



HELLENIC REPUBLIC
Anti-Money Laundering and Counter Terrorist
Financing Commission

ANNUAL REPORT



2009



**ANTI-MONEY LAUNDERING
AND COUNTER TERRORIST
FINANCING COMMISSION**



**92, Alkifronos Str. & 207,
Piraeos Str. , GR-11853 ATHENS**

Telephones: +30 210 3401 901

+30 210 3401 939

FAX: +30 210 3426892

E-Mail: fiu-gr@hellenic-fiu.gr

URL: www.hellenic-fiu.gr

The current publication presents the 2009 Annual Report of the Hellenic Financial Intelligence Unit regarding its Anti-Money Laundering and Counter-Terrorist Financing activities.

The following staff members have contributed in the preparation of the Report:

Kapitsina Efthalia	Chief Editor
Tolias Kyriakos	Editing, Strategic Analysis
Theodoropoulou Vivian	Legal Framework
Antoniou Themistoklis	Regulatory Framework, Technology issues
Koutsouri Sophia	International Relations
Chrona Ageliki	Foreign Inquiries
Batsouli Aikaterini	Tactical Analysis
Adritsi Ourania	Human Resources
Sigiridis Panagiotis	Information Systems
Flokas Ilias	Statistics

PRESIDENT'S PREFACE

The integration of financial markets, the ample possibilities for transferring money globally without restrictions, technological advances that render the remote execution of transactions and investments possible, but also the anonymity provided to the owners of off-shore companies by countries and jurisdictions where these entities flourish, besides facilitating legitimate trade and business, unfortunately, also offer to organised crime or individual offenders, terrorist supporters, new means measures and methods to launder “dirty” money or support with - illegally or even legally obtained money - terrorist organisations or individual terrorists.

As a consequence, the battle for combating these phenomena at a global scale has got to continue unabated.

Greece, has introduced legislation for combating money laundering from criminal activities, for the first time in the year 1995 by transposing the corresponding EU Directives. By virtue of this legislation, a dedicated organisation, the FIU was established (the Anti-Money Laundering Commission). The combating of terrorist financing was subsequently added as a major task of this organisation. Under the current law (Law 3691/2008) that transposed the provisions of the Third Directive of the European Union for the prevention of money laundering (Directive 2005/60/EC of the European Parliament and Council, of 26/10/2005), a number of operational difficulties that the Commission had faced in the past were dealt with. These problems had surfaced during the evaluation of Greece by the Financial Action Task Force (FATF), and were mentioned in FATF's Mutual Evaluation Report (MER) of Greece in June 2007. However, apart from the legislative changes, the Commission has intensified its efforts to fully respond to its responsibilities by acquiring specialised personnel, trying to create a complete technological infrastructure, and by pursuing full cooperation with foreign counterparts and with the national supervisory, judicial and prosecuting authorities. The Commission has substantially improved its work, aiming towards becoming fully compliant with the FATF recommendations.

As President of the Commission since August 2008, I do hope that the successful outcome of the above mentioned efforts will assist the Commission in meeting the increased requirements of our society and thereby assisting the international community in combating the of money laundering, terrorist financing and other criminal activities. Towards this goal, we shall strive to contribute as best as possible.

In this report, we present the activities of the Commission in a thorough manner, outlining the work that took place during the previous year and throughout 2010. It is our belief that this report will constitute a useful tool in communicating the commitment of the Commission as well as its work.

The President of the Commission

Stelios K. Grozos

Public Prosecutor to the Supreme Court (Areios Pagos)

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CHAPTER 1 - THE COMMISSION

The Anti-Money Laundering and Counter Terrorist Financing Commission (the Commission) was established by virtue of Law 2331/1995 and has been operational since 1997. Currently, the Commission operates under Law 3691/2008 which replaced Law 2331/1995 and the ensuing laws that modified it. The Commission constitutes the Greek Financial Intelligence Unit and its aim is to combat and prevent money laundering (ML) and terrorist financing (TF).

According to Law 3691/2008, the Commission's task is to collect, analyze, investigate and process Suspicious Transaction Reports (STRs) that are conveyed to it by the obligated legal and natural persons, as well as to investigate any other information regarding ML/TF that may come to the Commission's attention. Furthermore, the Commission provides guidelines to reporting persons and entities and cooperates with administrative authorities, agencies, as well as with every legal person, public or private. If a reporting person is not in compliance or fails to sufficiently cooperate with the Commission, the Commission informs that person's competent authority so that the latter can take corrective measures.

Under the provisions outlined for the effective and efficient operations of the Commission, persons filing STRs with the Commission receive follow up information on the case regarding the decision taken following the investigation.

By law, the Commission not only has the option but also the obligation, to order, on the basis of reasonable grounds, the immediate freezing of funds owned by suspects including bank accounts, securities portfolios, financial products or the safe deposit boxes with banks. Furthermore, it can order the prohibition of the transfer or sale of every other asset for which, reasonable grounds have been established in the STR investigations that ML TF or predicate offences may have been committed.

In addition to the above, the Commission's task is to inform the liable persons on the immediate application of the measures that are imposed by the United Nations' Security Council Resolution 1267 and the subsequent resolutions based on that, as well as on UN Security Council Resolution no 1373 concerning persons that are subject to financial sanctions on the basis of the aforementioned Resolutions.

In case where funds or other assets are in the possession of persons in the sanction-lists, these are subject to immediate freezing. If the reporting persons fail to apply the resolutions described above in time, then they are subject to the penalties prescribed by law 3691/2008.



The Commission's Board consists of the President and eight members representing administrative, supervisory and law enforcement authorities. The Commission is required by Law to submit an annual report of activities to the Parliamentary Committee on Institutions and Transparency of the Greek Parliament.

Article 7 of the current AML law, prescribes the establishment and operation of the Commission under the auspices of the Ministry of Finance.

1) More specifically:

- The president of the Commission and his/her alternate are appointed by a resolution of the Superior Judicial Council.
- The members of the Commission's Board and their alternates are appointed by a Joint Decision of the Ministers of Finance and Justice, published in the Greek Government Gazette.
- The President and the members constitute the Board (or Plenary) of the Commission, which is in session when the President and at least five of the members are present.
- The Commission is supported by specialized, managerial and ancillary personnel that are seconded to the Commission by the Ministries and other authorities participating in the Board, following a proposition of the Commission President by way of derogation from the existing provisions on public sector hiring of personnel.

2) The President, the members and the staff of the Commission:

- have the obligation of abiding by the principles of objectivity and impartiality;
- have the obligation of abstaining from examining cases where there might be a conflict of interest or to which familiar or friendly persons are engaged;
- have the duty to preserve confidentiality of sensitive information they take notice of during the performance of their duties, even after withdrawing from the Commission, otherwise they are punished with a three month imprisonment;
- are liable to face criminal and disciplinary liabilities when they intentionally or negligently offend their obligations and their tasks, where the disciplinary proceedings are i) exerted against the President by the bodies referred to by the



Constitution and the Judicial Code, ii) against the members by the Minister for Finance, and finally, iii) against the competent disciplinary bodies' staff of the authorities they come from;

- participate in international information-exchange fora between corresponding authorities such as the FIU-NET and the EGMONT GROUP.

3) The members are appointed by a resolution of the Commission's President to:

- supervise the Commission's Departments;
- be responsible for the education and training of staff;
- coordinate the activity of Departments;
- evaluate the operational effectiveness of Department;
- propose to the Commission's Board ways and means to improve effectiveness.

4) In cases which the Commission's Board considers necessary that a preliminary criminal investigation is undertaken, this may be carried out by a staff member or a member of the Commission. When the investigation is concluded, the report and documents are conveyed by the President to the public prosecutor.

5) No secrecy shall apply vis-à-vis the Commission (subject to the articles 212, 261 and 262)

- bank secrecy
- tax secrecy
- stock-exchange secrecy
- professional secrecy



6) By means of a Decision issued by the Minister of Finance the following are determined:

- The organizational structure of the Commission
- The departments
- the rules of procedure
- special responsibilities of the President, members and staff members
- manners of management affairs
- manners in which the Commission co-operates with national and foreign counterparts.

7) The President and the members of the Commission are obliged:

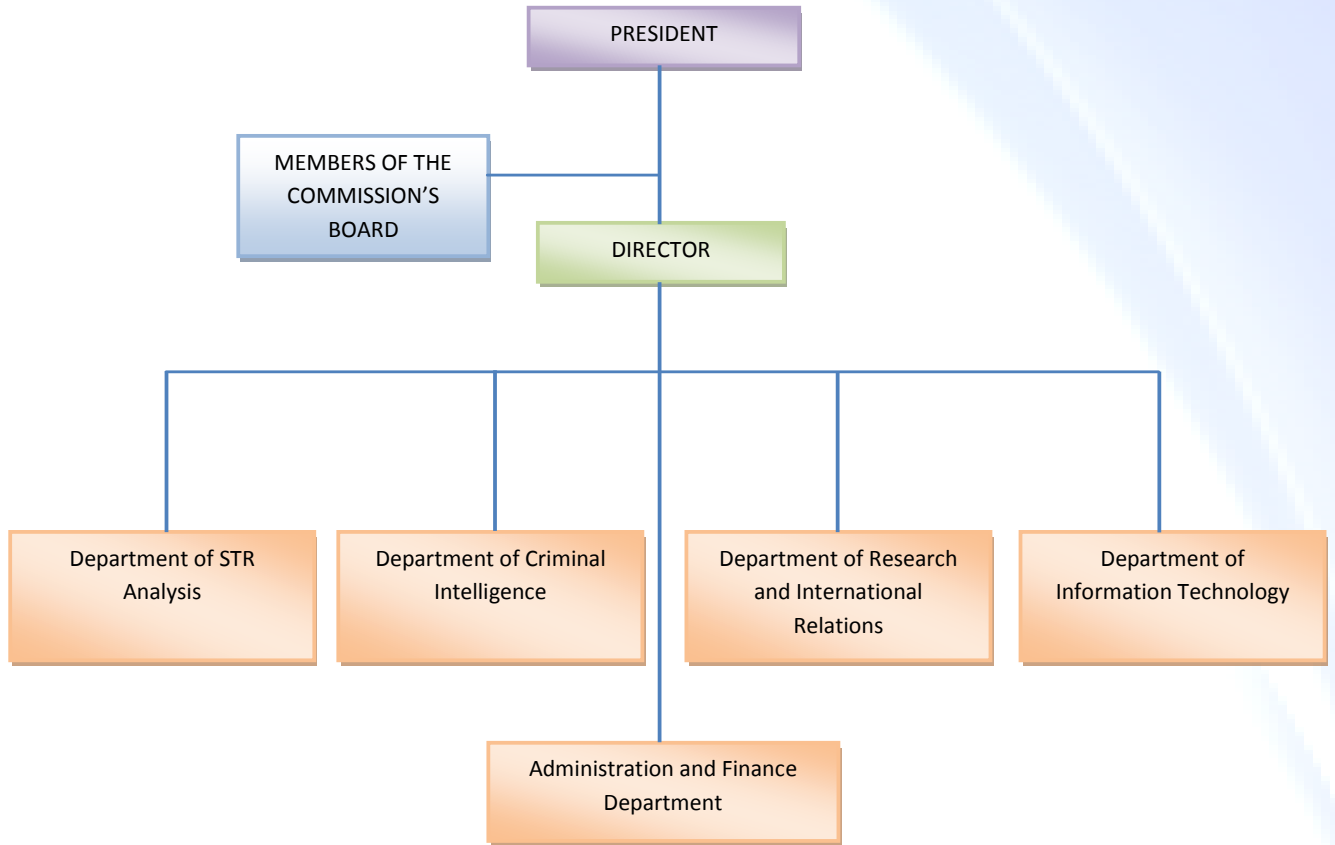
- to submit to the High Court's prosecutions office annually report of assets held

8) The President is obliged:

- to submit in January of each calendar year, an annual activity report as well as further information and relevant statistical data to the Greek Parliament's Commission on Institutions and Transparency.

The organizational structure of the Commission which is determined by a Decision of the Ministry of Finance is presented schematically as follows:





Competent Authorities

Competent authorities are those who supervise the persons that are subject to reporting requirements and those who determine the implementation details of further obligations according to the existing legislation.

The competent Authorities are:

a) The Bank of Greece for:

- credit institutions
- financial leasing companies
- factoring companies
- bureau de change
- money transfer services providers
- credit-finance companies
- postal companies, to the extent that they act as intermediaries in the transfer of funds. The Bank of Greece, in exercising a supervisory role on these companies, cooperates with the Ministry of Transport and Communications as well as the National Telecommunication and Post Commission.

b) The Capital Markets Commission for:

- portfolio investment companies
- mutual fund management companies
- real estate mutual fund management companies
- venture capital mutual fund management companies
- companies providing investment services
- investment services intermediaries

c) The Private Insurance Supervision Commission:

- insurance companies
- insurance intermediaries



d) The Accounting and Auditing Standards Oversight Board for:

- statutory auditors
- firms of statutory auditors

e) The Ministry of Finance (Directorate-General for Tax Audits) for:

- venture capital companies
- companies providing business capital
- tax advisers and tax consultants and firms providing tax consultancy services
- accountants providing services as professionals as well as non-statutory auditors
- real estate brokers and real estate firms
- auction houses
- dealers in high-value items
- auctioneers
- pawnbrokers

f) Commission for Gambling Supervision and Control (Law 3229/2004) for:

- casino enterprises
- casino on ships with Greek flag
- enterprises, organizations and other agencies that organize or conduct gambling activities
- betting outlets

g) The Ministry of Justice for:

- notaries
- lawyers



h) The Ministry for Development for both natural and legal persons, providing services to companies and trusts (as referred to in the first paragraph of article 5 of Law 3691/2008).

i) For branches of non-resident financial institutions – operating in Greece – their competent authority would be, on a case by case basis, the relevant authority of a Greek institution providing similar services with those of the branch of the foreign institution.



Persons subject to Suspicious Transaction Reporting requirements

The following natural and legal persons are designated as obligated persons and subject to the obligations of the AML law:

- a) credit institutions,
- b) financial institutions,
- c) venture capital companies,
- d) companies providing business capital,
- e) statutory auditors, statutory audit firms, accountants as non-employed professionals and non-statutory auditors,
- f) tax advisors, tax consultants and firms providing tax consultancy services,
- g) real estate brokers and estate agent companies,
- h) casino enterprises and casinos operating on ships flying the Greek flag as well as enterprises, organizations and other agencies that organize or conduct gambling activities and their agents that are related to these activities,
- i) auction houses,
- j) dealers in high-value goods when the relevant transaction takes place in cash and its value is 15,000 Euros, irrespective of whether it is conducted in one or more transactions which appear to be linked.
- k) auctioneers,
- l) pawnbrokers,
- m) notaries and lawyers when they act either on behalf of or for their clients, in any financial or real estate activity, or assisting in the planning or execution of transactions for their clients concerning the:
 - buying and selling of real estate property or business entities;
 - managing of client money, securities or other assets;
 - opening or management of bank, savings or securities accounts;
 - organizing contributions of funds for the establishment, operation or management of companies;
 - establishment, operation or management of trusts, companies or similar structures;



Thus, legal advice remains subject to the obligation of professional secrecy unless the legal counselor is taking part in money laundering activities or terrorist financing, or is providing legal advice for the purpose of committing these offences, or the lawyer becomes aware of the fact that his/her client is seeking legal advice in order to commit the offences described above.

n) The natural and legal persons providing services to companies and trusts, to the exclusion of persons referenced above as items f) and m) that provide by way of business anyone of the following services to third parties on a business-line basis:

- forming companies or other legal persons;
- acting as or arranging for another person to act as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
- providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement;
- acting as or arranging for another person to act as a trustee of an express trust or a similar legal arrangement;
- acting as plenipotentiaries of holders of a company on the condition that this company is not formed as considered in paragraph 2 of article 7 of Law no 3691/2008 and is not subject to disclosure and information requirements according to community law or relative international standards, or arranging for another person to act in the same way.

By a Joint Decision of the Minister of Economy and the Minister for Justice, other categories of obligated persons may be designated as such established and their corresponding competent authorities may be set.



CHAPTER 2 – REVIEW OF THE YEAR

Throughout 2009, important developments have taken place regarding the operations of the Commission. The hiring of five financial analysts and two experts in information technology, having considerable relevant experience and postgraduate qualifications, contributed to the improvement in the Commission's human resources. The number and the quality of the reporting persons' ST reports have increased and there has been considerable contribution of the competent authorities to this through educational programs. Moreover the filing of ST reports from insurance and other intermediaries has taken place for the first time.

It is also worth mentioning that the Commission constitutes a liaison between the Central Coordinating Authority of the Ministry for Finance and the reporting persons for issues relating to terrorist financing. More specifically, a procedure of establishing the immediate communication to reporting persons of all information regarding persons appearing in the sanctions lists of United Nations Security Council Resolutions and of EU Council Regulations has been in operation. These lists of persons contain names of natural or legal persons or entities officially designated as terrorists whose assets have to be frozen without delay. In addition, guidance is provided to reporting persons concerning the procedures to be followed for the immediate freezing of terrorist assets.

New ST report templates have been produced for all categories of reporting persons in cooperation with the corresponding supervisory authorities. In comparison with 2008, ST reports have increased by approximately **20%**, while an improvement in the quality of the reports is evident. This result has taken place after close cooperation with the competent authorities and provision of seminars in cooperation with of public and private sector contributors.

At an international level, since Greece has been subject to monitoring by the FATF following its Mutual Evaluation Report, the Commission has submitted progress reports to the FATF concerning its human resources, technological infrastructure, training of personnel as well as organizational issues.

D evelopments in the area of AML/CTF Supervision and Regulation

During 2009, new regulatory acts were published by the competent authorities for the supervision of reporting persons. These regulations prescribed the total of their obligations in line with legislation on in the prevention of money laundering and terrorist funding. Among the obligations for which comprehensive regulations have been issued are the ones related to the filing of suspicious transaction reports to the Commission. It should be stressed that the supervisors' close oversight of the degree of compliance to this obligation by reporting persons is very important for the Commission's task, as it ensures a

continuous flow of qualitative ST reports by all reporting persons. It is in fact in the competences of the supervisory authorities of the reporting persons the task of ensuring, if necessary by imposing administrative penalties, that reporting persons fully comply with the ST reporting requirements.

The regulatory acts issued during the period in question are as follows per supervising authority:

THE BANK OF GREECE

The following new regulations have been issued:

1. Decision of the Banking and Credit Committee 281/5.17.03.2009, on the prevention of the use of the supervised credit institutions and financial organizations by the Bank of Greece for money laundering and terrorist financing. This decision determines the minimum requirements for the application by supervised institutions of policies and procedures aiming at prevention and suppression of money laundering and terrorist financing. More specifically, with the new decision of the Bank of Greece:
 - i. Considering especially the principle of proportionality, the obligations of all the supervised persons by the Bank of Greece are updated and specialized in accordance with the:
 - provisions of Law 3691/2008
 - the relevant European regulations (Directives 2005/60/EC, 2006/70/EC, Regulation 1781/2006, Common position of the European Supervisory Committees CEBS, CEIOPS, CESR) of 16.10.2008
 - recommendations of the FATF
 - ii. Credit institutions are obliged to have registered policy for combating money laundering and terrorist financing, approved by their Board of Directors, apart from the already provided obligation to apply specific measures and procedures for this purpose.
 - iii. The role and the tasks of the Money Laundering Reporting Officer have been outlined in detail including the requirement to consider filing a suspicious transaction report with the Commission.
 - iv. Detailed guidelines are given to supervised institutions to apply due diligence for countering money laundering and terrorist financing, for each risk category of clients and transactions, especially emphasizing categories such as the offshore companies, the

countries that do not apply sufficiently the recommendations of the FATF, the transactions without the natural presence of the client etc.

v. It is recommended to credit institutions, with a view to reducing the relative risk, to altogether not accept cash deposits or allow cash withdrawals over € 250,000.

2. Decision of the Banking and Credit Committee 285/6/9.7.2009, as regards the typology of unusual or suspicious transactions. This decision contains a thorough list of indicative unusual or suspicious transactions, which has been prepared taking into account international practices, the reports of the FATF, the results of audits by the Bank of Greece and the corresponding typologies of foreign supervisory authorities.
3. Decision of the Banking and Credit Committee 290/12/11.11.2009 on the administrative penalties to supervised institutions to be imposed by the Bank of Greece in accordance with article 52 of Law 3691/2008. This decision determines the degree of severity of deficiencies identified to the supervised institutions themselves, their management and staff for the purpose of imposing administrative penalties and corrective measures per the type deficiency.

THE CAPITAL MARKET COMMISSION

The following regulations were published:

1. The Decision of the Board 1/506/8.4.2009 regarding the “prevention of using the financial system for money laundering from criminal activities and terrorist financing”. Under this Decision, the regulatory framework of the Capital Market Commission is aligned with the provisions of the law no 3691/2008 and the minimum measures and procedures, which have to be applied by the financial organizations supervised by this Commission, are determined, so that they could efficiently face the risk of being used for money laundering or terrorist financing.
2. Circular 41/8.4.2009, as regards the indicative typology of suspicious transactions/ activities of money laundering and terrorist financing.

THE PRIVATE INSURANCE SUPERVISION COMMISSION

This Commission published Decision 154/5A/31.8.2009, concerning the prevention of the use of the financial system from money laundering and terrorist financing. With this decision, the minimum requirements are determined so that insurance companies and intermediaries may fully apply the provisions of the law no 3691/2008. In the third appendix of this Decision an indicative typology of transactions that require an increased necessary diligence is provided.

Brief Statistical Overview of 2009

During 2009, the FIU has received **2.304** initial Suspicious Transaction Reports, thereby opening as many new cases, as well as 705 supplementary Suspicious Transactions Reports (i.e. Reports relating to previously reported persons or other involved parties), and a total of 3.009 STRs.

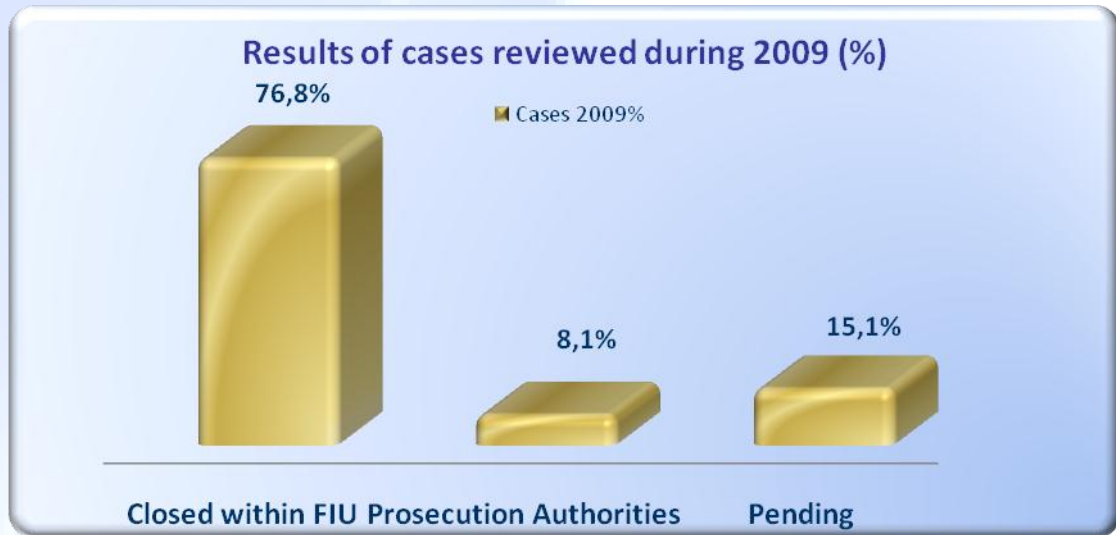
Initial STRs can be divided as follows:

Reports filled by:	Total
Banks	1079
Public Entities	361
Money Transmitters	545
Foreign FIUs	157
Investment services providers	120
Other reporting persons	26
Other	16
Total	2304

In a total of 48 sessions of the Commission's Board, decisions have been taken on a total of 2.049 cases brought before the Board by the Commission's financial analysts.

The Commission's Board has decided to close 76,8% of these cases, to refer 8,1% of the cases to the prosecuting authorities, and to ask for further investigations for 15,1% of the cases.

Status	Case Percentage (%)	Number of Cases
Closed within the FIU	76,8%	1573
Prosecution Authorities	8,1%	166
Pending	15,1%	310



CHAPTER 3 – LEGAL FRAMEWORK

Main Objectives

The AML Law aims at the enhancement of Greece's mechanisms for the prevention and suppression of money-laundering offences from criminal activities and terrorist financing, as well as the protection of the integrity of the financial sector and its reputation against the offences described above as well as the predicate offences.

Important improvements were made possible in the existing regime, not expressly provided for in the provisions of the Third Directive or the FATF Recommendations. These provisions cover organizational and operational needs following the shortcomings detected by the FATF evaluators. The most important of them are:

- a) The establishment of the AML and CFT Strategy and Policy Committee (under article 9), comprising of senior ministry and public authority officials that take part in the anti-money laundering and counter terrorist financing effort. This Committee examines the general policy and strategy and the varying challenges faced and the mechanisms available by assessing their effectiveness and taking corrective actions if necessary. The Committee provides a forum for the close interaction among authorities having different responsibilities and duties that result in the formulation of a common holistic approach towards fighting ML and FT an objective recognized as an a very important one by most international organizations and agencies.

- b) The establishment of the Advisory Body of the Private sector

The mobilization and coordination of the private sector, that is the representatives of those legal and natural persons that are obliged to monitor the transactions and activities of their customers and report any suspicious transactions with respect to money laundering or terrorist financing (the reporting persons that is) is crucial to the combating ML and FT effort. This need is served by this new forum where issues relating to article 11 of the Law are discussed.

- c) The strengthening of the competent authorities' powers, the Commission's and the Central Coordinating Authority's powers.

- d) The improvement in the exchange of information processes, of both confidential and unclassified information, among competent authorities, the Commission, the Central Coordinating Authority and other public authorities (the Police, tax and customs authorities and others). In addition, the co-operation of the above-mentioned authorities is promoted by the conduct of joint audits (under article 40). The possibility of useful information exchange among competent authorities and organizations is further fostered through the use of specific communication



channels. Such communication improves overall effectiveness of the authorities involved.

- e) Dealing, by virtue of article 10 provisions, with issues relating to particular higher risk persons, transactions and activities that are considered to be “susceptible” to the ML/TF risks or “vehicles” for committing these offences. Acquiring real estate, setting up companies, share capital increases, offshore companies, commercial transactions used for money laundering and terrorist financing purposes, the not-for-profit-organizations and NGOs and recipients of subsidies, grants or aid.
- f) The introduction of proportionate, effective and dissuasive administrative penalties against the liable legal persons, senior management staff and their staff members, as well as against the liable natural persons (article 51)
- g) The rationalizing of criminal penalties for money laundering and the clarification of certain penal provisions.

Law Structure

The corpus of the law is separated in three unities.

“Institutional issues” e.g. purpose and objective of the law, major offences, definitions, liable persons, competent authorities, the Commission, the central coordinating authority, the Strategy Commission as well as private sector consultation committee are covered by the first section (chapters A and B).

The second section (chapters C- F), incorporates the major part of the Third Directive concerning the reporting persons’ obligations which are more specialized compared the Second Directive and the previous AML Law.

The third section (chapters G-H) contains mainly national provisions concerning the penal and administrative penalties, provisions of procedural nature on confiscation, seizure, accounts freezing as well as provisional regulations and provisions being annulled.



CHAPTER 4 – IT INFRASTRUCTURE DEVELOPMENTS

Website

To advance the communication of information, the Commission created a website that is operational since the beginning of 2009.

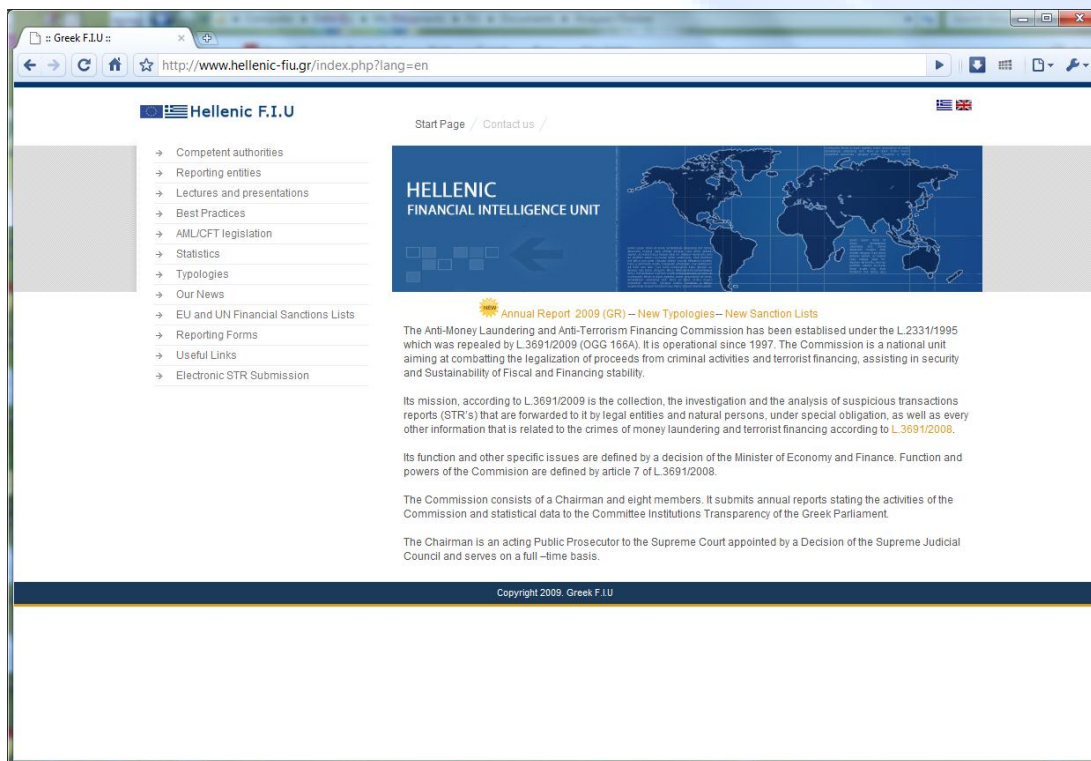
For the creation of the website, open-source software technologies were used, thereby offering high quality services with low cost.

In a spirit of cooperation with the supervising authorities, international organizations, foreign FIUs, reporting entities and the public, the website of the Commission constitutes a useful communication and information tool.

The contents of the website cover a series of issues such as:

- the composition and powers of the Commission as well as the legislative framework of its operation;
- detailed information regarding obligated persons as well as the competent authorities that supervise them;
- best practices for confronting money laundering from criminal activities and terrorist financing;
- statistical data and results from the Commission;
- indicative typologies of unusual or suspicious transactions;
- catalogues of financial penalties that were imposed by UN and EU;
- templates for filing a suspicious transaction report;
- news and announcements;
- useful links





Information Systems

In 2009, the foundations for the essential upgrade of the computerised infrastructure have been laid.

Aiming at enhancing the IT infrastructure of the Commission, a project team was put together at the end of the year 2009 in order to deploy applications that would fulfil the central strategic goal of upgrading the overall operation of the Commission and the quality of service to those that interact with it.

The system that was decided to proceed to implementation in order to support all the above-mentioned operational procedures would include:

- A central portal interface with the public (citizens, liable public and private organizations) for sending any information that is considered to be of relevance to transactions or activities connected to ML/TF offences;
- a system of collecting, safeguarding and analytical processing/cross-referencing of information;
- Interface with the computer-based information systems of the agencies involved;
- Monitoring system/case-management system;
- Internal handling (protocol, document management, procurement, reference tool);



- Digitization of the active archive

The project team consisting of Commission staff members, representatives of “Information Society S.A.” under the coordination of a member of the Commission did all the necessary procedures and initially signed a contract-agreement between the Commission and the public sector firm “Information Society S.A.” The next step was the signing of a Ministerial Decision by the Minister for Finance 16527/B903/F.647b/8-4-2009, which approved the execution of the project by “Information Society S.A.” After the project was approved a Technical Annex of the project was composed and sent to the relevant authority.

In the shorter term, following the hiring of staff members specialized in Information Technology a computerization study was conducted with the goal of creating a system of receiving, processing, analyzing, managing and proposing on the reports that the Commission receives electronically.

As far as the major tasks of the computerization programme are concerned, a choice was made to install a pilot IT system first, with the following software products with test licences:

- Oracle Database
- Web Logic Application Server
- BPEL Process Manager

Physical Security

At the same time, a study was conducted and a contractor was assigned in 2009 with the task of installing an enhanced physical security system at the Commission’s premises.



CHAPTER 5 - RESULTS 2009

Between 1/1/2009 and 31/12/2009, 2.304 new cases were opened in relation to Suspicious Transactions Reports received and incoming requests to the Commission by foreign FIUs. 81 of these cases have been referred to the prosecuting authorities for further investigation, and for 42 of these cases, 118 orders were issued for freezing money and assets of total worth of approx. 15 million Euros.

Result Analysis

During 2009, 2.304 new cases were opened.

Case Category	Number of Cases
Cases under investigation	1.514
Cases closed	790
Total Cases	2.304

Initial STRs filed by:	Number of Cases
Banks	1.079
Public Organizations	361
Money Transmitters	545
Investment Services Firms	120
Other reporting Persons and Entities	26
Foreign FIUs	157
Other	16
Total	2.304



Results of previous year cases examined in 2009

Category	Number of Cases
Cases closed	949
of which: referred to the prosecutor	85
asset freezing orders issued	14

Total number of cases closed in 2009

Year	Number of Cases
2009	790
Prior Years	949
Total	1.739

Freezing Orders issued by the FIU per month

	EUR	USD	GBP
January	980.318,51		
February	7.534.355,96	266.533,00	
March	140.274,77	30.927,00	43.941,00
April	223.646,06		
May	724.649,00		
June	1.163.744,00	15.246,00	
July	1.432.280,00		
August	222.942,00		
September	180.698,07		
October	285.605,34		
November	1.429.738,08	66.770,68	
December	236.644,39		
TOTAL	14.554.896,18	379.476,68	43.941,00

*during July 2009 the freezing of real estate properties of a total value of 6.171.972 Euro took place.



Inquiries from foreign authorities

During 2009, 237 inquiries were registered, of which 157 were requests from foreign FIUs and 80 requests of the Commission to foreign FIUs.

For international cooperation matters, two communication channels are used: the Egmont Secure Web and the FIU-NET.

More specifically, inquiries being exchanged between the Commission and other FIUs during 2009 can be categorized by communication channel as follows:

	Egmont Group Secure Web	FIU-NET	Total
Inquiries by other FIUs	142	15	157
Inquiries to other FIUs	72	8	80



Incoming Foreign Inquiries

The following table illustrates the inquiries received by other FIUs during the last 3 years

Number of incoming foreign inquiries	2007	2008	2009
	90	125	157

Table on incoming requests per country:

COUNTRY	2007	2008	2009
Albania		6	21
Armenia	1		
Austria		6	
Belgium	9	7	8
Venezuela	2		4
Brazil		1	
Bolivia	2		
Bulgaria	12	4	9
France	2	2	2
Germany	4	1	5
Georgia		1	
Guernsey			2
Guatemala	1		
Denmark		1	2
International Organizations		6	
Switzerland	1		
FYROM	3	1	10
United States of America	11	5	5
United Kingdom	5	2	13



Kazakhstan			1
Qatar		4	
Costa Rika			1
Croatia	3		1
Cyprus	8	7	7
India		1	
Isle of Man		1	1
Ireland	1		1
Italy		1	
Latvia			
Lithuania			1
Lichtenstein			3
Luxemburg	3	5	3
Montenegro		2	
Moldavia	2	4	6
Netherlands		3	1
Hungary	2		
Ukraine	2	2	3
Panama		2	
Poland	2		3
Portugal		1	1
Romania	11	13	16
Russian Federation	2		4
Serbia		1	3
Sri Lanka			1
Saint Vincent & Grenadines		1	



State of Jersey		1	
Slovakia			2
Slovenia		1	
Taiwan		31	1
Jersey	1	1	1
Turkey	1		3
Finland			11
Philippines	1		
Hong Kong			1
TOTAL	92	125	157



Outbound Foreign Inquiries

In the following table, the inquiries submitted to foreign FIUs during the last 3 years are listed.

Number of inquiries submitted to foreign countries	2007	2008	2009
	10	42	80

Analytical table of outbound foreign inquiries per country

Country	Number of inquiries		
	2007	2008	2009
ALBANIA			2
AUSTRALIA			1
AUSTRIA			1
BOSNIA			1
VIRGIN ISLANDS	1		1
BULGARIA			1
CYPRUS	5	24	18
UNITED ARABIC EMIRATES		1	
UNITED STATES OF AMERICA		1	3
GERMANY		2	4
GIBRALTAR			1
HONG KONG			1
SPAIN		1	1
ITALY		2	5
LATVIA		1	
MARSHAL			1
MOLDOVA			5
HOLLAND			4
NEW ZEALAND			2
NORWAY			1
POLAND			1
ROMANIA		4	3
RUSSIA		2	7
SINGAPORE			1
SLOVAKIA			1
TURKEY			2
UKRAINE			3
UNITED KINGDOM	4	4	8
URUGUAY			1
TOTAL	10	42	80

Typologies

The strategic case-analysis takes place alongside the regular case-analysis of reported suspicious transactions of persons which considers evidence or reasonable grounds for the further referral to public prosecutors. According to the definition given by the Egmont Group of FIUs, strategic analysis is the collection, processing, enrichment, investigation and the interpretation of a number of complex data with the use of both quantitative and qualitative analysis so that the characteristics of these elements could be described, future developments could be predicted and possible connections amongst various variables within the data, which can ultimately support political, as well as strategic decisions.

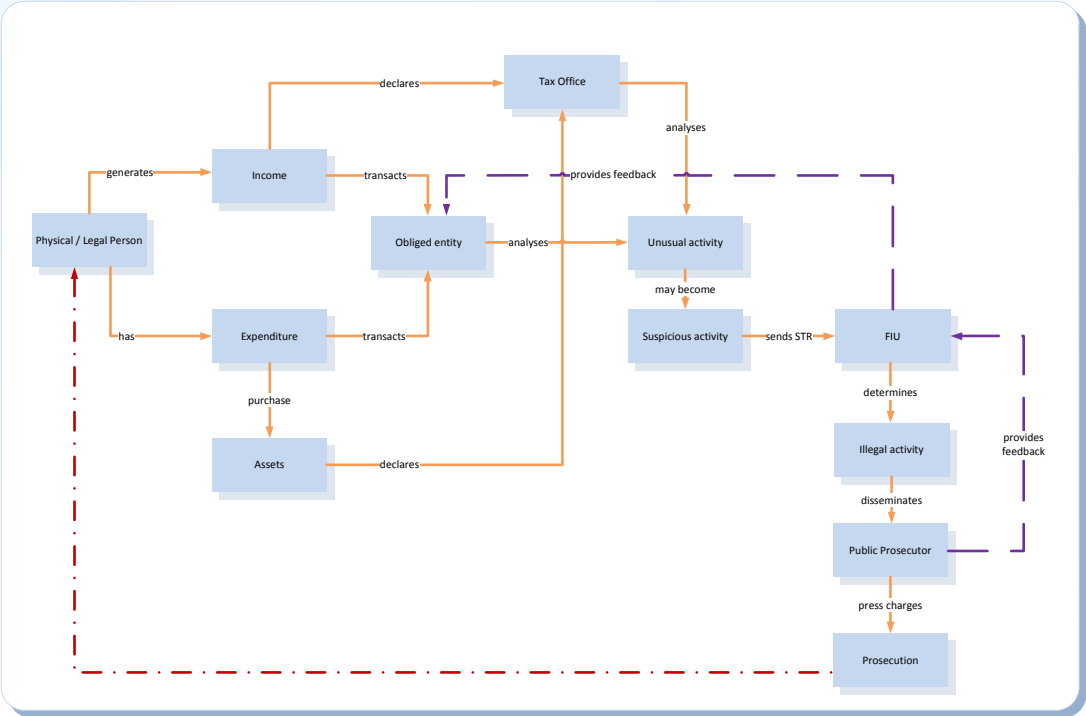
One of the major tools of the strategic analysis is the determination of Typologies.

By understanding the techniques for carrying out money laundering or terrorist financing in each case and also by following the behavioral analysis through which techniques are grouped together, it is possible to establish common patterns and standardized activities. These typical or standardised courses of actions are called Typologies.

For a typological analysis, the separate examination of all parameters for each case is important so that we can find out the special conditions under which the movement of money from criminal activities took place and was discovered.

The following flowchart shows all the stages of the money laundering cycle, from criminal activities as well as the actions required by auditing, persecutory and judicial authorities with a view to facing this phenomenon.





Flow Chart – Combating Money Laundering and Terrorist Financing



Typologies –Connections between financial and organized Crime

Successive transactions of overpriced real estate

Property was sold by the original owners at a contract price substantially higher than the deemed or “objective value” (a value set by the tax authorities for the purpose of calculating property taxes) - a very uncommon practice in Greece. An intermediary was used as a buyer on behalf of a third party (the “ultimate buyer”) that ultimately received title of the property by means of a successive sale.

The intermediary (the first buyer) resold the real estate almost immediately to the ultimate buyer (a legal entity) at a substantially higher price. In this way, the ultimate buyer recorded a substantial outlay (in the accounting records), an amount significantly higher than the actual price paid to the original owner of the property. The difference could then be used for illicit purposes (possibly including bribery).

Capital expense of a corporate entity is “inflated” so as to create a “surplus” of funds, possibly to be used for bribery

Partial deposits to a bank account of a natural person by third persons with whom there is no relation

A Politically Exposed Person (PEP) had been accused of financial irregularities.

More specifically he had been accused of having used his position to extract huge amounts from businessmen in return for “assistance” in securing public sector contracts to specific contractors.

The bank account of one of the PEP’s aides had credited by fund transfers from third parties with whom there was no legitimate relation. These funds deposited were withdrawn by the beneficiary almost immediately, mainly in cash of the account.

Economic irregularities related to a politically exposed person (PEP) and probably bribery

The third parties making the payments into the aide’s account were proved to be employees of contractors.



Consecutive fund transfers by foreign migrants to countries other than their countries of origin.

Use of Money Transmitters by immigrants or asylum seekers from countries of South-East Asia to transfer funds to beneficiaries in a country neighboring Greece with a history of unwillingness to obstruct illegal human trafficking into Greece and refusal to accept repatriations.

Human trafficking

The indication that that the migrants’ funds were transferred to beneficiaries in the neighboring country (rather than to their own) may have been pay outs to human traffickers by their accomplices domestically was eventually confirmed.

Purchasing luxury cars

A criminal gang network that had committed forgery and fraud used third persons’ current accounts to buy luxury cars.

A series of forgeries and deceptions was pursued that led to criminals that had kidnapped a known businessman

The criminal network picked as victims businessmen in financial problems and low credit standing and used them to apply for and get loans circumventing the bank’s procedures in collaboration with a local bank branch manager. The manager was systematically using clients in trouble, who in exchange for a “commission” would, along with an accountant, forge the accounts of the client, established front companies to obtain the loan.

Collateral offered was falsified future receivables.

The investigation revealed that the suspect was introduced to the bank by a person involved in criminal activities.



Purchase of winning lottery tickets

Through the assistance of the state lottery organizer’s (OPAP) staff, the support of betting agencies and help from intermediaries the winning tickets were systematically bought from the actual winners, the “winnings” were used to launder proceeds from drug dealing and human trafficking.

Human trafficking and drug dealing

Purchasing of Sailing Boats and Yachts

The Sailing boats and Yachts Chartering market was used to conceal big sums of money through fictitious chartering. False invoices were presented for expensive charters without the boats ever leaving the port.

Trafficking and drug smuggling channels



Sanitized Cases

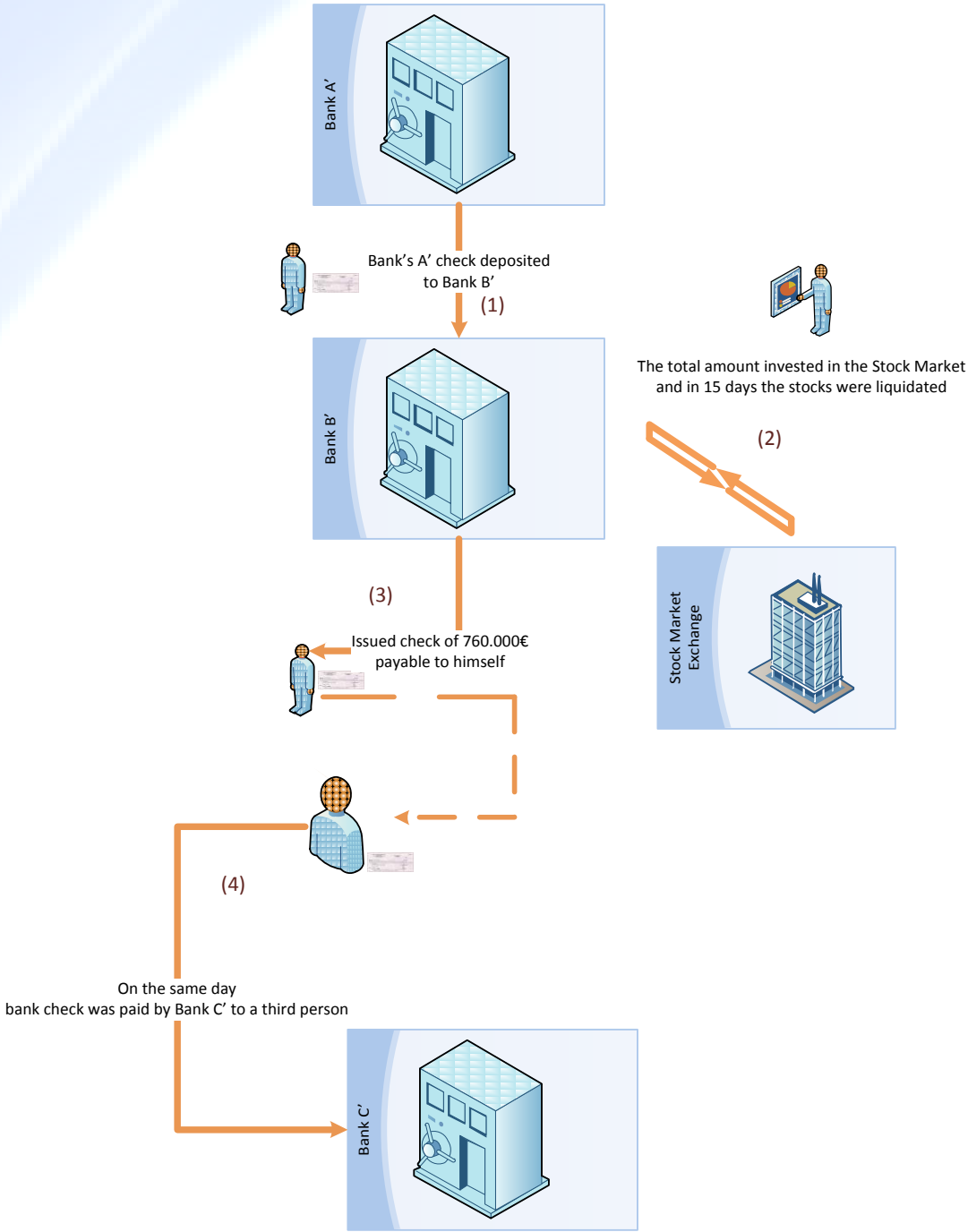
Acquiring and selling high priced securities in a short period of time

A bank account of a natural person showed deposits and withdrawals of large sums of money, which are were not consistent with the nature of the account and the business activities of the beneficiary.

- (1) A natural person deposited in his bank account a different bank's draft of € 730.000 payable to his order ;
- (2) On the next day he invested the money in buying stocks. After 15 days, an amount of money equivalent to the one invested was deposited in his account, described as profits from selling the stocks.
- (3) He promptly issued a cashiers-cheque of € 760.000 on his own name;
- (4) The cheque was paid to another bank by a third person on the same day.

The following flow chart indicates the stages of money laundering:





Money Laundering through Securities' Transactions

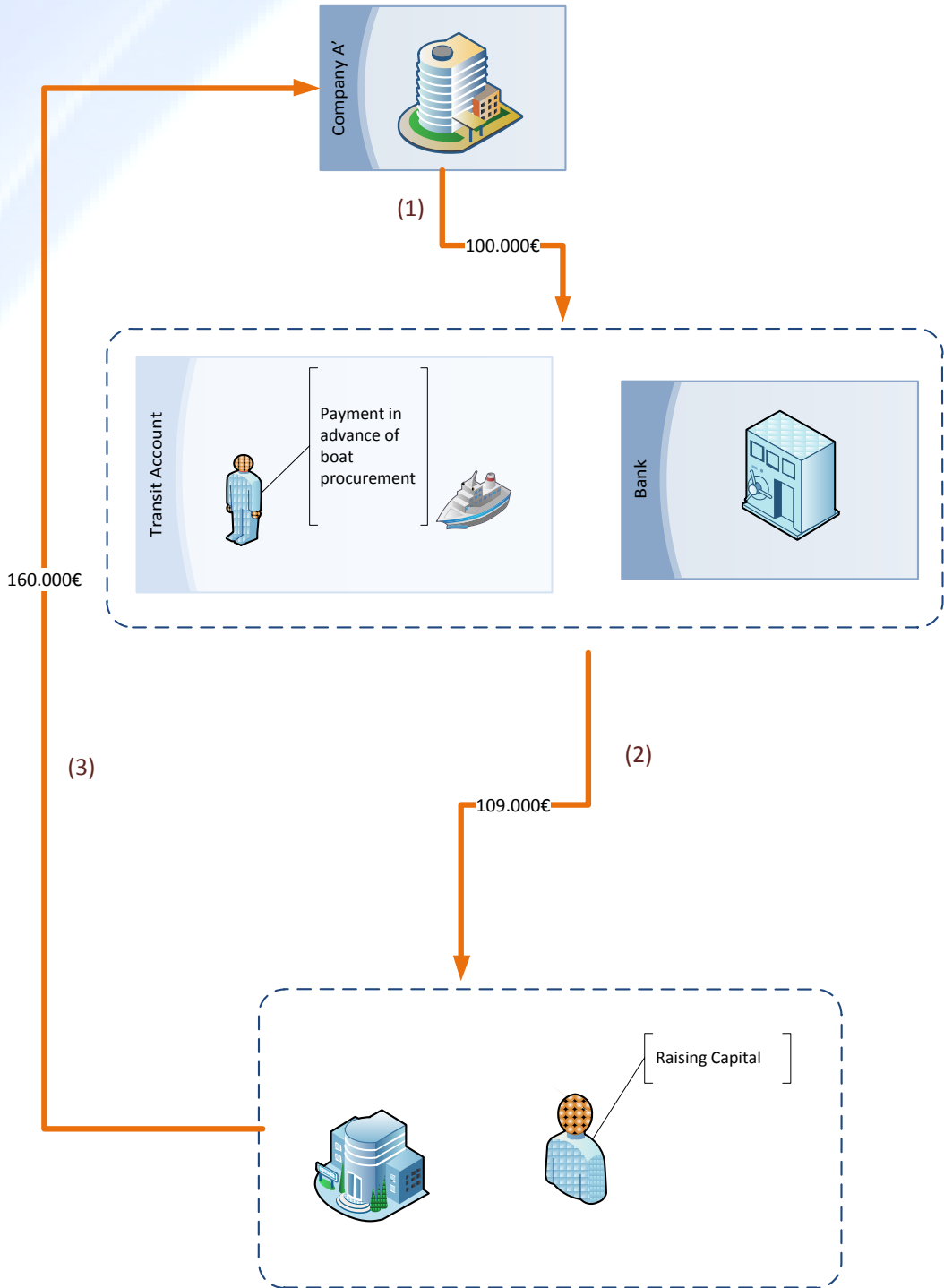


Triangular Transactions using false invoices presenting irrelevant activities with their business activities and with potentially false documentation.

- 1) Company A' based abroad, deposits €100.000 to a bank account of a natural person. Responding to the questions posed by the bank, the beneficiary claimed that the sum was a down payment for a luxury yacht sold and produced falsified documentation, the authenticity of which was doubted.
- 2) The deposit holder withdraws the deposit after four (4) days as well as some complementary deposit of low-value, deposits the total amount to a bank account of Company B'. The person failed to answer the questions posed by the bank regarding the outflow of the money. When asked, company B' argued that the sum had to do with its main stockholder (no relevance to the natural person) and serves a capital increase.
- 3) Company B' transfers €160.000 to Company A' as down payment for the purchase of a machine.

The following flow chart presents the money laundering stages.





Money Laundering using triangular transactions



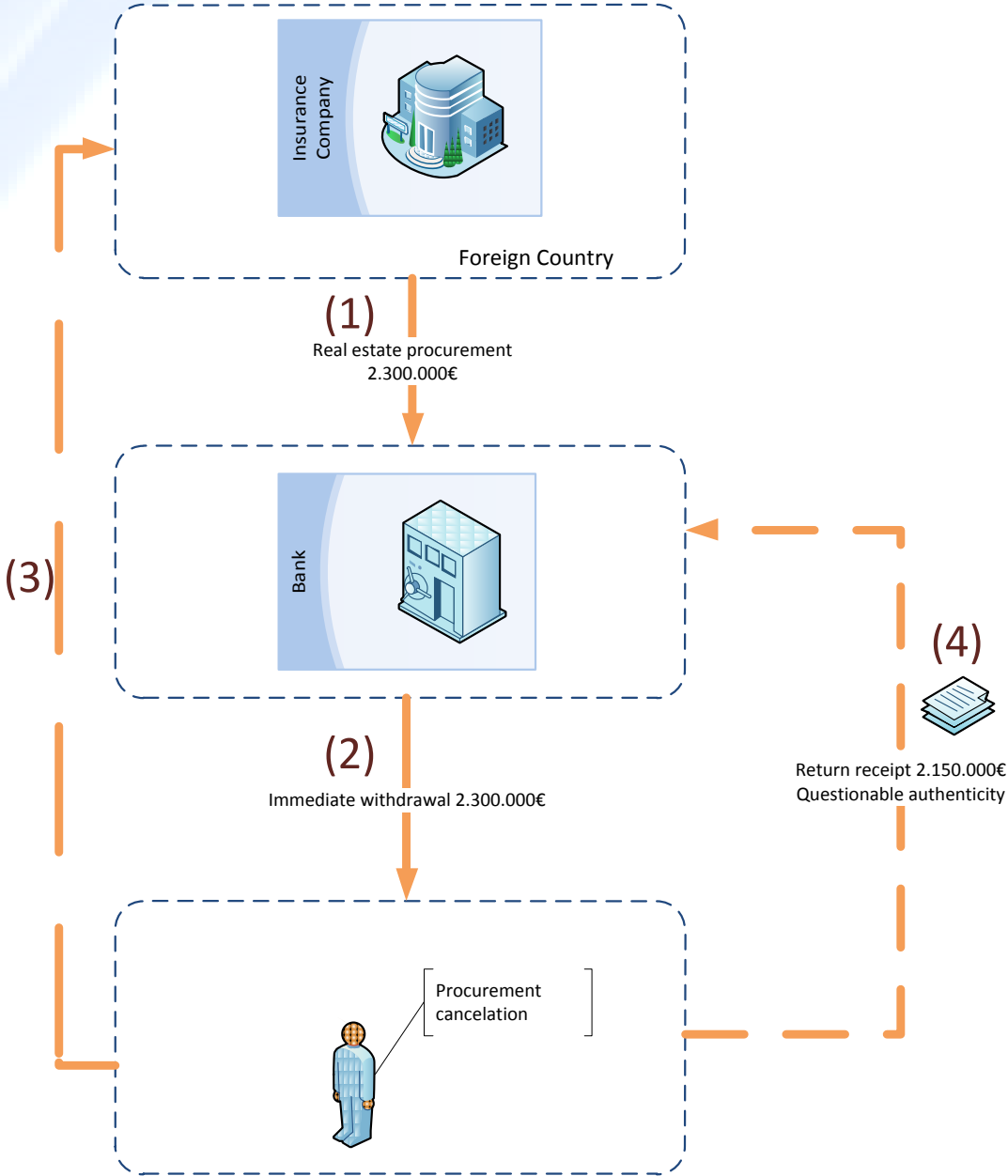
Fictitious purchase of overpriced real estate from abroad

- (1) Transfer through a foreign bank (Italian) of a large sum (2.500.00€) from an insurance company to a natural person, as down payment for purchasing a real estate of a net worth of approximately 3.300.000€
- (2) Direct withdrawal of the sum in cash
- (3) After a short time the insurance company demands the return of the sum on the grounds of the agreement's annulment.
- (4) The suspect has produced the (fictitious) receipt of the return of the money retaining the sum of € 30.000 as the agreed penalty for not signing the contract.

The following explanatory plan indicates the money laundering stages. The continuous line is indicating the money trail related to genuine documentation.

The spaced line is indicating the steps related to suspicious documentation or to suspects' testimonies





Money laundering through fictitious acquiring of overpriced real estate



Current Trends

Money Laundering trends in Greece are based on traditional methods of mixing illicit with legitimate funds. Legitimate businesses and persons of well-known social and economic status are usually used as a cover in order to avoid suspicions. Through such a cover, illicit funds are being invested or used for acquiring goods, integrating them in the legitimate financial system and eliminating the money trail.

Characteristic examples:

- Front companies, usually restaurants, clubs and travel agencies
- Real Estate Transactions
- Financial sector (smurfing, credit cards)
- Money Transmitting Companies
- Post Office
- Bank Safe Deposit Boxes
- Triangle transaction using false invoices
- Offshore companies
- Purchasing companies and entering the stock market
- Insurance and Pension Programs

Mixing illicit with legitimate funds using front entities or persons



Forseeable trends

The signs mainly from abroad indicate an increase of using the internet for money laundering purposes.

Economic globalization, the anonymity provided by the internet and the lack of regulation of e-services has transformed the internet as a tool for money laundering by the organized crime.

In the internet, services are offered for converting real money into digital assets and vice versa. The users retain their anonymity. Hundreds of millions of Euros are being circulated annually through these services.

Characteristic examples:

- Online games using real money
 - e-casinos where the circulation of digital chips can be circulated amongst users with little or no control;
 - e-games, though which the user can creates his own digital avatar, participate in the virtual world and convert money to digital goods;
 - internet betting services

- Internet payment services
 - Allow merchants to approve, settle and manage internet transactions;
 - debit-accounts providing the possibility for users to accept payments and to make person-to-person fund transfers;
 - Digital-metals services, issuing digital currencies which have collateral of real precious metals (gold, silver, etc).

Finally the typology with the tendency of becoming a trend, is the storage of large sums of money in Pre-paid Cards or Phone Cards.



Conversion of Real Money to Digital Assets and vice versa

CHAPTER 6 - COOPERATION

National Level

The Commission established contacts and had meetings with: officials of the competent Ministries, representatives of the supervisory authorities of the financial/non-financial sectors, as well as with prosecution offices, prosecuting authorities and police forces, in order to coordinate their actions for a more effective achievement of common objectives regarding the combating of money laundering and the financing of terrorism.

International Level

A vital element for the effectiveness of the Commission's work is the cooperation with corresponding foreign units at an international level. The methods, the increasing use of complex partnerships, as well as the frequency of cross-border payments, require a closer co-operation with our counterparts in the international arena.

The Commission was connected to the secure exchange information network of the Egmont Group in 2008. During the same year, it participated as a partner and sponsor of the FIU-net network in which the corresponding European authorities participate.

FIU Platform

The Commission participates in the work of the European FIU-Group, offering supporting material to projects studied by the sub-groups, according to the priorities set by the platform. In addition, certain issues, which the sub-groups are interested in, are solved. Finally the viewpoints of the European Commission in the international fora are being debated and formulated.

FIU net

The designated officers for managing the FIU-net were briefed and trained on the new improved version of the FIU-NET electronic application, aiming at the effective, secure and prompt information exchange that is supported by this European network.



EGMONT GROUP

In 2009, representatives of the Commission took part in the meetings of the project working groups of the Egmont Group that took place in Guatemala and Malaysia. In the first meeting, the project working groups were informed of the changes in the structure and operations of the Commission following the implementation of the new law. In the second meeting, they discussed about matters among which there was also the participation of the users of Egmont Secure web in the new tool of secure information exchange, “Communities”. In addition, they discussed about the ways and procedures for information exchange. The beginning of the educational programs of Egmont Group became known to the participants, motivating the FIUs for their participation.

There was also active participation in the Egmont Group Plenary meeting in May 2009 in Qatar. The subjects that were presented concerned the Strategic Analysis and Evaluation while new typologies of money laundering were analyzed, taking into account their international dimension.

FATF

Since 2007, the Commission submits progress reports that are included in the overall action plan. This is submitted to the FATF by the Central Coordinating Authority and deals with those issues on which certain doubts were expressed and some improvements were proposed. The Commission’s efforts and commitment to meeting the individual elements of the Recommendation 26 have been accepted by this international organization that has recognises the progress made by the Greek FIU.

Also, it is worth mentioning that both political commitment and the efforts to enhance the mechanisms for combating money laundering and terrorist financing are acknowledged.

United Nations Organization

The Commission monitors closely the work of the competent Units operating under the aegis of the United Nations and receives updates on e developments concerning money laundering and terrorist financing. For this purpose, the Commission participated in the proceedings of the conference that was conducted in October in Tirana, Albania by the United Nations Office for Drugs and Crime (UNODC) in cooperation with the Albanian FIU.

Memoranda of Understanding - (MOU)

In order to tackle money laundering and terrorist financing more effectively close international co-operation of the relevant authorities is necessary. This cooperation is achieved by the mutual exchange of information, which most of the times includes personal data. To secure the confidentiality, collection and processing of personal



data, the signing of respective Memoranda of Understanding is considered to be best-practice. In these memoranda, the commitments of the parties are explicitly stated.

Until 2009, the Commission has signed Memoranda of Understanding with the following countries:

- Singapore
- Romania
- Italy
- Belgium
- France
- Serbia
- United Arab Emirates

In addition, the Commission is currently negotiating the signing of Memoranda of Understanding with the authorities of the following countries:

- Saudi Arabia
- Saint Vincent
- Bermudas
- Ukraine
- Russia



Trainning

In the framework of the Community Assistance Programme for the Countries of Central and Eastern Europe (Phare), titled “Developments in strengthening of institutional capacity for combating organized crime and terrorism”, the Commission hosted during September and October officers of the Romanian Directorate for Investigating Organized Crime and Terrorism.

In December, in the framework of applying FATF instructions and recommendations, the Commission paid a formal visit to the Spanish FIU (SEPBLAC). The basic aim of the visit was the briefing of financial and IT analysts of the Greek FIU on practices followed on the analysis of cases and organizational matters relating to job processes and the structure and legal framework of the FIU.

From 26 and 30 October 2009 the Commission took part in the “ATLAS” exercise that was organized and initiated by the European Commission in the framework of the EU-member countries’ cooperation in relation to cash transactions.



CHAPTER 7 - PLANNING FOR T2010

Regulatory Framework

In 2010, two regulatory decisions were published by the competent authority for the supervision of statutory auditors and accountants and the Ministry of Finance's General Directorate for budgetary and fiscal audits, the competent authority of most DNFBPs :

Commission for Accounting Standardization and Control

The Commission for Accounting Standardization and Control published in 16.4.2010 a regulatory decision concerning the obligations of audit firms (companies and joint ventures of statutory auditors and accountants) in comparison with their obligations to law no 3196/2008. With this decision, the Commission imposes the obligation of the adoption of a policy against money laundering and terrorist financing, and of an internal control system as well as the obligation of defining the competent executive director and finally, directives are given on issues of due diligence exercise.

Ministry for Finance (General Directorate of Budgetary and Fiscal Audits)

A Ministerial Decision no 1051027/20340/DE-E/20.04.2010 (Gov. Gaz. 605/7.5.2010) was issued on the documents required for the identification and verification of DNFBP's customers.

STR Analysis

The installation of the entire information system which would be completed in 2010 is expected to further enhance the quantity and speed of processing and examining STRs by the financial analysts.

More specifically, the pilot-phase of the "complete information system" of the Commission would be followed by a transition to a fully operational permanent system. The major characteristics of the system would be full electronic filling submission of reports with the Commission by reporting persons and the analysis of cases using an electronic management and control system.

More financial analysts are expected to join the FIU which would enhance the Commission's effectiveness by accelerating the pace of STR-handling. An important role in the improvement of the quality of analysis is expected to be played by a "smart analysis tools" which are to be incorporated to the Information System of the FIU through the "Digital Convergence" program, expected to be launched in cooperation with the Information Society in 2010.



Finally, electronic access to a larger number of information sources would further enhance the crosschecking process, thereby reducing analysis time.

Strategic Analysis

For 2010, special emphasis has been given to the sector of Strategic Analysis. More specifically, using statistical methods of analysis, it is expected that the typologies of money laundering and terrorist financing will be depicted accurately. Furthermore, the contribution of the strategic analysis is considered to be very important in identifying trends concerning money laundering.

Together with the work of Strategic Analysis, the Department of International Relations and Studies will conduct studies with a view to monitoring the shortcomings of the financial system concerning money laundering and terrorist financing, suggesting at the same time regulatory measures for tightening the controls and for eliminating the phenomenon.

The first study that has been scheduled concerns the sector of Non Governmental Organizations and more specifically the exploitation of NGOs by terrorist organizations, according to the special VIII recommendation of the FATF (Financial Action Task Force).

IT Infrastructure

The software for processing the reports of suspicious transactions was installed in the terminals of the Administration and the Research and International Relations of the Commission while the following actions are in progress:

- Workflow between the Commission's Units (Administration and Financial Analysis)
- Interconnection of the Commission with credit institutions and other liable persons to achieve electronic information exchange based on high standards of safe information-exchange (including the submission of STRs and the relevant documentation).

The preparation of the system for receiving suspicious transaction reports by the banks in an electronic form is in progress and is expected to be completed in June 2010.

Physical Security

In April 2010, the installation of the system for physical security of the Commission was completed, implementing at the same time the corresponding obligations of the Commission to the FATF.

The establishment of the physical security controls consists of:

- an Access control system



- a CCTV system- closed circuit television
- an alarm system

Human Resources

In 2010, the exact qualifications and skills of prospective FIU staff requirements were set per post of responsibility and a call for expressing an interest in joining the FIU was sent to competent authorities and other public authorities and organizations. Consequently, twenty two (22) candidates were interviewed to fill the positions of six (6) financial analysts, one (1) international relations, expert, two (2) IT experts and two (2) administrative staff.



**ANTI-MONEY LAUNDERING
AND COUNTER TERRORIST FINANCING
COMMISSION**

Head Office: 92, Alkifronos Str. & 207 Pireos Str., GR-11853
Athens, Greece

Tel: +30 210 3401 901

+30 210 3401 939

FAX: +30 210 3426 892

E-MAIL: fiu-gr@hellenic-fiu.gr

URL: www.hellenic-fiu.gr

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