. The following institutions were the addressees of training activities:

- banks (Kredyt Bank and BRE Bank),

²³ Pursuant to Articles 32 and 33 of the *Act*.

- representatives of insurance companies,
- supervising authority (the Polish Securities and Exchange Commission),
- fiscal control authorities,
- tax offices,
- the Police,
- the Prosecutor's Office,
- the Internal Security Agency.

The training focused on statutory obligations and identification of suspicious transactions.

Apart from training addressed to specific recipients, the Polish FIU participated in seminars, workshops and conferences focused on combating organised crime, providing information about the typology and examples of *money laundering* and terrorism financing.

- Problems with evidence in terrorism-related crimes and effects of operational activities – conference organised under the auspices of the 1st President of the Supreme Court,
- Revealing asset components – a seminar organised by the High Police Training School in Szczytno in cooperation with the Criminal Bureau and the Central Investigation Bureau at the Police Headquarters,
- Pragmatics of combating *money laundering* in Poland – the 5th symposium organised by the Police School in Piła.

E-learning

An e-learning course for the obligated institutions and the cooperating units was revived. The course, completed by 1,854 persons, covered the following topics:

- The main areas related to the counteracting money laundering and terrorism financing;
- Entities participating in counteracting money laundering;
- The tasks of obligated institutions;
- Identification of suspicious transactions;
- Internal procedure in the obligated institution;
- Submission of information to the GIFI;
- Control of compliance with the Act;
- Penal liability for the infringement of law.

Guide for the obligated institutions

The obligated institutions and the cooperating units received free of charge 2,239 copies of the handbook entitled *Counteracting money laundering: guide for the obligated institutions and cooperating units*; this constituted 96% of the entire edition:

- obligated institutions – 766,
- cooperating units – 1,453 (of which supervising authorities – 320).

The guide for the cooperating units and obligated institutions is a source of information concerning the typology of *money laundering* and information about the methods of detecting transactions that might be connected with money laundering or terrorism financing.

Coordination of services

The FIU participated in the works of the following groups or teams:

Terrorist threat	<p>The works of the Interministerial Team for Terrorist Threat²⁴ were initiated in December 2006. The Team substituted the Working Group on Coordination of Operating and Reconnaissance Activities aimed at Combating Political Terrorism. Within the scope of Team works, a Permanent Expert Group was established in order to:</p> <ul style="list-style-type: none"> • monitor terrorist threat, • analyse and assess information, • present proposals related to the adjustment to counteract terrorism.
Petrol crime	<p>The Interministerial Group on Combating Petrol Crime coordinates the activities of services aimed at counteracting fuel-related crime, e.g.:</p> <ul style="list-style-type: none"> • proposals of legislative amendments, • rules for information exchange between the services, • the use of the existing ministerial databases.
WMD proliferation	<p>Representatives of the Polish FIU participated in the works of the <i>Proliferation Security Initiative</i> related to the intercepting of the weapons of mass destruction (WMD).</p> <p style="padding-left: 40px;">The FIU activity in this respect is limited to the issue of financing of transactions in which funds coming from illegal sources are engaged.</p>

3.4.2. INTERNATIONAL COOPERATION

In 2006, the Polish Financial Intelligence Unit carried out the following tasks under international cooperation activities:

- undertook measures aimed at the improvement of information exchange with foreign Financial Intelligence Units,
- contributed to the conclusion of agreement on regional cooperation with the U.S. Department of the Treasury,
- actively participated in the works of the EGMONT Group, Council of Europe MONEYVAL Committee (and, indirectly, FATF), Committee for the Prevention of Money Laundering and Terrorist Financing.

Moreover, it participated in three evaluations in Poland, namely in respect of counteracting corruption, mutual assistance under EUROPOL and counteracting *money laundering* and the financing of terrorism.

Information exchange

In 2006, agreements on information exchange were concluded with FIUs of Canada, Serbia and Taiwan. The number of agreements concluded to date equals 36. Negotiations with the representatives of further FIUs were initiated, namely with the Bahamas, Mexico, Bosnia and Herzegovina, Albania, the Republic of Moldova and, recently, with the Cayman Islands.

Information exchange between FIUs is carried out through two secure channels, i.e. Egmont Secure Web²⁵ and FIU.NET.²⁶ New solutions for the

²⁴ Established by order of the President of the Council of Ministers of 25 October 2006.

²⁵ ESW – a secure channel of information exchange under the Egmont Group.

abovementioned systems were actively developed, e.g. through the participation in the works on the modernisation of ESW and FIU.NET. At present, works are carried out in order to allow the future compatibility between the abovementioned systems.

Regional cooperation with the U.S. Department of the Treasury

In December 2006, the Ministry of Finance concluded an agreement on regional cooperation with the U.S. Department of the Treasury in order to enhance the role of the Polish FIU both at the national and the regional level, through e.g.:

- developed and implemented specialised training programmes,
- organisation of workshops on counteracting *money laundering* and terrorism financing for the representatives of FIUs in Central and Eastern Europe.

Negotiations with the representatives of the U.S. party in this respect have been carried out since July 2006. Consequently to the concluded agreement, a *Regional Advisor* has been established in Poland. Only three such advisors are established on a global scale.

The works of the international institutions

Egmont Group

The Egmont Group is an organisation gathering FIUs from 101 countries which cooperate in order to improve the ways of counteracting *money laundering* and terrorism financing, implementing its tasks through five Working Groups: the Outreach Working Group, the Legal Working Group, the IT Working Group, the Operational Working Group and the Training Working Group. The Polish Financial Intelligence Unit has been its member since 2002.

In 2006, two meetings of the Working Groups and one Egmont Plenary meeting were held. Apart from the constant work and involvement in the activities of Legal Working Group and the IT Working Group, steps were taken to transform *the Group* into the formal international organisation. The Polish FIU, as the member of the *Interim Subcommittee*, participated in the preparation of proposed rules for the financing of the established organisation and of the legal basis for its operations. Poland was one of the countries which had suggested their candidacy for the establishment of the future seat of the Secretariat of the international organisation. Finally, taking into account the proposal of additional financing of the Secretariat's operations, the Canadian offer was accepted.

From 7 to 10 November 2006, the Polish Financial Intelligence Unit hosted the *Meeting of the Egmont Group Working Groups* in Warsaw. The number of FIU representatives attending the meeting hit the records, with 126 persons from 62 countries. *The meeting* was held under the auspices of the General Inspector of Financial Information and involved the debates of all five Working Groups, *Implementation Committee* and the *Egmont Committee*.

Council of Europe MONEYVAL Committee

The MONEYVAL, the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures, operating within the Council of Europe, is composed of the representatives of the Financial Intelligence Units and other institutions from the countries which are members of the Council of Europe. It is a

²⁶ FIU.NET – a secure network for information exchange within the European Union Member States and other European stakeholders.

regional organisation having a status of an Associate Member of the FATF (a so-called *FSRB – ‘FATF-style’ Regional Body*), evaluating the functionality of systems of counteracting money laundering and financing of terrorism in 27 countries of Central and Eastern Europe.

In 2006, four meetings of the MONEYVAL Committee were held. The Polish FIU actively participated in the *Committee* activities, in particular in the works of the Typologies Working Group and in the evaluation of Georgia, moreover, the *FIU* is a member of the *Committee’s* Bureau.

MONEYVAL Evaluation

In 2006, the comprehensive evaluation of the Polish system for counteracting *money laundering* and terrorism financing under the 3rd Evaluation Round has been launched, to be completed in 2007. Responses to the evaluation questionnaire have been drafted in cooperation with other ministries.²⁷ In order to ensure the smooth performance of evaluation activities, the *Interministerial Team on the Comprehensive Evaluation of the Polish System for Counteracting Money Laundering* has been established.²⁸ From 13 to 21 May 2006, the evaluation mission was carried out by the experts from MONEYVAL, the International Monetary Fund, Financial Action Task Force²⁹ and the World Bank. At present, the evaluators prepare a report on the Polish system and the Polish party drafts comments to the proposed evaluation.

FATF

The Polish FIU continued the actions on the European Union level in order to gain support for the Polish accession to the FATF, presenting its position before the Committee for the Prevention of Money Laundering and Terrorist Financing. At the same time, owing to the current associate membership of MONEYVAL in the FATF, the Polish FIU’s representative, as a member of the MONEYVAL Bureau, can participate in the works and meetings of the FATF.

Committee for the Prevention of Money Laundering and Terrorist Financing

After the Third Directive of EU on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing³⁰ entered into force on 15 December 2005, the Committee for the Prevention of Money Laundering and Terrorist Financing was established.³¹ In 2006, five meetings of the Committee were held to cover e.g. the following topics:

- consultation works on the Proposal for a Regulation of the European Parliament and the Council on information on the payer accompanying transfers of funds.³²
- the process of preparing a European Union Draft Directive laying down implementing measures for Directive 2005/60/EC of the European Parliament and the Council with respect to the definition of the “politically exposed person”, as well as to the technical criteria for the application of the simplified customer due

²⁷ *Mutual Evaluation/ Detailed Assessment Questionnaire Anti-Money Laundering and Combating the Financing of Terrorism*

²⁸ Order No 58 of the Council of Ministers of 24 April 2006 on the establishment of an Interministerial Team on the Comprehensive Evaluation of the Polish System for Counteracting Money Laundering.

²⁹ Financial Action Task Force – FATF.

³⁰ 3rd Anti-Money Laundering and Counter Financing of Terrorism Directive (Directive 2005/60/EC).

³¹ Also known as the Prevention Committee. It substituted the Money Laundering Contact Committee.

³² Regulation (EC) No 1781/2006 of the European Parliament and the Council of 15 November 2006 on information on the payer accompanying transfers of funds, OJ L345/1 of 8.12.2006.

diligence and exemptions on grounds of a financial activity conducted on an occasional or very limited basis.³³

These measures were aimed at the establishment of the uniform rules of conduct for institutions and persons covered by the Regulation and by the Third Directive, e.g. towards the politically exposed persons, residents of other European Union Member States or of the third countries.

Evaluations

OECD Review

The Polish FIU participated in the second phase of the review of the implementation of the provisions of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and of the Revised Recommendation of the Council on Combating Bribery in International Business Transactions, aimed at evaluating the practical application of the issued implementing provisions.

The evaluators assessed the quality of training, publishing initiative and free distribution of a handbook for the obligated institutions as high, emphasising the practical value of IT solutions adopted on the GIFI website, as well as good working contact with the institutions and the possibility of ongoing consultations for the institutions.

EUROPOL

The Polish FIU participated in the third round of mutual evaluations with the EUROPOL and *between* the European Union Members States. The current cooperation between the Polish Financial Intelligence Unit and the Police in respect of the implementation of tasks imposed upon those authorities by law was assessed as good by the evaluators.

³³ OJ L 214 of 4 August 2006, p. 29.

4. OBLIGATED INSTITUTIONS

Under the system for counteracting *money laundering* and terrorism financing, the obligated institutions submit to the Polish Financial Intelligence Unit three types of notifications (reports) on the suspicious transactions (approx. 48,000), above-threshold transactions – the threshold at EUR 15,000 (approx. 27,000,000) and pending suspicious transactions (72).³⁴

4.1. Suspicious transactions

Executed transactions

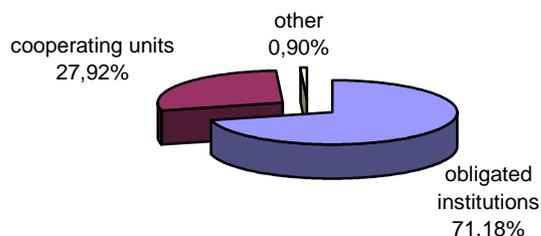
In 2006, the obligated institutions submitted 48,229 reports on the executed suspicious transactions, of which:

- reports on the single suspicious transaction – 46,950 (suspicious transaction reports, STR),
- reports on the groups of suspicious transactions / suspicious activity – 1,279 (suspicious activity reports, SAR).

The reports were submitted in electronic (97.3%) and hard copy (2.7%). The majority of submitted reports (47,817) covered transactions related to *money laundering*, whereas 412 related to terrorism financing.

In comparison with 2005, the number of SAR from the obligated institutions increased by over 32%, due to the growing number of the obligated institutions and their activity related to counteracting *money laundering* and terrorism financing.

Figure 1 – Suspicious transaction reports/suspicious activity reports by category of entities.



Errors

The substantial part of STR from the obligated institutions (68%) was erroneous. The obligated institutions qualified transactions as suspicious as a result of:

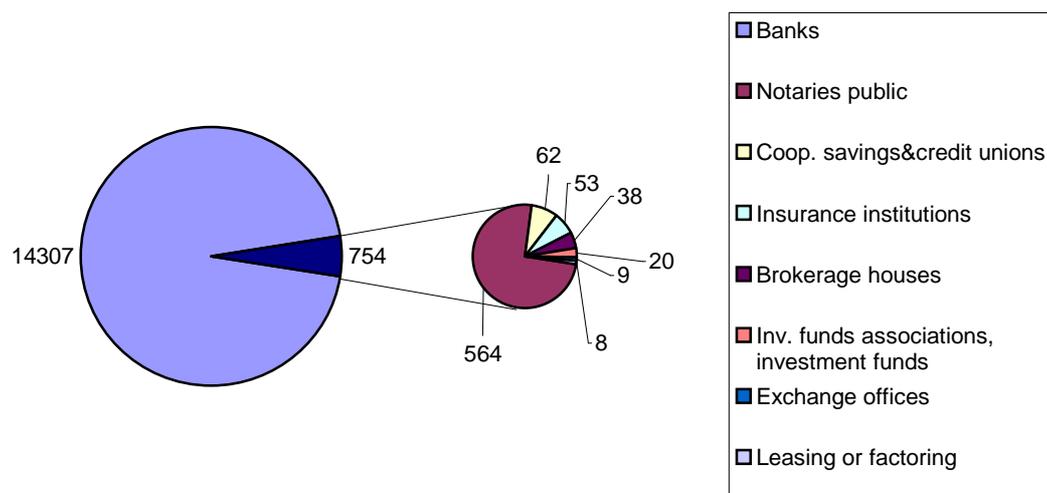
- technical error – improperly entered transaction code,
- lack of justification for suspicion – a field left blank.

After a preliminary analysis, the total of 15,061 reports were qualified for further analysis.³⁵

Figure 2 – Decomposition of the number of suspicious transaction reports (STR) in 2006 (after a preliminary analysis by the Polish FIU).

³⁴ Notification in accordance with Articles 8, 16 and 17 of the Act.

³⁵ As of 12 March 2007.



Pending transactions

Apart from the executed transactions, the obligated institutions reported the pending suspicious transactions (72 information). All reports concerned transactions related to *money laundering*.

Table 1 – Suspicious activity reports (SAR) and pending suspicious transactions between 2001 and 2006

Type of entity	2001 ³⁶	2002	2003	2004	2005	2006
Obligated institutions	102	358	739	860	1,020	1,351
Cooperating units	115	237	211	521	523	530
Other sources	14	19	15	16	15	17
Total	231	614	965	1,397	1,558	1,898

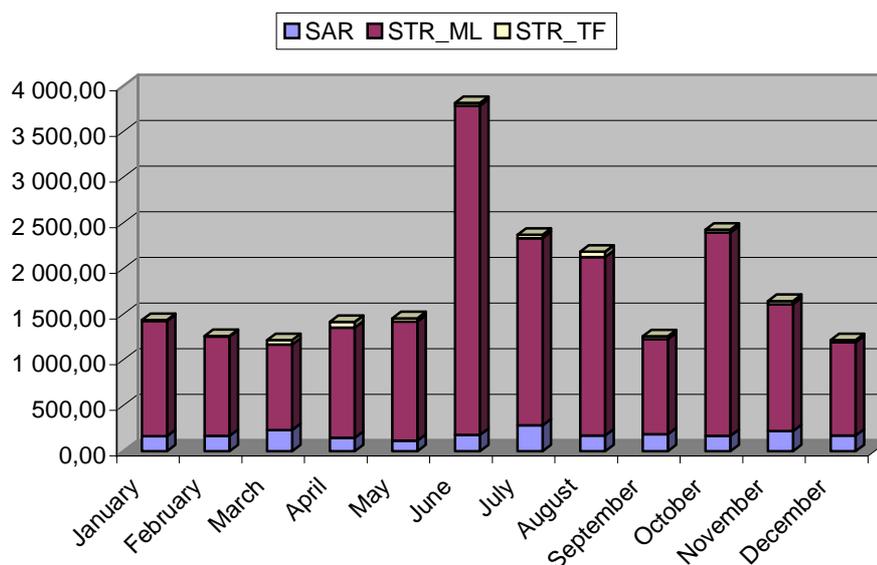
Broken down by entities

The majority of suspicious transaction reports (STR) was submitted by banks (95.97%) and notaries public (2.90%). The remaining obligated institutions submitted 1.13% of the total number of reports.

The majority of suspicious activity reports (SAR) was submitted by banks (97.6%), Co-operative Savings and Credit Unions (1.6%) and brokerage houses (0.7%). The remaining obligated institutions submitted a mere 0.1% of the total number of reports.

Figure 3 – Decomposition of the number of suspicious transaction reports by respective months.

³⁶ Data for the second half of 2006.



On the basis of the suspicious transaction reports submitted by the obligated institutions, the Polish FIU initiated 1,139 analytical proceedings and, having gathered the evidence, submitted 198 notifications to the Prosecutor's Office and seized approximately PLN 48 million, through 92 blocked accounts and four transaction halts [see Chapter 3.1].

4.2. Above-threshold transactions

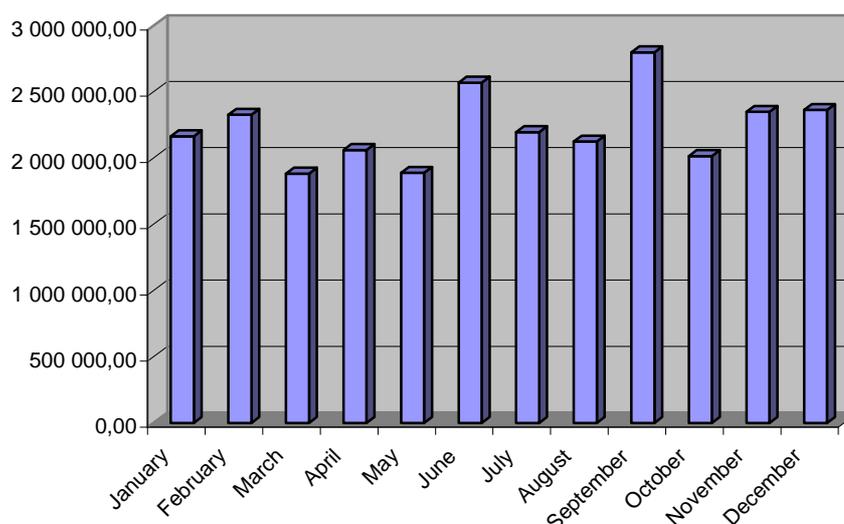
In 2006, the obligated institutions submitted 26,720,034 reports on the above-threshold transactions, i.e. exceeding EUR 15,000. The reports were submitted in electronic (99.82%) and hard copy (0.18%). Moreover, the part of reports concerned the already submitted information:

- 2.1% – adjustments of previously reported transactions,
- 14.9% – additional clarification (incomplete or improper data).

The average number of monthly reports submitted to the Polish FIU in 2006 equalled 2.25 million transactions. As of year-end, this number already exceeded 2.5 million a month.³⁷

³⁷ In comparison, in 2005 the number of transaction reports per month equalled 1.75 million.

Figure 4 – Decomposition of the number of above-threshold transaction reports by respective months.



Broken down by entities

The largest number of above-threshold transaction reports was submitted by banks (81%), brokerage houses (12%), investment fund associations (3%), factoring and leasing companies (2%), notaries public (1%) and other obligated institutions (1%).

Figure 5 – Decomposition of the number of above-threshold transactions in 2006 by obligated institutions.

Reports on the above-threshold transactions submitted by the obligated institutions were used, by applying an automatic analysis, to generate groups of suspicious transactions from the system and to obtain evidence necessary for the preparation of notifications to the Prosecutor's Office (see Chapter 3.1).

4.3. IT reports handling system - SI*GIIF

The Polish FIU gathers and processes information obtained from the obligated institutions, using the IT System of the General Inspector of Financial Information, i.e. SI*GIIF (see Chapter 4.1 and 4.2). In 2006, the system covered over 75 thousand data files regarding financial transactions implemented in the Polish financial system.

Under SI*GIIF, new processes for the searching through databases in respect of the queries of the Prosecutor's Office and of the National Centre for Criminal Information were prepared, tested and launched, e.g.:

- automatic comparison of the databases for the above-threshold transactions and analytical proceedings carried out in the Polish FIU in order to determine the connection with *money laundering* or terrorism financing,
- use of electronic query form agreed upon with the Prosecutor's Office and the National Centre for Criminal Information.

Moreover, assumptions and preliminary plan for the implementation of the draft modernisation of the SIGIIF website available for the obligated institutions were defined in order to render the communication and information exchange between the GIF and the obligated institutions more smooth.

Apart from the reports from the obligated institutions, the system also covers reports submitted by the cooperating units (see Chapter 5.1).

5. COOPERATING UNITS

An important role in the system for counteracting money laundering and terrorism financing is reserved for the cooperating units, which mainly cooperate with the Polish FIU in the area of information exchange (see Chapter 3.2). Moreover, similarly to the obligated institutions, the cooperating units inform about the suspicious transactions/suspicious activity and, in the case of the supervising authorities, carry out the monitoring tasks supporting the control of the Polish FIU.

5.1. Suspicious activity reports

In 2006, the cooperating units submitted 530 reports on the groups of suspicious transactions / suspicious activity (SAR).³⁸ The reports were submitted solely in the hard copy.

Broken down by
entities

The largest number of SARs was submitted by tax offices and chambers (51%), fiscal control offices (11%), customs offices and chambers (17%), the NBP (8%) and the Agricultural Property Agency (8%). The share of reports from other cooperating units totalled 4%. Compared to 2005, the number of notifications from the Agricultural Property Agency increased by 46.7% and from the National Bank of Poland (NBP) by 39.4%.

Table 2 – SAR by type of cooperating units

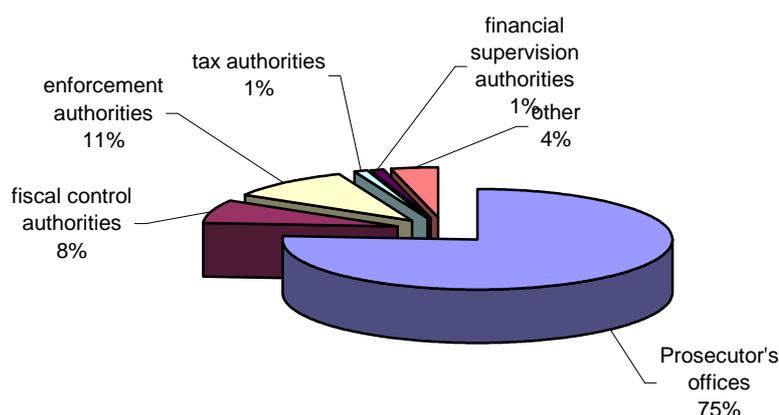
Type of cooperating unit	No of notifications	Share in %
<i>Tax authorities</i>	270	51%
<i>Customs authorities</i>	93	17%
<i>Fiscal control authorities</i>	57	11%
<i>Enforcement authorities</i>	3	1%
<i>NBP³⁹</i>	46	8%
<i>Agricultural Property Agency</i>	44	8%
<i>Government administration units</i>	3	1%
<i>Local administration units</i>	9	2%
<i>Other</i>	5	1%
Total	530	100%

In the case of the Agricultural Property Agency, the notifications sent mainly concern transactions related to trading in real property. The NBP reports single transactions, where the accounts kept with the NBP are credited with currency. Transactions are qualified on the basis of the amount of funds and the manner of transaction execution.

Figure 6 – SAR by type of cooperating units

³⁸ Pursuant to Article 15a of the Act.

³⁹ In order to facilitate the presentation of data, information from the NBP has been presented in the group of cooperating units, although, in accordance with the Act of 16 November 2000 on counteracting introduction into financial circulation of property values derived from illegal or undisclosed sources and on counteracting the financing of terrorism, the NBP is partly an obligated institution.



5.2. Supervising authorities

The Polish System for Counteracting Money Laundering assumes that, in order for the control to be most efficient, the following supervising authorities carry out control activities under their competences apart from the Polish FIU: the General Inspector of Banking Supervision, the National Co-operative Savings and Credit Bank, the Financial Supervision Authority, the Presidents of the Courts of Appeal and the National Bank of Poland.

5.2.1. CONTROLS

In 2006, the supervising authorities, within their statutory competences, carried out 105 controls of obligated institutions other than exchange offices, totalling 1,146.⁴⁰ In comparison with 2005 (1,151 controls), a slight drop in the number of controls occurred (by 0.4%). The controls were conducted in four categories of obligated institutions:

- Banks and Co-operative Savings and Credit Unions - 59⁴¹.
Controls carried out by the General Inspector of Banking Supervision and the National Co-operative Savings and Credit Bank.
- Financial institutions: brokerage houses, investment fund associations and insurance companies - 25⁴².
Controls carried out by the Financial Supervision Authority.⁴³
- Legal professions: notaries public – 21.
Controls carried out by the Presidents of the Courts of Appeal.
- Property values intermediaries: exchange offices – 1,041.
Controls carried out by the National Bank of Poland.

Key irregularities

In the case of such institutions as the banks, Co-operative Savings and Credit Unions, financial institutions and notaries public, the detected irregularities

⁴⁰ Information obtained on the basis of Article 21 (4) of the *Act*.

⁴¹ 33 and 26 respectively.

⁴² 9, 3 and 13 respectively.

⁴³ Before the establishment of the Polish Financial Supervision Authority, the controls were carried out by the Polish Securities and Exchange Commission and by the Insurance and Pensions Funds Supervisory Commission.

included the incomplete procedure for the counteracting money laundering and terrorism financing and errors in the maintenance of the *Transaction Register*.

In the case of the foreign exchange points, apart from the abovementioned irregularities, the improper provision of information from the *Transaction Register* and lack of training opportunities for the employees were stated.

5.3. Coordination of actions

Measures were taken to coordinate the control by the Polish FIU with that of the supervising authorities within their competences.

In 2006, the FIU agreed with the GIBS on the control measures with respect to banks and branches of foreign banks. This would allow a more effective use of the *Unit's* resources and a more efficient control of the entire banking industry. Moreover, the rules for the cooperation, reporting on the control results and preparatory penal proceedings conducted on the basis of the GIBS notifications, were further precised.

In 2007, the GIFI will continue its activities aimed at the adoption of the rules for a more effective cooperation with other supervising authorities.

6. AMENDMENTS TO LEGISLATION

The Polish FIU also serves as an entity preparing amendments to legislation in the area of counteracting *money laundering* and terrorism financing.

Amendments to the Act

Works were initiated on the revised *Act on counteracting money laundering and terrorism financing* with respect to the implementation of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. The Revision Team⁴⁴ was established to prepare draft amendments to the legislation in force. The amendments concern the following issues:

- application of the due diligence measures on the basis of risk assessment,
- introduction of special rules of conduct towards politically exposed persons,
- informing, by institutions which do not execute transactions, about circumstances giving raise to the suspicion of *money laundering* or terrorism financing,
- introduction of feedback for the obligated institutions,
- introduction of protection of persons responsible for the analyses and suspicious transactions.

In the course of revision works, also amendments to Polish and Community legislation and experience resulting from the implementation of the *Act* will be taken into account, which will enhance the effectiveness of the entire system for counteracting money laundering and terrorism financing. The Directive should be transposed into the Polish legislation by 15 December 2007.

The Convention

The General Inspector of Financial Information and his representatives participated in the works of the Polish Sejm and Senate with respect to the preparation of the draft Act on the ratification of the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crimes. The Act expressing consent for the ratification of the Convention was adopted by the Polish Sejm.⁴⁵

The case in the Constitutional Tribunal

The National Notarial Council claimed the Ordinance of the Minister of Finance of 21 September 2001 on the specification of the transaction register specimen, the manner of its maintenance and the procedure for the provision of data from the register to the General Inspector of Financial Information⁴⁶ to be non-compliant with the scope of statutory authorisation provided for in Article 13 of the *Act on counteracting money laundering and terrorism financing* with respect to the constitutional rules for the issue of executive regulations on the basis of the Act and in order to implement it (Article 92 (1)) and law and order (Article 7). Moreover, the motion claimed that the said provision was non-compliant with

⁴⁴ Decision No 1/IF/2006 of the Department Director of 19 September 2006 on the establishment of a Team for the revision of the Act of 16 November 2000 on counteracting introduction into financial circulation of property values derived from illegal or undisclosed sources and on counteracting the financing of terrorism and of the Ordinance of the Minister of Finance of 21 September 2001 on the specification of the transaction register specimen, the manner of its maintenance and the procedure for the provision of data from the register to the General Inspector of Financial Information.

⁴⁵ Dz. U. of 20 December 2006, No 237, item 1712.

⁴⁶ Dz. U. No 113, item 1210 as amended.

Article 11 (1) of the Act on counteracting money laundering and terrorism financing, in accordance with which the transfer of data from the transaction register involves the sending or providing of data in electronic copy.

Having considered the motion, the Tribunal adjudicated that the provision of Article 7 (1) of the *Ordinance* was compliant with Article 11 (1) of the *Act on counteracting money laundering and terrorism financing*.

7. PLANS FOR 2007

The Polish Financial Intelligence Unit, having assessed the implementation of tasks for 2006, adopted the following priorities to be implemented in 2007:

1. Further combating of *money laundering* and terrorist financing, including in particular enhanced information exchange with enforcement authorities, financial institutions and foreign entities combating *money laundering* (including “tax havens”).
2. Amendment of money laundering and terrorism financing legislation, including revision of the *Act*, in order to transpose the Community solutions⁴⁷ into the Polish legislation and to use FATF standards and experiences gathered by the FIU.
3. Creating a positive image of Poland as a country combating *money laundering* and terrorism financing, including *lobbying* for the accession to the FATF, cooperation with the U.S. Department of the Treasury, obtaining a relevant *Report of the MONEYVAL Committee* (Council of Europe) on the Polish system for counteracting *money laundering* and terrorism financing.

⁴⁷ Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, OJ L 309 of 25 November 2005, p. 15.