



**THE REPUBLIC OF POLAND  
THE MINISTRY OF FINANCE**

**REPORT  
of the General Inspector of Financial Information  
on the implementation of the Act of 16<sup>th</sup> November  
2000 on counteracting money laundering and  
terrorist financing in 2015**

Warsaw, March 2016

## TABLE OF CONTENTS

1. INTRODUCTION .....	3
2. INFORMATION ON DATA SUBMITTED TO THE GIFL.....	5
2.1. INFORMATION ON SUSPICIOUS TRANSACTIONS .....	5
2.2. INFORMATION ON TRANSACTIONS ABOVE THRESHOLD.....	9
2.3. INFORMATION ARISING FROM CROSS-BORDER CASH DECLARATIONS.....	13
3. ANALYSES .....	16
3.1. COUNTERACTING MONEY LAUNDERING .....	16
3.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS.....	16
3.1.2. SAMPLE DIRECTIONS OF ANALYSES .....	20
3.2. COUNTERACTING TERRORIST FINANCING .....	25
4. CONTROLS .....	27
4.1. CONTROLS CONDUCTED BY THE GIFL.....	27
4.2. CONTROLS CONDUCTED BY SUPERVISORY INSTITUTIONS .....	27
4.3. ADMINISTRATIVE PROCEDURES FOR THE IMPOSITION OF FINES.....	28
5. NATIONAL COOPERATION .....	30
5.1. EXCHANGE OF INFORMATION WITH NATIONAL ENTITIES.....	30
5.1.1. COOPERATION WITH ORGANIZATIONAL UNITS OF PROSECUTION OFFICES AND COURTS.....	32
5.1.2. COOPERATION WITH TREASURY CONTROL AUTHORITIES, TAX AUTHORITIES AND CUSTOMS AUTHORITIES.....	34
5.1.3. COOPERATION WITH AUTHORITIES SUBORDINATED TO THE MINISTER OF THE INTERIOR.....	36
5.1.4. COOPERATION WITH THE INTERNAL SECURITY AGENCY .....	38
5.1.5. COOPERATION WITH THE CENTRAL ANTI-CORRUPTION BUREAU.....	39
5.1.6. COOPERATION WITH THE NATIONAL CRIMINAL INFORMATION CENTRE .....	40
5.1.7. OTHER INFORMATION.....	40
5.2. TRAINING ACTIVITIES.....	41
6. INTERNATIONAL COOPERATION .....	43
6.1. COOPERATION WITH THE EUROPEAN COMMISSION .....	43
6.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING .....	43
6.1.2. THE EU-FIU PLATFORM.....	44
6.2. FIU.NET .....	45
6.3. THE MONEYVAL COMMITTEE.....	45
6.4. THE EGMONT GROUP .....	46
6.5. THE FINANCIAL ACTION TASK FORCE .....	47

6.6. THE EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM.....	48
6.7. BILATERAL COOPERATION.....	48
6.7.1. MEMORANDA OF UNDERSTANDING.....	48
6.7.2. THE EXCHANGE OF INFORMATION WITH FOREIGN FIUs.....	49
6.8. OTHER ISSUES.....	51
6.8.1. INTERNATIONAL INITIATIVES.....	51
6.8.2. ARRANGEMENT WITH THE ARMED FORCES OF THE USA.....	54
7. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES.....	55
7.1. PARTICIPATION IN THE LEGISLATIVE WORK OF THE EU.....	55
7.2. PARTICIPATION IN MEETINGS CONCERNING RESTRICTIVE MEASURES.....	55
7.3. OTHER ISSUES.....	56
7.3.1 AUTHORISATION OF TRANSACTIONS WITH THE ISLAMIC REPUBLIC OF IRAN.....	56
7.3.2 TASK FORCE TO COUNTER MECHANISMS OF FINANCING THE SO-CALLED ISLAMIC STATE	57
8. LEGAL ACTIVITY .....	58

## 1. INTRODUCTION

In 2015 the General Inspector of Financial Information (GIFI) undertook multifaceted actions in connection with counteracting money laundering and terrorist financing. Primarily – as a result of the analyses conducted – **the GIFI sent 398 notifications on the suspicion of committing the offence of money laundering to the prosecution organisational units** (so-called main and supplementary notifications), **which concerned suspicious transactions totalling to PLN 17.1 billion**. Furthermore, **the GIFI blocked 339 accounts and suspended 40 transactions, securing thereby assets with a total value of PLN 165.2 million**. The vast majority of the account blockades performed was connected with the suspicion of laundering money from fiscal offences, and in particular from abuse of the VAT mechanism to claim undue refund or from failures to pay tax due.

One of the main aspects of the activity of the GIFI in 2015 was to strengthen the cooperation with cooperating units, which was reflected in the amount of information exchanged. **The amount of information (resulting from the analyses carried out in the Financial Information Department of the Ministry of Finance, FI) provided by the GIFI** under Art. 33(3) of the *Act of 16<sup>th</sup> November 2000 on Counteracting Money Laundering and Terrorist Financing* (consolidated text: Journal of Laws of 2016, item 299), hereinafter referred to as the *Act*, increased significantly. **The amount stood at 2,587 and was higher by more than 19.2% as compared with 2014. The most extensive transfer of information was towards treasury control authorities (69.2%)**, mainly in connection with the suspicion of committing fiscal offences. Furthermore, the information which may have been related to that kind of crime was sent by the GIFI to the Police and the Internal Security Agency too.

**The number of requests for information from authorised bodies** sent in the mode provided for in the *Act* to which the GIFI responded **increased considerably too. There were 2,530 of those in 2015, i.e. more by nearly 6.6% than in the previous reporting year**. The growth was caused primarily by the intensification of cooperation with treasury control authorities and tax chambers. It should be emphasised that **in the case of requests sent by the heads of tax chambers the number grew by 537.5%, and in the case of requests from treasury control authorities by 16%**. In 2015, **the majority of requests for information was sent by the authorities subordinated to the Minister of Finance (nearly 65.5%)**.

The GIFI maintained also the cooperation with international organisations involved in counteracting and combating money laundering and terrorist financing. In 2015 the Polish Financial Intelligence Unit, PFIU, (i.e. the GIFI with the FI which supports the GIFI in carrying out the statutory tasks) continued the works within the Egmont Group on the project concerning digital currencies (including among others the so-called virtual currencies). The main goal of the project is to gather and exchange experience between financial intelligence units (FIUs) with regard to the use of the said currencies to commit the said offences, and to disseminate that knowledge, including among the obligated institutions and cooperating units to facilitate prevention of that practice.

On 25<sup>th</sup> June 2015 the *Directive (EU) 2015/849 of the European Parliament and of the Council of 20<sup>th</sup> May 2015 on the Prevention of the Use of the Financial System for the Purposes of Money Laundering or Terrorist Financing, amending Regulation (EU) No.*

*648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC*, hereinafter referred to as the 4<sup>th</sup> AML Directive, entered into force. The provisions thereof provide details of and develop the rules of counteracting money laundering and terrorist financing in the context of the operations of the obligated institutions and cooperating units, as well as the FIUs. Therefore, the GIFI commenced works in 2015 to implement the provisions of the 4<sup>th</sup> AML Directive to the Polish law, which works will be continued in 2016.

An important event of 2015 as regards the international cooperation was the appointment of the GIFI representative to the office of the Vice-Chairman of the MONEYVAL Committee. This adds to the prestige enjoyed by the PFIU on the international arena.

## 2. INFORMATION ON DATA SUBMITTED TO THE GIFI

### 2.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2015 the IT system of the GIFI recorded 3,520 descriptive notifications regarding suspicious activity and transactions, the so-called SARs (Suspicious Activity Reports), which were integrated with the analytical proceedings conducted. The said notifications contain a description of a few to a few hundred transactions (which are often connected with each other through the transaction parties, the circumstances of the transactions, a similar time of performance, and/or involvement of the same asset values), and of circumstances thereof which in the opinion of the notifying institution/unit may be connected with money laundering or terrorist financing. Common components of those notifications often include additional data and documents corroborating the suspicion, and aimed at streamlining the proceedings (e.g. account records, copies of the documents concerning the transactions, etc.).

The said number of the SARs includes among others information about instances of failing to conduct a transaction, or failing to sign a contract with a client, or terminating such contracts due to inability of applying financial security measures (reported to the GIFI pursuant to Art. 8b(5) of the *Act*).

The descriptive notifications, as compared to the notifications on individual suspicious transactions, include more information, particularly with regard to the obligated institution's suspicion of committing an offence and circumstances accompanying the transactions. Such a broad spectrum of information enables faster verification of the data obtained from other sources of information, and reduces the deployment time of actions undertaken by the GIFI in cooperation with the prosecution and other law enforcement authorities.

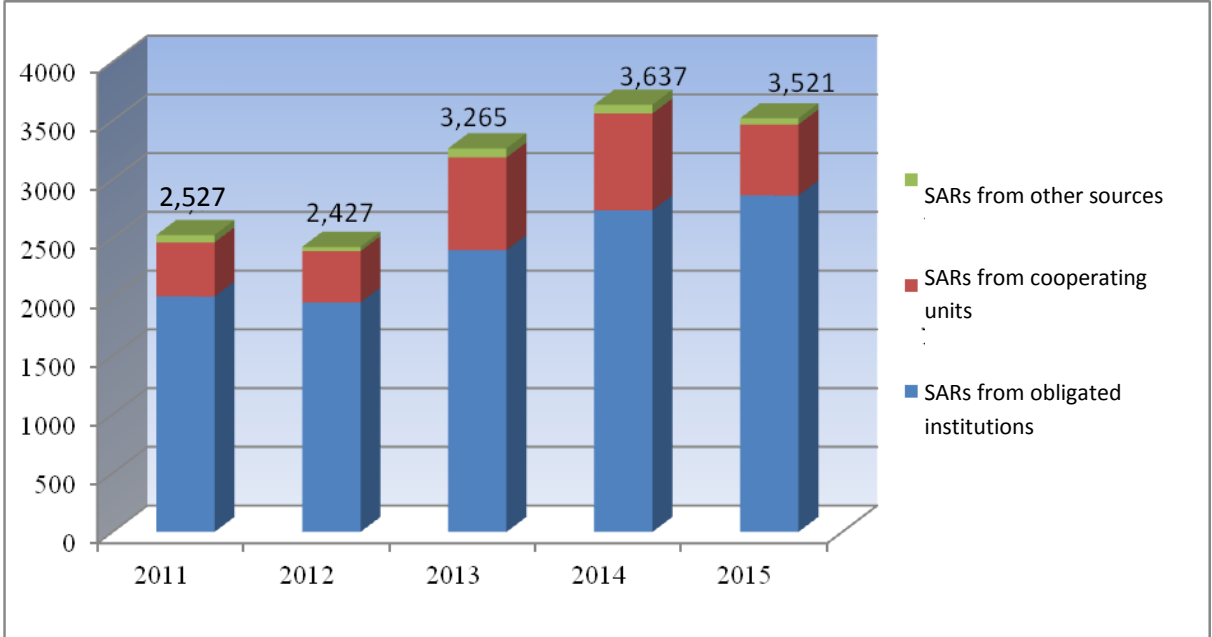
*Table 1 – Number of descriptive notifications received in the period of 2001-2015*

<b>Period</b>	<b>Obligated Institutions</b>	<b>Cooperating Units</b>	<b>Other Sources</b>	<b>Total</b>
2001 (since July)	102	115	14	231
2002	358	237	19	614
2003	739	211	15	965
2004	860	521	16	1,397
2005	1,011	500	15	1,526
2006	1,351	530	17	1,898
2007	1,244	648	28	1,920
2008	1,287	460	68	1,815
2009	1,362	464	36	1,862
2010	1,462	476	59	1,997
2011	2,004	461	62	2,527
2012	1,954	436	37	2,427
2013	2,399	789	77	3,265
2014	2,739	823	75	3,637
2015	2,864	604	53	3,521

The number of descriptive notifications from all sources has been high for three years (Chart 1). The number of SARs in 2015 was by 42% higher than the average of 2011-2012.

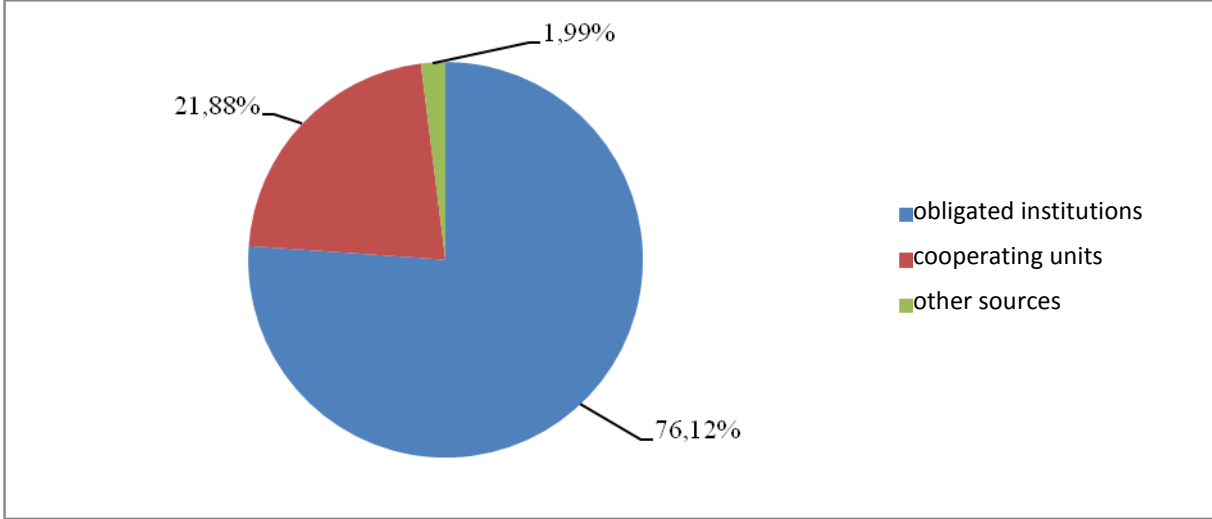
This illustrates well the challenges in the work organisation which the FI has had to face in the recent years while fulfilling the tasks of the GIFI.

Chart 1 – Number of the SARs sent to the GIFI in the years 2011-2015



The percentage share of descriptive notifications received from the particular sources of information is shown on Chart 2.

Chart 2 – Sources of the SARs in 2015



In 2015 also 604 descriptive notifications from the cooperating units (CU) were noted. For three years the number has been higher than the average from 2011-2012. This is linked to the fact that the cooperation of the GIFI with other State authorities has intensified, which is visible among others in considerable increase in the number of notifications submitted to various authorities (see Chapter 3.1.1.). Owing to this cooperation, the said authorities understand better what money laundering is, which has translated into the considerable increase in the number of the SARs submitted thereby.

In 2015 the GIFI received 2,864 descriptive notifications from the obligated institutions, whereby their number has been growing nearly uninterruptedly since 2010, and is currently more than twice as large as the average of 2006-2010. The distribution of the descriptive notifications among the particular groups of institutions by type of activity pursued is shown in Table 2.

*Table 2 – Descriptive notifications received in 2015 from the obligated institutions by institution type*

<b>Institution Type</b>	<b>No. of SARs</b>	<b>Percentage Share</b>
Banks / Branches of foreign banks / Branches of credit institutions	2,576	89.94%
Brokerage houses / Other entities carrying out brokerage activities	26	0.91%
Cooperative savings and credit unions	33	1.15%
Insurance companies / Branches of insurance companies	9	0.31%
Tax advisers, auditors and accountants	13	0.45%
Civil law notaries, legal counsels and attorneys	25	0.87%
Enterprises conducting leasing or factoring business	11	0.38%
Other entrepreneurs receiving payments in cash $\geq$ EUR 15,000	7	0.24%
Exchange offices	7	0.24%
Payment institutions	2	0.07%
Investment fund companies / Investment funds	2	0.07%
Public operators within the meaning of the Postal Law	151	5.27%
Entrepreneur acting as intermediary in real estate brokerage	2	0.07%
<b>Total:</b>	<b>2,864</b>	<b>100.00%</b>

In the recent year a considerably larger – as compared to the previous years – number of the SARs was noted which were connected with the transactions of money transfers, which is mainly linked with the financial flows generated by the trading in prohibited substances (detailed description in Chapter 3.1.2).

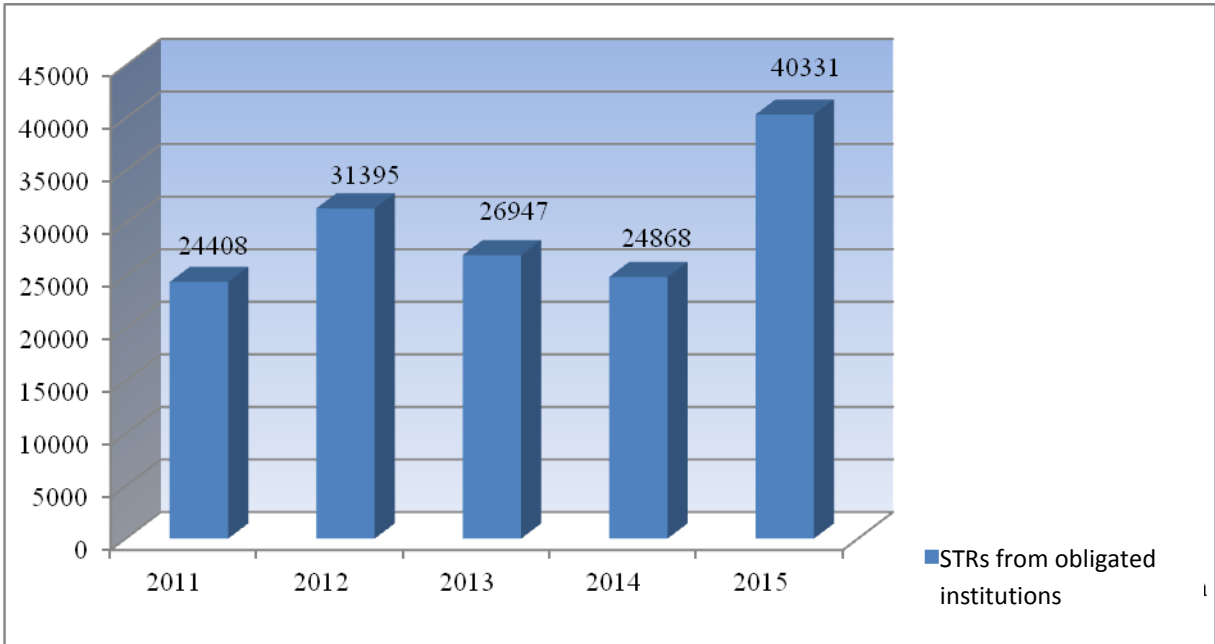
In 2015 the GIFI received 70,345 pieces of information concerning single transactions from the obligated institutions the circumstances of which may indicate a connection with committing an offence (Suspicious Transaction Reports, STRs), including 70,320 transactions designated as suspected of money laundering (Suspicious Transaction Reports on Money Laundering, STR-MLs), and 25 transactions designated as suspected of terrorist financing (Suspicious Transaction Reports on Terrorist Financing, STR-TFs). The total number of pieces of information of that type which were reported to the GIFI includes information on single suspicious transactions reported by the obligated institutions to the GIFI directly in the mode of Art. 11 of the *Act* in conjunction with Art. 8(3) of the *Act*, and information on single suspicious transactions reported to the GIFI by the obligated institutions in the mode of completion/change of information provided previously in the mode of Art. 11 of the *Act* in conjunction with Art. 8(1) of the *Act* (i.e. information on a transaction above threshold which within further analysis was found to be one the circumstances of which may indicate a connection with an offence). In 2015 the information of the latter type, i.e. completion/change of information provided previously as information on a transaction above threshold, constituted 42.7% of the total number of the STRs reported. Such a large share of the second degree STRs is a notable change as compared to the previous years (when they constituted only a minor share in all STRs). This change is most probably caused by the obligated institutions having complied to the GIFI communication on the rules of reporting



“suspicious transactions” of 27<sup>th</sup> January 2015 (published on the website of the Ministry of Finance in the GIFI tab). According thereto, “in the case when the obligated institution finds a transaction previously registered as a transaction above threshold, i.e. one referred to in Art. 8(1) of the Act, meets the criteria specified in Art. 8(3) of the Act, the institution should change the transaction card by entering the proper suspicious transaction code in field 08, ‘Suspicious transactions’, and explaining the suspicious circumstances in field 45, ‘Comments’, and then transmit the information about the change to the GIFI”. Whereby, as explained in an additional communication, such a change is not a correction of an error made by the obligated institution, but a change of information about the transaction in the register which results from the execution of the obligation to analyse transactions as referred to in Art. 8a(1) of the Act performed with due diligence by the obligated institution. The information on this type of change should be sent to the GIFI immediately. As the recommendations of the communication are followed, the obligated institutions provide the GIFI with more information in the said mode than in the previous years.

The number of the STRs from the subsequent years must be compared in a duly manner: Chart 3 shows the number of the STRs from the particular years, whereby the comparison concerns only the number of the STRs which were sent to the GIFI by the obligated institutions directly under Art. 11 of the Act in conjunction with Art. 8(3) of the Act (i.e. excluding changes/corrections of the previous transactions above threshold found suspicious within later analyses).

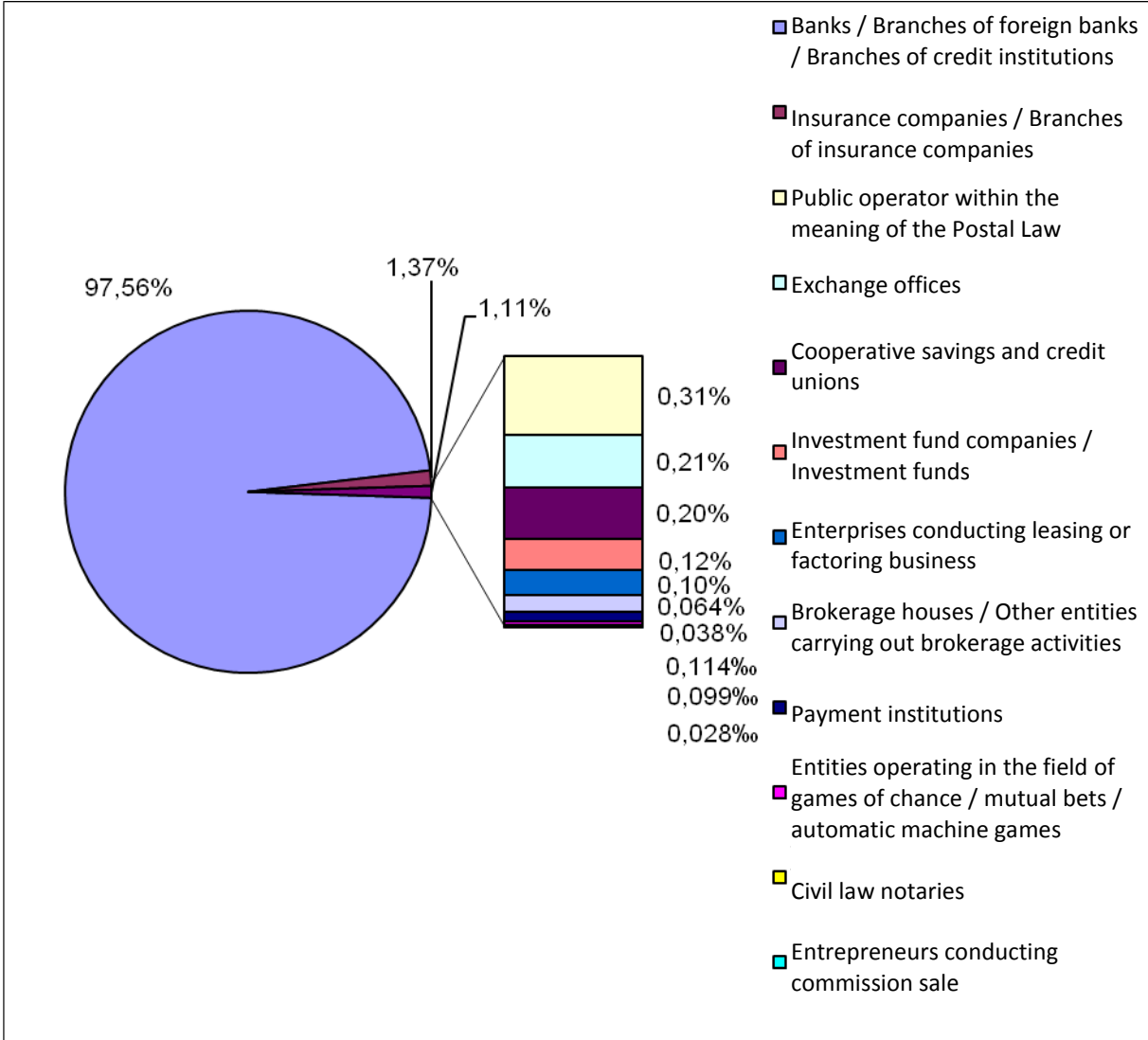
Chart 3 – Number of the STRs sent to the GIFI in the years 2011-2015



An in-depth analysis of the STRs sent to the GIFI in 2015 shows that there are still problems with clear interpretation of the statutory obligations concerning the principles of reporting information about transactions with circumstances indicating a possible link with money laundering or terrorist financing. Therefore, the GIFI will strive to enforce the principles explained in the aforesaid communication of 27<sup>th</sup> January 2015 and discipline the obligated institutions in this regard.

The distribution of the number of the STRs received in 2015 by the GIFI among the obligated institutions of different types is shown in Chart 4.

Chart 4 – Sources of the STRs in 2015



**2.2. INFORMATION ON TRANSACTIONS ABOVE THRESHOLD**

In 2015, the GIFI received information on 28.9 million transactions in the mode of Art. 11 of the Act in conjunction with Art. 8(1) of the Act, i.e. on transactions above threshold, with the value exceeding EUR 15,000 (EUR 1,000 in the case of certain types of the obligated institutions). The information is collected in the IT system of the GIFI and processed at the FI, both for the purposes of analytical proceedings conducted by the GIFI and the analyses carried out as a result of the execution of requests by authorised bodies. The number of such transactions submitted annually to the GIFI remains at a similar level (Chart 5), and the distribution of the amount of information received in 2015 among the obligated institutions of different types is shown on Chart 6.

Chart 5 – Amount of information on transactions above threshold received by the GIFI in 2011-2015

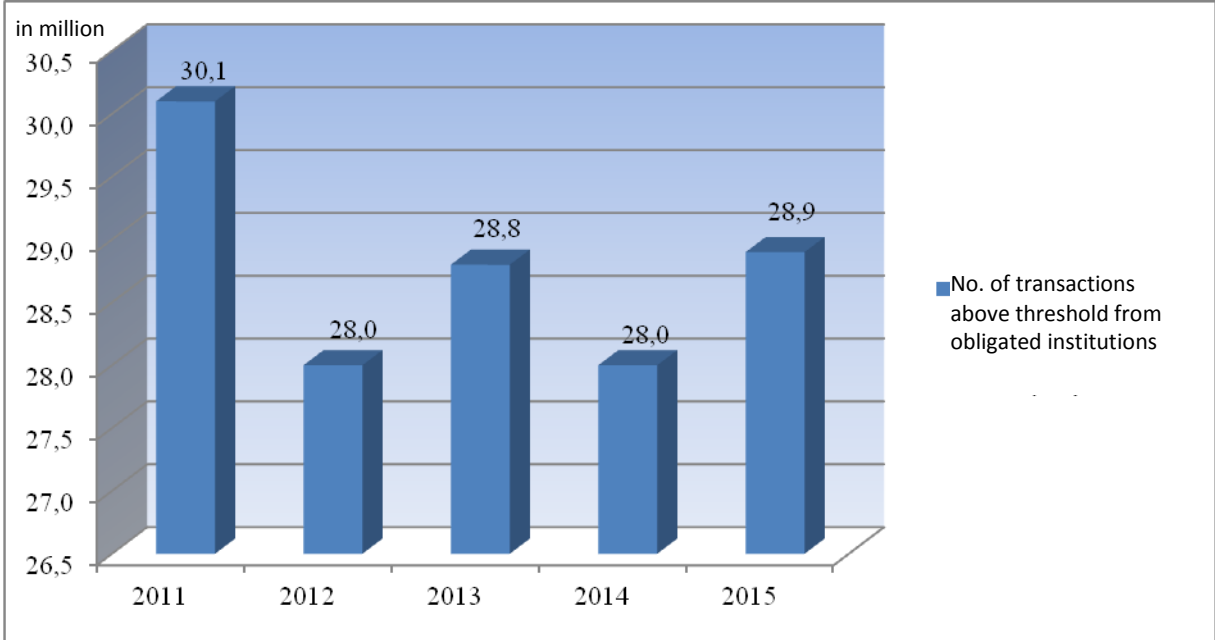
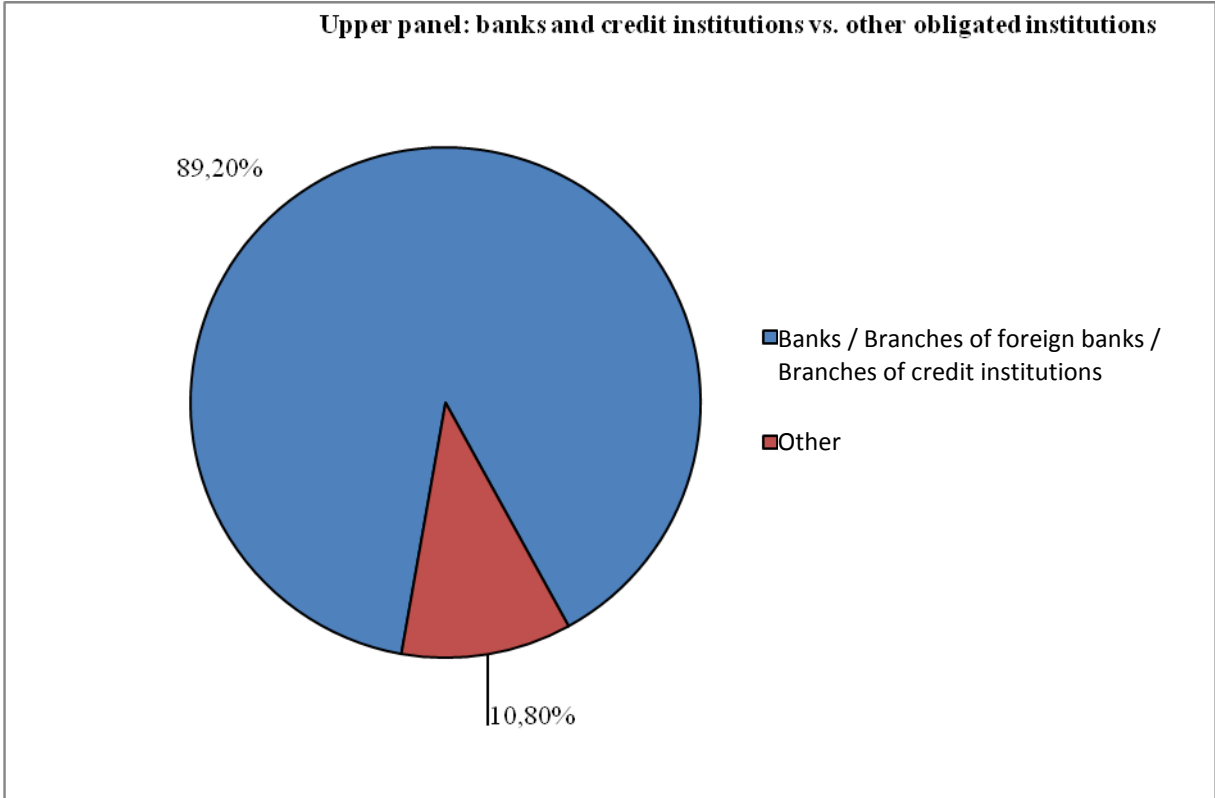
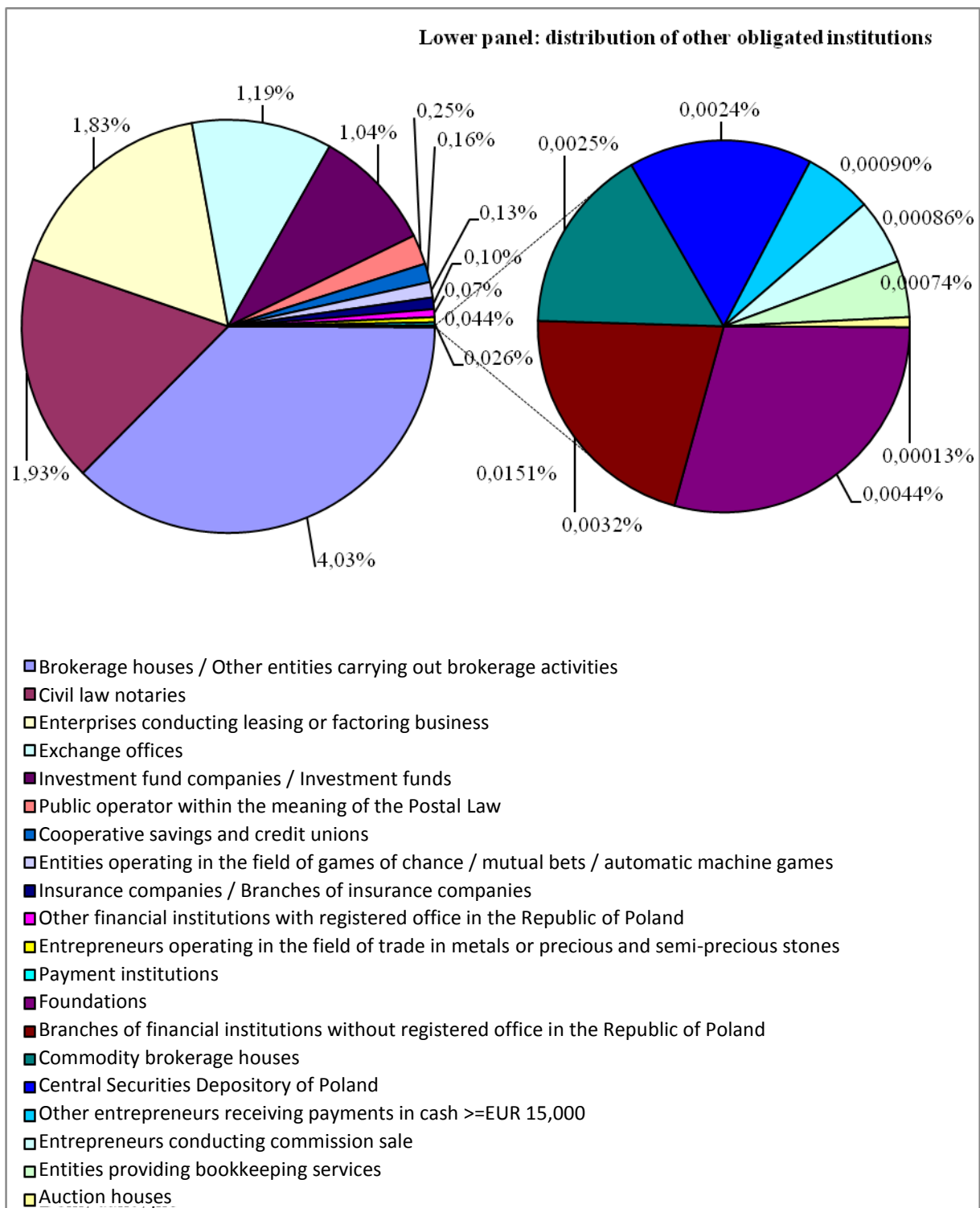


Chart 6 – Sources of transactions above threshold in 2015





The obligated institutions provide aggregated data on the above-mentioned transactions in form of files within 14 days of the lapse of each calendar month in which they were registered.

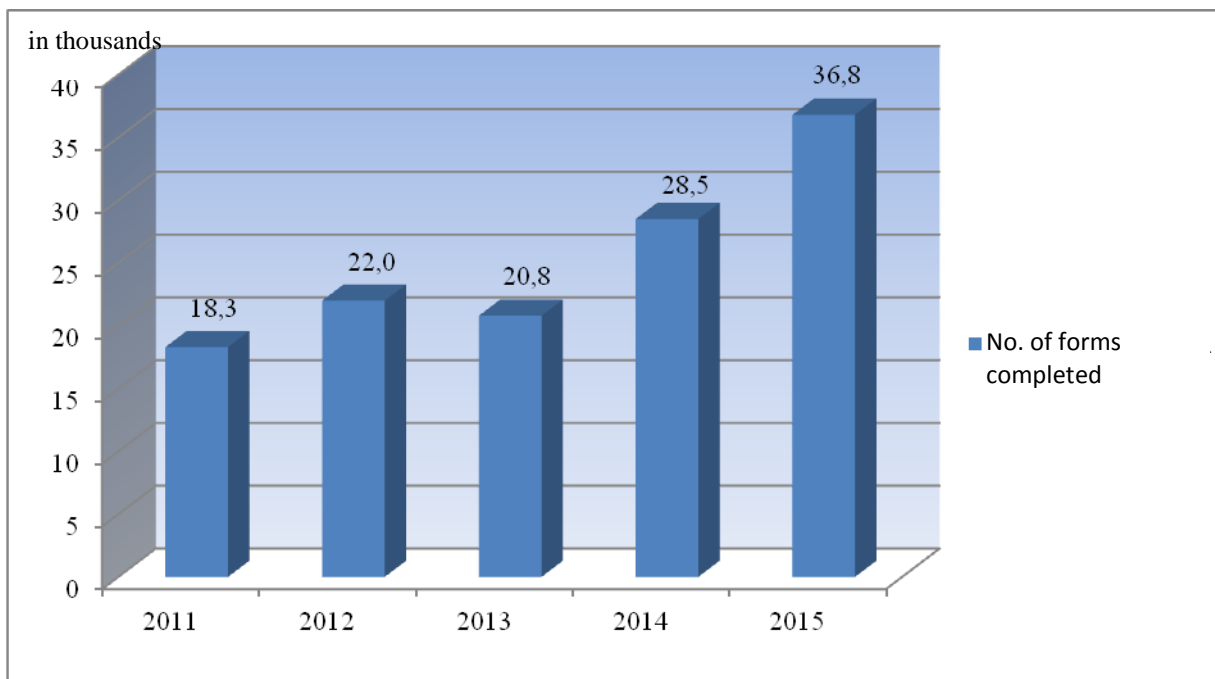
In 2015 the IT system of the GIFI accepted 117.5 thousand files with data concerning the said transactions. Pursuant to the rules in force, the files with data are provided via one of three electronic channels:

- a secure website of the GIFI (in 2015 almost 92% of all files were sent to the GIFI this way),
- secure e-mail (in 2015 slightly over 8% of all files were sent to the GIFI this way), or
- a CD/floppy disk (in 2015 only 0.08% of all files were sent to the GIFI this way).

In the case of providing information about transactions via the secure website, it is possible to send it using a file including information on multiple transactions generated in a correct format from the system of the obligated institution (this solutions is applied mainly by large institutions, which provide monthly information on many transactions; in 2015 this way was used for the submission of 60.6% of all files), or by completing a form containing the electronic version of the transaction card directly on the website (this solution is used mainly by smaller institutions, which provide monthly information on few transactions; in 2015 this way was used for the submission of 33.3% of all files).

It should be emphasised that each year shows a higher amount of information on transactions registered by completing the electronic form of the transaction card directly on the website: starting from the leap in 2011 when 18.3 thousand transactions were provided that way, where in the years 2008-2010 the number was oscillating between 6.7 thousand and 8.7 thousand transactions annually, in 2012 and 2013 the number of transactions reported this way increased to more than 20 thousand (more than 22 thousand in 2012 and nearly 21 thousand in 2013), in 2014 the number reached 28.5 thousand, and in 2015 36.8 thousand transactions (as shown on Chart 7).

*Chart 7 – Transactions registered by completing the electronic form of the transaction card directly on the website of the ISGIFI.*



At the same time, the amount of information about transactions provided on paper transaction cards was steadily dropping in 2008-2013 (5.5 thousand in 2008, 3.6 thousand in 2009, 3.2 thousand in 2010, 2.5 thousand in 2011, 1.5 thousand in 2012, 1.2 thousand in 2013) and was stable in 2013-2015 (1.2 thousand in 2014 and 1.3 in 2015). Both those effects result from the measures undertaken by the FI to increase the use of the electronic channel of

information exchange by smaller obligated institutions, and show clearly that the circle of the smaller obligated institutions regularly reporting the information on transactions to the GIFI electronically has expanded. It should be noted however that even such an insignificant amount of information transferred by the obligated institutions to the GIFI on paper transaction cards requires proportionately much more time to collect and enter to the databases than information on transactions submitted electronically.

Among the above-mentioned 29 million transactions submitted to the databases of the GIFI in 2015 8.00% was constituted by transactions qualified by the obligated institutions as cash payments and withdrawals, and 10.57% as transactions involving entities for which the obligated institution indicated the domicile outside the territory of Poland or the nationality other than Polish (3.60% of transactions were qualified by the obligated institutions as money transfers from abroad).

The information on transactions received was made available in the IT system of the GIFI as input data used in further analyses. In particular, the information was subject to automatic analytical processes. For example, all the information on transactions was verified in terms of possible links to entities suspected of terrorist financing or entities originating from countries of high risk/subject to sanctions. Also the links of information on transactions with other types of information available in the system were looked for automatically (for example with the queries of external entities: prosecution offices, foreign financial intelligence units, etc.), and these were then used in the analytical proceedings, or transferred to the external entities requesting the GIFI to provide financial information. The above-mentioned links were looked for with the use of analysis models functioning in the IT system of the GIFI, which were used both in the processes of automatic report generation and in ad hoc analyses for the purposes of a particular problem.

The information on transactions above threshold is used both for the extraction of data on accounts of suspected entities, and information on the transactions themselves, constituting a helpful source of data in the analytical proceedings conducted. The information on transactions is available for analysis both in simple form, whereby asking about a particular entity or account provides the access to the data collected, as well as a source for the link analysis, by using the possibility of looking for linked objects (accounts, entities) in the database, i.e. such that are in a relationship of a defined type towards each other (e.g. entities related through a common occurrence in the chain of transactions, or accounts related through transactions made within them by the same entity). This type of analysis of links within the accounts concerns only those accounts which were stated in the information on transactions above threshold and the STRs. There is no other database of accounts available to the GIFI which would allow this kind of analysis.

### **2.3. INFORMATION ARISING FROM CROSS-BORDER CASH DECLARATIONS**

Pursuant to Art. 15a(5) of the *Act*, the Border Guard and customs authorities provide the GIFI with the information arising from the declarations of cash transfer through the borders of the EU. In 2015 (as in the period of 2011-2014) the said information was provided electronically. The GIFI received information on more than 6.6 thousand cash transfer declarations, including 5,587 declarations of cash entering the territory of the EU and 630 declarations of

cash leaving the territory of the EU submitted in 2015 (the GIFI received also information on 374 cash transfer declarations between the EU Member States and 58 cash transfer declarations between non-EU countries). The number of declarations sent by the Border Guard bodies and customs authorities in 2015 was similar to the one from 2014 (6.2 thousand). Also the total amounts of the declarations were similar (the total amount in PLN calculated based on the annual average exchange rate of the given currency for the funds declared as entering the EU: PLN 537.1 million in 2014 and PLN 545.8 million in 2015; the total amount in PLN calculated based on the annual average exchange rate of the given currency for the funds declared as leaving the EU: PLN 72.4 million in 2014 and PLN 96.4 million in 2015).

The value of cash declared for import to the EU amounted to (ranged by the value in PLN calculated for the annual average value of a given currency in 2015):

- EUR 71.1 million (78.4 million in 2014 and 149 million in 2013),
- USD 46.8 million (46.2 million in 2014 and 34 million in 2013),
- RUB 0.75 billion (0.46 billion in 2014 and 1.7 billion in 2013),
- PLN 15.3 million (8.9 million in 2014 and 6.2 million in 2013),
- CAD 1.61 million (1.29 million in 2014 and 1.0 million in 2013),
- GBP 0.43 million (0.96 million in 2014 and 0.5 million in 2013),
- AUD 0.43 million (0.56 million in 2014 and 0.2 million in 2013),
- CHF 0.26 million (0.12 million in 2014).

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million in the zloty following the recalculation according to the annual average exchange rate of the given currency in 2015. Furthermore, the information on declarations submitted to the GIFI concerned also the transfer of cash with lower amount values in 11 other currencies. The information about cash entering the territory of the EU included also declarations concerning gold ounces (XAU) and platinum ounces (XPT). A detailed analysis of information derived from the said declarations shows however that most of them include incorrect or inaccurate data, e.g. it followed many times from the additional description that the numeric values in the declaration form regard grams of gold, while the XAU symbol represents gold ounces (which definitely changes the value of the funds declared), and the symbol of platinum was used incorrectly (the declaration was actually to refer to the transfer of cash in one of the currencies).

The value of cash declared for export from the EU amounted to (ranged by the value in PLN calculated for the annual average value of a given currency in 2015):

- USD 12.3 million (11.9 million in 2014 and 8.3 million in 2013),
- PLN 22.5 million (16.4 million in 2014 and 0.8 million in 2013),
- EUR 5.4 million (3.6 million in 2014 and 3.1 million in 2013),
- CAD 0.5 million (0.3 million in 2014 and 0.5 million in 2013),
- RUB 18.2 million (3.2 million in 2014 and 2013 million in 2013).

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million in the zloty following the recalculation according to the annual average exchange rate of the given currency in 2015. Furthermore, the information on declarations

submitted to the GIFI concerned also the transfer of cash with lower amount values in 7 other currencies. The information about cash leaving the territory of the EU included also declarations concerning gold ounces (XAU) and platinum ounces (XPT).

Import was most frequently declared by the citizens of Ukraine (in 59.9% of cases), the citizens of Russia (in 13.3% of cases), Poland (in 11.8% of cases), Belarus (in 3.5% of cases), and Vietnam (in 2.3% of cases), and also by the citizens of 61 other countries. Export was most frequently declared by the citizens of Poland (in 61.7% of cases), Russia (in 15.2% of cases), Ukraine (in 3.3% of cases), and Turkey (in 2.2% of cases), and also by the citizens of 33 other countries.

As to the directions from which the funds are entering the EU, 62.7% of declarations regarded funds imported from Ukraine, 20.0% from Russia, 3.3% from Belarus, 2.8% from Vietnam (other declarations regarded import from 57 other jurisdictions). As to the export of funds from the EU, the most commonly declared target place was Russia (38.4% of cases), Turkey (7.1%), the USA (6.8%), Thailand (4.4%), Canada (3.8%), and Ukraine (3.8%). Other declarations regarded export to 47 other jurisdictions.

The number of declarations sent by the Border Guard bodies and customs authorities in 2015 was similar to the one from 2014 (6.2 thousand), as were the total amounts of declarations.

*Table 3 – Information on funds reported in EU cross-border cash declarations*

<b>Movement Direction</b>	<b>2014</b>	<b>2015</b>
funds declared as entering the EU	PLN 537.1 million	PLN 545.8 million
funds declared as leaving the EU	PLN 72.4 million	PLN 96.4 million

The declarations from 2015 included declarations from 75 entities which submitted more than ten declarations in a year (including one entity which submitted 362 declarations and one which submitted 115 declarations). All entities having submitted more than 30 declarations in 2015 submitted declarations also in the previous years, which shows this is an event of steady nature.

Many entities submitting declarations are present in the analysis procedures conducted by the GIFI, instigated based on separate information, which shows the declarations are a potentially important source of information. All information received on cash transfer declarations is available in the IT system of the GIFI as input data for further analyses, similarly to the information from other sources such as information on transactions above threshold.



## 3. ANALYSES

### 3.1. COUNTERACTING MONEY LAUNDERING

The main task of the GIFI, pursuant to the provisions of the *Act*, is to acquire, collect, process and analyse information, and to undertake actions to counteract money laundering and terrorist financing. Within those tasks, the GIFI investigates the course of the transactions as to which the GIFI has reasonable suspicion that they may be linked to money laundering or terrorist financing, carries out the procedures of suspending the transactions or blocking accounts, makes information on transactions available to authorised units, and acquires from the obligated institutions requested information, as well as cooperates with foreign institutions and international organisations involved in counteracting money laundering or terrorist financing. The analysis in question is to lead to substantiation that the asset values subject to the transaction originate from proceeds from committing a prohibited act.

#### 3.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS

While performing the statutory tasks in 2015, the GIFI instituted 2,229 instances of analytical proceedings based on the information acquired. This number includes proceedings with regard to the suspicion of money laundering, proceedings with regard to the counteracting of terrorist financing, and proceedings instituted based on the information submitted by the obligated institutions which could not perform the obligations concerning financial security measures and which did not conduct a transaction, sign a contract with a client, or which terminated the contracts already concluded. In 2015 the number of analytical proceedings instances carried out by the GIFI was at a similar level as compared to the previous year. It should be emphasised that a single instance of analytical proceedings carried out by the GIFI often embraces a few to several descriptive notifications received from various obligated institutions, as well as hundreds, and even thousands, of single suspicious transactions and transactions above threshold. The large number of analytical proceedings instances results not only from the extensive amount of information received by the GIFI but also from the cooperation between the GIFI and the obligated institutions and cooperating units, which gets better every year.

As a result of the analytical proceedings conducted:

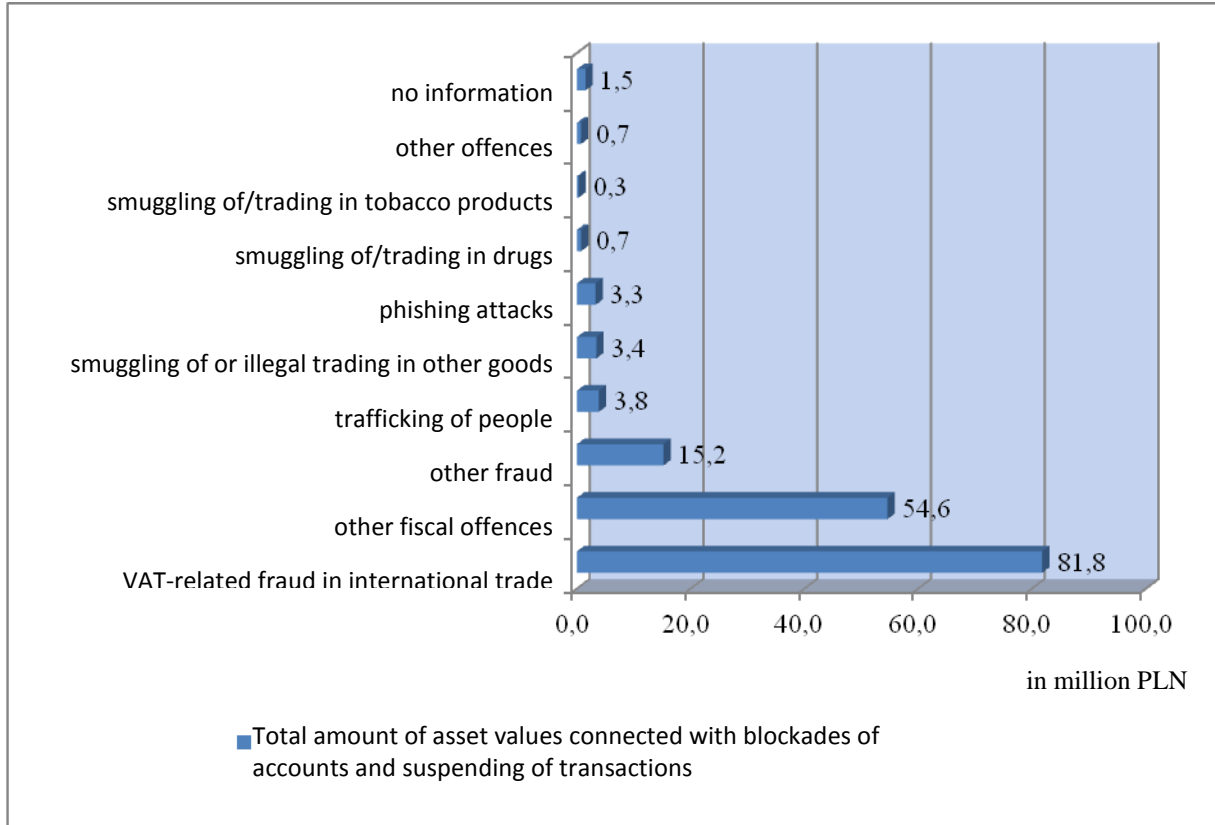
- 1) 184 notifications on suspicion of committing the offence of money laundering were submitted to territorially competent prosecution offices. The said notifications included premises justifying the institution of criminal proceedings against 571 entities, and the total amount of asset values constituting the object of the offence suspicion was approx. PLN 15.8 billion. The notifications were submitted to prosecution offices under Art. 31(1) of the *Act*, i.e. they were drafted based on the information held by the General Inspector of Information, the processing or analysis thereof, and the GIFI provided the prosecution also with the materials held which substantiate the suspicion of money laundering. In addition to the said main notifications, the GIFI submitted also 214 notifications to prosecution offices including materials connected in objective or subjective terms with the proceedings conducted by the prosecution offices in cases of money laundering, and from which

a reasonable suspicion of committing the said offence transpired. Those materials were acquired in the course of follow-up analytical proceedings conducted by the GIFI. These regarded 349 entities, and the total amount of asset values which were the object of the suspected offence in these materials was approx. PLN 1.3 billion;

- 2) 339 accounts were blocked, on which funds of the total value of approx. PLN 161.8 million were collected, and 40 transactions were suspended, amounting to PLN 3.4 million (pursuant to Art. 18 and 18a of the *Act*). 307 accounts were blocked under Art. 18a of the *Act*, i.e. on the own initiative of the GIFI, on which funds of the total value of approx. PLN 153.8 million were collected. The above-mentioned amounts of funds blocked on the accounts are only estimations, and the actual amounts may be higher due to the nature of the blockade: during the blockade imposed by the GIFI the funds may be still injected into the accounts, but they may not be withdrawn or transferred to other accounts;
- 3) 2,587 pieces of information were submitted to authorised bodies and units pursuant to Art. 33(3) of the *Act* (i.e. on the own initiative of the GIFI).

Within the analytical proceedings carried out, it is only rarely possible for the GIFI to suspect the predicate offence underlying money laundering. The GIFI usually has such information when the accounts are blocked or the transactions are stopped. The below Chart shows the total amount of asset values placed on the accounts blocked by the GIFI and linked with the transactions suspended in 2015 by the typology for possible predicate offences underlying money laundering.

*Chart 8 – Asset values linked with account blockades and suspended transactions by types of suspected predicate offences*



According to the data as presented on Chart 8, in 2015 in connection with the suspicion of laundering money originating from fiscal offences, the GIFI blocked accounts and stopped transactions concerning the total amount of PLN 136.7 million (i.e. 82.8% of all funds held on the accounts blocked by the GIFI and of the total value of the transactions suspended).

As in the previous years, in 2015 the number of notifications submitted to other bodies and units by the GIFI under Art. 33(3) of the *Act* increased. The increase in the number of the notifications submitted by the GIFI to the authorised bodies and units on the own initiative of the GIFI grew by almost 19% as compared to the previous year. This is the effect of activities developed by the GIFI in cooperation with the law enforcement authorities, treasury control authorities, and other cooperating units. The statutory possibility for the GIFI to provide other authorities and units with information on transactions subject to the provisions of the *Act*, pursuant to Art. 33(3) of the *Act*, regards transactions for which analysis-based prerequisites may be formulated substantiating the view that the transactions demonstrate elements of crime the prosecution of which lies within the competence of the authorities and cooperating units specified below.

In the present reporting period of 2015, the GIFI submitted the following number of notifications to the authorised bodies and units:

- 1,790 to treasury control bodies,
- 467 to the Police, including to the Central Bureau of Investigation of the Police,
- 242 to the Internal Security Agency, including to the Counter-Terrorism Centre,
- 62 to tax chambers,
- 9 to the Polish Border Guard,
- 9 to the Financial Supervision Authority,
- 8 to the Central Anti-Corruption Bureau.

In 2015 the largest number of notifications under Art. 33(3) of the *Act* was submitted by the GIFI to treasury control authorities. As in the previous years, the vast majority of the notifications stated suspicion of tax fraud related to the value added tax. These notifications regarded the issues concerning understatement or non-disclosure of turnover due to forging or hiding invoices, claiming input VAT by deception, the “missing trader” fraud, the carousel fraud. A part of the notifications included information regarding the suspicion of concealing the object of taxation, understatement of revenue, undisclosed income, or fraud in the import of goods. Furthermore, in 2015 the GIFI submitted 16 requests to tax authorities to investigate whether the origin of certain asset values is legitimate, in order to explain their sources.

The notifications submitted by the GIFI to treasury control authorities pursuant to Art. 33(3) of the *Act* constituted many times the basis to initiate control proceedings thereby as regards the correctness of calculating and paying taxes accounting for the income of the State budget due to the personal income tax, the corporate income tax, and the value added tax. The control proceedings demonstrated multiple times that the entities subject to control had not conducted the actual declared business activity, had been issuing “empty” VAT invoices which had then been used by the purchasers to diminish unduly the output tax, which resulted in the decrease in the amounts due to the Treasury. Furthermore, the said control proceedings indicated that the entities subject to control had not made payments to the competent tax office of the VAT amounts demonstrated in the sales invoices issued. The findings of the control proceedings

and the collected evidentiary material constituted the basis to initiate inquiries on fiscal offences, which were then transformed into investigations conducted under the supervision of prosecution offices. As the result of the coordination of actions, the GIFI participated in such prosecution investigations, providing evidentiary materials consisting of the analyses of financial flows, and blocked the accounts if it was reasonably suspected that these asset values originate from the proceeds of a prohibited act.

The next large group of notifications were those submitted to the Police (including the Central Bureau of Investigation of the Police) and the Internal Security Agency. The notifications included data on transactions, which were used to undertake statutory procedures by the said bodies resulting among others in instigation of preparatory proceedings. The information submitted by the GIFI was also used in the proceedings already instigated. The information provided to the Internal Security Agency might have been linked to the suspicion of a prohibited act the investigation of which lies within the competence of the Agency, including among others: diagnosis, prevention, and detection of offences against the economic foundations of the State and its security; diagnosis, prevention, and detection of the offence of public officials' corruption; as well as offences regarding the production and trading in items, technologies, and services of strategic importance for the State security, the illegal manufacture of, possession of, and trading in weapons, ammunition, explosives, weapons of mass destruction, and abusive and psychoactive substances in international markets. A part of those notifications included information on financial flows which might have been linked to terrorist financing.

The notifications submitted by the GIFI under Art. 33(3) of the *Act*, including comprehensive analysis of suspected and unsubstantiated financial flows, following the verification and performance of the statutory actions by the law enforcement authorities, constituted comprehensive evidentiary material providing the basis for the instigation of investigation, or were added to the criminal proceedings already instituted. As in the previous year, the information on transaction provided by the GIFI was used in particular in investigations concerning the activity of organised criminal groups involved in illegal trading in diesel oil, rapeseed oil, electronic devices, or investigations concerning criminal groups involved in purchasing tobacco products with no Polish excise duty stamps and their smuggling to the territory of Western Europe, and in investigations concerning criminal groups involved in illegal trading in steroids and illegal pharmacological substances. Many times the information provided by the GIFI constituted also the basis for prosecutors to draft written requests to the GIFI to provide access to the information collected in the mode and scope provided for in the provisions of the *Act* for the needs of the criminal proceedings conducted. The preparatory proceedings conducted due to the notifications of the GIFI allowed for charging many persons with the commitment of an offence, and the recovery of assets of multimillion value. In multiple cases the coordination of actions by the GIFI and the competent law enforcement authorities led to the arrest of the members of criminal groups, and to the blockade of bank accounts with asset values originating from the proceeds of an offence.

Pursuant to the substance of Art. 4a(3) of the *Act*, the Minister of Justice provides the GIFI with aggregated data “on the number of criminal prosecutions, the number of persons in respect to which the proceedings have been instituted and convicted of crimes, with and without legal validity, referred to in Article 165a and Article 299 of the Penal Code, and on asset values in respect to which freezing, blocking, and suspension of a transaction has been

performed, or property seizure, confiscation or forfeiture has been adjudicated – within 2 months after the end of the year in question and subject to the report”.

According to the data provided by the Ministry of Justice in the letter of 10<sup>th</sup> March 2016, in 2015 127 criminal proceedings instances regarding the offence under Art. 299 of the Penal Code were instituted against 320 persons. In the previous year, 311 persons were convicted of the said offences with appealable judgements, and 151 with final judgements. Under the said proceedings:

- the confiscation of asset values of PLN 3,015,105 was adjudicated,
- the forfeiture of property at the amount of PLN 96,810,030 was adjudicated.

The Ministry of Justice informed also that in 2015 no criminal proceedings were conducted by common plea courts in relation to the offences under Art. 165a of the Penal Code.

The analysis of the statements of reasons for the decisions on discontinuation of proceedings and decisions on denial of instituting the proceedings in the money laundering cases received in the previous year shows that the most common reason for discontinuation and denial – analogically to the previous years – was that prosecutors did not deem fiscal offences to be predicate offences for money laundering. The above decisions of a part of the prosecutors were made due to the different construal of the Resolution of the Supreme Court of 18/12/2013 (I KZP 19/13), which was granted legal effect, which concerned among others the recognition of fiscal offences as the predicate offence for money laundering, from the construal adopted by the majority of prosecution units in Poland.

### **3.1.2. SAMPLE DIRECTIONS OF ANALYSES**

#### **Laundering money originating from fiscal offences**

Fiscal offences still belong to the most often identified predicate offences underlying money laundering. They result not only in significant undue loss of revenue of the State budget but are also against the interest of the economic circulation participants, disturb fair competition, and threaten other entities acting within the law. Therefore, the GIFI and the cooperating units are constantly intensifying the efforts to detect and counteract tax fraud.

The notifications sent to the GIFI in 2015 show that the most considerable threat is the activity of organised criminal groups carrying out carousel transactions and using the VAT mechanism to claim undue tax refund and not to pay the tax due. The organisers of that criminal practice still use the same methods, arranging a network of entities with volatile structure and transferring funds through the accounts of those entities to fake legal transactions. The transfers of funds through a number of accounts are usually carried out with the use of immediate electronic money transfers, so that the money changes the owner multiple times within a very short period. The analyses show that the same money is often in circulation between the entities. Furthermore, the GIFI observes the use of bank accounts established in banks abroad, e.g. in Latvia or Estonia, by the Polish entities involved in the offence.

A characteristic of the companies involved in carousel transactions, and in particular in the case of the so-called “missing taxpayer”, is that they pursue business very intensely but only for a short time, after which they are replaced with other entities operating in a similar way.

Those companies are usually newly established or taken over entities, most frequently from persons establishing companies for the purpose of resale. Another typical feature of those companies is to have a registered office in a so-called virtual office and to have only the minimum share capital. The organisers of carousel transactions prepare many companies in advance which get included into the chain of transactions at a suitable moment.

Although the GIFI has often no possibility to establish what were the goods traded with which the transactions analysed were linked, in some cases the information on the object of merchandise is available from the names of the financial transactions or the economic sector in which the entities involved in that criminal practice act. An important source of information about the goods the sale and purchase of which is used to generate undue benefits is the information provided by the treasury control, tax, and customs authorities. Based thereupon, it may be established that the main object of trade in the cases analysed in 2015 were:

- fuels and components for the production of biofuels,
- food products (e.g. coffee, energy drinks),
- CDs and electronic devices for the trade of which no reverse VAT is introduced,
- cars and car parts.

The GIFI observes the activity of offenders also in other sectors, among others in the food industry, textiles, or trading in metals and scrap.

One of the analytical proceedings instances conducted in 2015 in connection with the suspicion of money laundering from fiscal offences concerned the trade in tyres. A company purchased brand-new tyres from one of the EU Member States (intra-Community acquisition) and faked their further sale to business partners from other EU Member States (intra-Community supplies), whereas those goods were actually entered into the domestic market by another company, which at the same time faked the purchase of those tyres from a domestic supplier.

The intra-Community supplies declared by the first company found no support in payments in form of money transfers from foreign partners. The funds received by that company in its accounts originated from payments and transfers from a person related to the other company. That money was then transferred to foreign business partners as the payment for the tyres purchased.

The funds on the accounts of the other company on the other hand, which originated from the purchasers of the tyres, were disbursed in cash.

The link between the two companies was suggested among others by the fact that some login attempts to their bank accounts were made one right after another from the same computer IP.

Following the analysis, the GIFI decided to block the accounts of the second company and the account of the natural person related to that company.

Another analysis concerned a Polish company which purchased, within intra-Community acquisition of goods with “zero rate”, rough metals with high fineness (i.e. nickel, zinc, tin, lead, and aluminium). Then the company issued invoices for the sale of scrap of those metals applying the reverse VAT mechanism, which in fact could not have been applied and the goods should have been sold with 23% VAT rate. In a year, that practice led to the illegal

reduction of VAT at several tens of millions of PLN. Other Polish companies accepted unreliable invoices confirming the purchase of goods under the reverse VAT, and then issued invoices demonstrating the sale of those goods with 23% VAT rate. The said companies balanced the output VAT with the input VAT, demonstrating false domestic acquisitions from other Polish companies. Through a number of entities, the goods were finally sold to a Polish company which was one of the producers of goods from non-ferrous metals.

As a result of the determinations made during the analytical proceedings and the cooperation with the Internal Security Agency, the GIFI blocked bank accounts of the companies involved in the described practice. The GIFI sent also a notification on committing the offence referred to in Art. 299 of the Penal Code to the competent prosecution unit.

### **Laundering money originating from obtaining EU grants by deception**

In 2015 the GIFI carried out analytical proceedings with regard to obtaining grants from the European Union (EU) by deception. Due to the possibly considerable amounts of grants, they are more and more often of interest of criminals, who skilfully apply for the funds available in the EU projects. Furthermore, due to the considerable role of persons acting on behalf of the local authorities or non-governmental organisations in obtaining permits for applying for EU funds, the risk of corruption is also growing.

In 2015 the GIFI observed a few cases in which the circumstances could indicate a possible commitment of the offence of laundering money originating from the EU funds unduly obtained. A large amount of the funds transferred to the particular beneficiaries was disbursed in cash – directly from the account of the beneficiary or indirectly from the accounts of other entities, following money transfers between various entities. The funds were also transferred abroad to companies related to the Polish entities which obtained the grant.

One instance of the GIFI analytical proceedings connected with the disposal of the EU funds unduly obtained was carried out based on the notifications from the obligated institutions, which included information concerning a few newly established companies personally related to each other which obtained high grants from the EU funds. The money provided thereto was transferred to the account of another entity with the registered office abroad. Then, the money from the account of that foreign company was credited against another foreign entity. Finally, the money was disbursed in cash from the account of the last company.

Another instance of analytical proceedings concerned suspicious transactions of a natural person carrying out non-agricultural business activity which obtained EU funds granted for the support or agriculture. The entire funds were disbursed in cash in the ATMs within the territory of Poland. Because the entire amount of the grant was disbursed in cash, and the funds within the agriculture financial support were provided to a person conducting no agricultural activity, there was suspicion that the beneficiary obtained undue EU funds.

Within analytical proceedings carried out by the GIFI lately, two personally related companies obtained money from the European Union to apply additional funds for the development of their business. The funds from the EU grant were transferred through bank accounts held in various countries to companies with their registered offices abroad, the shareholders of which were Polish citizens. In the end, the money came to Poland. Some of the funds were transferred to the accounts of entities related to the companies obtaining the EU grants, and from those accounts they were disbursed in cash. The entities obtaining grants

from the EU and transferring the obtained money abroad to related companies could have used that money not in compliance with their intended use. There was a discrepancy between those transactions and the actual economic events.

### **Laundering money originating from trading in steroids**

During the previous year the GIFI received also much information containing data of persons and entities trading in substances not admitted for circulation, among others by the provisions of the pharmaceutical law effective in Poland. Many reports referred mainly to parcels sent on behalf of various persons and entities followed by postal orders which were a payment form for the substances sent, which following their transfer to proper bank accounts were disbursed in cash from the ATMs. The parcels were verified by the Customs Service, and the financial information confirming the payment for the parcels, having been analysed by the GIFI, was provided to prosecution offices with territorial jurisdiction, whereby the transactions were suspended and the accounts blocked earlier. The obligated institution accepting the parcels and executing the postal orders informed about inconsiderable sizes of the parcels containing suspicious substances, and about suspicious actions undertaken by the persons who established bank accounts mainly to accept funds from the sale of illegal goods. The transfers of funds were both of high and low amounts, below the threshold of EUR 15 thousand, and the pattern was repeated regularly in the case of more persons who were involved in the practice most probably by the initiators with criminal past.

### **Laundering money obtained fraudulently by deception**

In 2015 the GIFI received numerous notifications concerning bank accounts established based on “false” personal data and loans obtained by deception through those accounts from companies granting short-term loans, the so-called “payday loans”. The modus operandi of the criminal activity in this case was as follows:

- 1) Job adverts were placed in the Internet, where the condition to get the job was to send an ID card scan.
- 2) Based on the data from the document scan, bank accounts were established via Internet in various banks offering online banking services. From the bank accounts established that way the amounts of PLN 0.01 were transferred to the loan companies to confirm the personal data, and the loans were then transferred to those bank accounts. The funds collected on those accounts were then transferred to accounts of other natural persons, who disbursed them immediately in cash.

All information concerning the above situations and the financial flows within the accounts opened with the use of the personal data obtained fraudulently was immediately provided by the GIFI to be examined in detail by the competent law enforcement authorities.

The GIFI carried out analytical proceedings regarding also companies pretending to be entities keeping various registers in respect of conducting business activity. Among others, one instance of such proceedings concerned a company which allegedly kept the register of trademarks. That company sent letters to other companies mainly having their registered offices abroad, in which it informed about a liability of the addressee towards the sender due to some payments for entries into the register of trademarks. In order to protect itself from the criminal liability, the company placed information in rather illegible print on the letters that this was not an invoice but an offer of annual registration of the trademark in an Internet



database which does not entail the obligation to pay. Despite that clause, some foreign entities made money transfers to that company. The funds obtained that way were then disbursed in cash in the ATMs. In that case, the GIFI sent a proper notification to the law enforcement authorities.

### **Money laundering with the use of virtual currencies**

In 2015 notifications regarding virtual currencies and the so-called bitcoin exchange markets continued to come to the GIFI. Due to the anonymity of the transactions, bitcoins and other cryptocurrencies are deemed to be very attractive tools for criminal groups, which may use them for the purpose of money laundering. Instances are known of using the advantages of virtual currencies to run exchanges constituting a market for offering illegal commodities, including drugs and illicit pharmaceuticals.

In one instance, the GIFI was requested to block the accounts of a natural person, which were established based on false personal data, and which were injected with funds originating from the benefits gained from a computer fraud which consisted in taking control over the bank server, illegal access to the clients' accounts, establishing accounts in other banks with the use of the clients' personal data stolen, and replacing the bank accounts numbers with the numbers of the said newly established accounts or the accounts of bitcoin exchange markets. Through this modus operandi, a part of funds was transferred to the accounts of natural persons allegedly running business activity, and a part to the accounts of bitcoin exchanges due to the purchase of the cryptocurrency. Owing to the cooperation with the bank, the GIFI managed to secure the funds on the proper accounts of natural persons.

In another case, bank accounts held for various natural persons domiciled in the same city were injected with money transfers at small amounts ordered by natural persons from many countries of the world. The bank holding the accounts determined that the attorneys of all the accounts were only a few persons. The money collected on those accounts was then sent to the account of a natural person who disbursed the money in cash. At the same time, a part of the money was transferred from the accounts of various natural persons to the accounts held for some bitcoin exchanges, with the recurring username in the transaction names, which additionally supported the thesis of the links between those persons and those accounts. Further analysis established that the attorneys of the accounts and the main recipient of the funds are persons with criminal record due to trading in steroids.

### **Money laundering linked with violation of copyright**

In 2015 analytical proceedings were carried out in connection with the suspicion of laundering money originating from providing illegal access to copyrighted contents. According to the information acquired and the analysis thereof, the owners of Internet websites provided the users with access to films and shows against a fee. Numerous payments due to that access, which were at small amounts when considered individually, were transferred to the accounts of foreign companies, the alleged owners of those websites, held in credit institutions in other countries. Their operations were in fact supervised by a Polish citizen, the original owner of the company which established those websites. A part of the funds from the accounts of the foreign companies was transferred to the accounts of that company, and a part to the account of a foreign investment company. The described investment company made a number of transactions involving securities in Poland.

In that case the GIFI cooperated with law enforcement authorities and foreign FIUs. The GIFI blocked also bank and brokerage accounts used in that case for the purpose of money laundering, including those held by the said foreign investment company. The GIFI sent also a notification on committing the offence referred to in Art. 299 of the Penal Code to the competent prosecution unit.

### 3.2. COUNTERACTING TERRORIST FINANCING

The primary aim of the GIFI in the area of counteracting terrorist financing is to cut terrorist organisations off from their funding sources. The statutory tasks of the GIFI involve acquiring, collecting, processing, and analysing information in the mode specified in the *Act*, and providing that information to the competent services. Due to the diversity of sources used to finance terrorism, the analysis is applied both to transactions reported to the GIFI as suspicious, and lawful transactions of entities executed in circumstances raising doubts due to terrorist financing. The information based on which analytical proceedings are instigated comes mainly from the banking sector, and – to a slightly lesser extent – from the so-called cooperating units.

While executing the statutory tasks of counteracting terrorist financing in 2015, the GIFI instituted 41 instances of analytical proceedings with regard to suspected transactions which potentially could have been related to terrorist financing. The said proceedings were conducted based on the notifications from the obligated institutions, and cooperating units. The basis for instigating the proceedings was the information on transactions executed by entities coming from or conducting activity in countries suspected of supporting terrorism, within the territory of which terrorist groups are active, and in countries within the territory of which military actions are performed. The proceedings concerned mainly the so-called foreign terrorist fighters, FTFs, i.e. EU citizens with radical views who go to Syria or Iraq, where they are trained and further indoctrinated against the values of the western countries to eventually return to Europe to prepare and carry out terrorist attacks.

The directions of analyses conducted by the GIFI in 2015 were influenced by the terrorist attacks within the territory of the EU, in particular the one against the editorial office of the Charlie Hebdo weekly, and the November attacks of the supporters of the terrorist organisation known under the name of the Islamic State of Iraq and the Levant (Arab والشمّاق – short, in English transcription: Daesh) in the centre of Paris. The majority of analyses conducted concerned entities coming from Iraq and Syria, and from neighbouring states such as Iran, Jordan, Saudi Arabia, and Turkey. The transactions for which it was difficult to find economic substantiation and cash transactions in particular were subject to verification. The object of analytical proceedings were also numerous transactions carried out by Polish entities which accepted or provided financial means for persons coming from the said high-risk countries. The GIFI paid special attention also to suspicious names of operations and purchases of suspicious goods such as weapon replicas and other military accessories which were related to the transfers of means to the regions exposed to terrorist activity. Certain transactions of travel agencies were also analysed in terms of a possible relation with trips of the FTFs and transactions made with the use of payment systems hindering the identification of the transaction parties, such as Payu or Cashbill. As a result of the analysis conducted in the area of the said analytical proceedings the GIFI sent 24

notifications under Art. 33(3) of the *Act* to the Counter-Terrorism Centre of the Internal Security Agency, 10 notifications to the Counter-Intelligence Department of the Internal Security Agency, and 1 notification to the National Police Headquarters.

The extensive scope of the analyses was the result of the increasing threat from the FTFs in the EU. The European Commission is undertaking some legislative works aimed at obliging the Member States to expand the scope of penalisation of the terrorist financing offence in the domestic legal systems, among others by travelling and organising travels for the purposes of terrorism, and drafting false official documents for the purpose of committing a terrorist offence. Although those provisions are not yet in force, they may be a hint for the European FIUs as to the areas of activity linked with terrorist financing which deserve special attention in the course of the analytical proceedings.

The GIFI is a member of the Interministerial Team for Terrorist Threats (ITTT), a subsidiary body of the Council of Ministers, which is to ensure the interoperability of the central administration in the scope of detecting, preventing and counteracting threats of terrorist nature. On the initiative of the ITTT, on 9<sup>th</sup> December 2014 the Council of Ministers adopted the “National Counter-Terrorism Programme 2015-2019”, which is a document providing the basic assumptions of the counter-terrorist policy of the Republic of Poland. Within the execution of the Action Plan resulting from the National Programme, the GIFI was obliged among others to cooperate with the Ministry of Justice in developing a proposal to amend Art. 165a of the Penal Code according to the recommendations of the MONEYVAL evaluators, and initiating the legislative process for that purpose. On 9<sup>th</sup> October 2015 the Polish Parliament passed the *Act Amending the Penal Code and Certain Other Acts* amending Art. 165a of the Penal Code (the Act published in the Journal of Laws on 12<sup>th</sup> November 2015, item 1855). The new wording of Art. 165a of the Penal Code entered into force as of 13<sup>th</sup> February 2016.

According to the information held by the GIFI, in 2015 one of the organisational units of the prosecution brought charges under Art. 165a of the Penal Code against 4 persons in connection with suspected financing of offences of terrorist nature in the Middle East.

Within the works of the ITTT, the GIFI reported comments to the draft *act* regulating the issues of detecting, preventing and counteracting terrorism, the so-called Counter-Terrorism Act. The proposals of the GIFI assumed among others that the act would determine the detailed rules of cooperation with the Counter-Terrorism Centre of the Internal Security Agency for the purposes of expediting the provision of information by the GIFI to the Centre and the provision of feedback, and the simplified rules of cooperation in special circumstances, e.g. increased level of terrorist threat in the Republic of Poland.

In 2015 representatives of the GIFI participated also in the works of the Task Force – Standing Expert Group (SEG), which supports the Interministerial Team for Terrorist Threats in substantive terms.

## 4. CONTROLS

### 4.1. CONTROLS CONDUCTED BY THE GIFI

In 2015 the GIFI conducted 10 controls in the following obligated institutions:

- banks: 8,
- civil law notaries: 1,
- entrepreneurs pursuing brokerage activity: 1.

As a result of the controls conducted some irregularities were found with regard to the performance of the obligations arising out of the *Act* by the obligated institutions. The irregularities found may be divided into 2 groups: formal irregularities and substantive irregularities. The category included mainly failure to adjust the internal procedures to the nature of the controlled entity's activity. The second category included the following types of irregularities:

- no registers of transactions of the equivalent value exceeding EUR 15,000 referred to in Art. 8(1) of the *Act*,
- missing the time limit for providing the GIFI with the documents concerning the transactions referred to in Art. 8(1), failure to notify the GIFI of registered suspicious transactions or transactions above threshold,
- failure to apply financial security measures referred to in Art. 8b(3)(2) and (4) of the *Act*,
- failure to carry out risk analysis to apply proper financial security measures,
- registration of transactions while missing the time limit specified in § 2(2) of the *Regulation of the 21<sup>st</sup> September 2001 on Determining the Template of Register of Transactions, the Manner to Keep the Register, and the Mode to Provide Data from the Register to the General Inspector of Financial Information* (Journal of Laws of 2001, No. 113, item 1210, as amended),
- failure to ensure the participation of all employees in training programmes concerning the obligations provided for in the amended provisions of the *Act* and incorrect completion of transaction cards.

Pursuant to Art. 27 of the *Act*, the information on the results of the controls carried out by the auditors of the GIFI was submitted to the supervisory institutions for further use.

### 4.2. CONTROLS CONDUCTED BY SUPERVISORY INSTITUTIONS

Pursuant to Art. 21(4) of the *Act*, the supervisory institutions submit information on the results of the controls conducted to the GIFI. The data held by the GIFI show that in 2015:

- the National Bank of Poland (NBP) conducted 1,232 controls of exchange offices,

- the National Cooperative Savings and Credit Union conducted 20 controls in the Cooperative Savings and Credit Unions<sup>1</sup>,
- the Financial Supervision Authority conducted 43 controls<sup>2</sup>,
- the presidents of appellate courts conducted 142 inspections in civil law notary offices<sup>3</sup>,
- the heads of customs offices conducted 34 controls in entities operating game rooms and game casinos<sup>4</sup>,
- treasury control offices conducted 66 controls<sup>5</sup>.

The evidentiary materials gathered during the controls and submitted to the GIFI, together with the results of the controls, constitute the basis for the GIFI to impose fines.

### 4.3. ADMINISTRATIVE PROCEDURES FOR THE IMPOSITION OF FINES

The procedures for the imposition of fines on the obligated institutions for irregularities in performing the obligations referred to in Art. 34a of the *Act* are conducted based on the provisions of the Code of Administrative Procedure. The imposition of fines lies within the competence of the GIFI. While determining the amount of a fine, the GIFI takes into consideration the type and extent of the violation, the previous activity of the institution, and the financial capability thereof.

In 2015 the GIFI carried out 70 administrative procedures for the imposition of fines on the obligated institutions for failing to observe the provisions of the *Act*. A part of those was instituted based on the results of own control of the GIFI, i.e. 13 procedures (18.6%), and a part, i.e. 57 procedures (81.4%), based on the results of the controls referred to in Art. 21(3) of the *Act*<sup>6</sup>.

The GIFI issued 70 administrative decisions in 2015, of which:

- 4 decisions discontinued the conducted administrative procedures,
- 66 decisions imposed fines on the obligated institutions at the amount from PLN 200 to 170,000.

In 2015 the GIFI determined in the decisions fines amounting in total to PLN 1,079,500. The fines imposed by the GIFI constituted the revenue of the State budget.

---

<sup>1</sup> As of 31/01/2016.

<sup>2</sup> As of 31/01/2016.

<sup>3</sup> As of 31/01/2016.

<sup>4</sup> As of 31/01/2016.

<sup>5</sup> As of 31/01/2016.

<sup>6</sup> Art. 21(3) of the *Act*: The control referred to in paragraph 1 may also be carried out, within the frameworks of the surveillance and control performed on terms and procedures specified in separate provisions, by:

- 1) the President of the National Bank of Poland – in relation to currency exchange operators;
- 2) the Polish Financial Supervision Authority;
- 3) the competent heads of customs offices – in relation to operators organizing and exercising games of chance, mutual bets, and operations involving automatic machine games and automatic machine games of low stakes;
- 4) presidents of appeal courts – in relation to notaries public;
- 5) the National Savings and Credit Cooperative Union;
- 6) competent voivods and governors – in relation to associations;
- 7) tax audit authorities.

In 2015, 21 appeals against the decisions issued by the GIFI were filed with the Minister of Finance (including 14 appeals against the decisions of the GIFI issued in 2015). The Minister of Finance upheld 6 decisions of the GIFI; in 8 cases the Minister repealed the decision of the GIFI entirely and decided on fines in lower amounts; in 3 cases the Minister repealed the decisions of the GIFI entirely and discontinued the procedure in first instance entirely; and as of 31<sup>st</sup> December 2015 administrative procedures before a body of second instance were pending in 4 cases.

In 2015, 2 complaints against the decisions of the Minister of Finance were filed with the Provincial Administrative Court in Warsaw. As of 31<sup>st</sup> December 2015 the proceedings resulting from the complaints filed in 2015 were pending. Furthermore, 1 hearing was held in 2015 resulting from the cassation appeal filed against the judgement of the Provincial Administrative Court in Warsaw which had upheld a decision issued by the Minister of Finance. The Supreme Administrative Court repealed the judgement as well as the decision of the Minister of Finance complained against and the decision of the GIFI upheld by that decision.

## 5. NATIONAL COOPERATION

### 5.1. EXCHANGE OF INFORMATION WITH NATIONAL ENTITIES

A very important component of the GIFI's activity is cooperation with national entities, the mode and rules of which are specified in Art. 32 and 33 of the *Act*.

Authorised bodies, mainly the prosecution and other law enforcement authorities, use the data held by the GIFI. Information collected in the mode and scope provided for in the provisions of the *Act* is provided by the GIFI upon request of courts and prosecutors for the needs of criminal proceedings conducted (Art. 32 of the *Act*). Information on transactions is provided by the GIFI also upon requests of the minister competent for the matters of the interior (and persons authorised thereby from the units subordinated thereto, among others the Police and the Border Guard), the heads of the Internal Security Agency, the Foreign Intelligence Agency, the Military Counter-Intelligence Service, the Military Intelligence Service, and the Central Anti-Corruption Bureau. The bodies authorised to acquire information on transactions are also among others the General Inspector of Treasury Control (GITC), the heads of tax chambers and treasury control offices, and other authorities (Art. 33(2) and (4) of the *Act*).

An important element of the cooperation deserving emphasis is the exchange of information with the national entities under Art. 14(2) of the *Act*. Pursuant to this provision, the prosecution and other law enforcement authorities inform the GIFI from time to time on the acquisition of information indicating the suspicion of money laundering or terrorist financing, instigation and completion of proceedings in a case for the offence of money laundering or terrorist financing, bringing charges of committing any of the said offences (also in the case when the proceedings were instigated based on information from sources other than the GIFI).

The quantitative analysis of the data concerning the exchange of information<sup>7</sup> with the national entities shows steady development of the GIFI cooperation mainly with the prosecution and treasury control bodies. The statistical data showing the scope of that cooperation with selected cooperating units in 2013-2015 are presented for information in Table 4. In the said period, 7,061 requests for information under Art. 32 and 33 of the *Act* in total and 420 pieces of information under Art. 14(2) of the *Act* in total were received from the cooperating units.

Chart 9 shows the data from 2015 concerning the number of requests for information received under Art. 32 and 33 of the *Act* and information acquired under Art. 14(2) of the *Act* from the said cooperating units. The majority of them, i.e. approx. 61.1% of all requests for information, was received by the GIFI from the treasury control authorities (i.e. from the heads of treasury control offices and the GITC). Approx. 20.4% of all requests for information sent to the GIFI in 2015 were provided by the organisational units of the

---

<sup>7</sup> The quantitative analysis of the data from 2010-2014 was presented in detail in the Report of the GIFI on the implementation of the Act of 16<sup>th</sup> November 2000 on counteracting money laundering and terrorist financing in 2014, published on [www.mf.gov.pl](http://www.mf.gov.pl); tab: [Ministerstwo Finansów/Działalność/Generalny Inspektor Informacji Finansowej/Publikacje](#) [Ministry of Finance/Activity/General Inspector of Financial Information/Publications].

prosecution, which also sent the largest amount of information under Art. 14(2) of the Act (more than 67.8%).

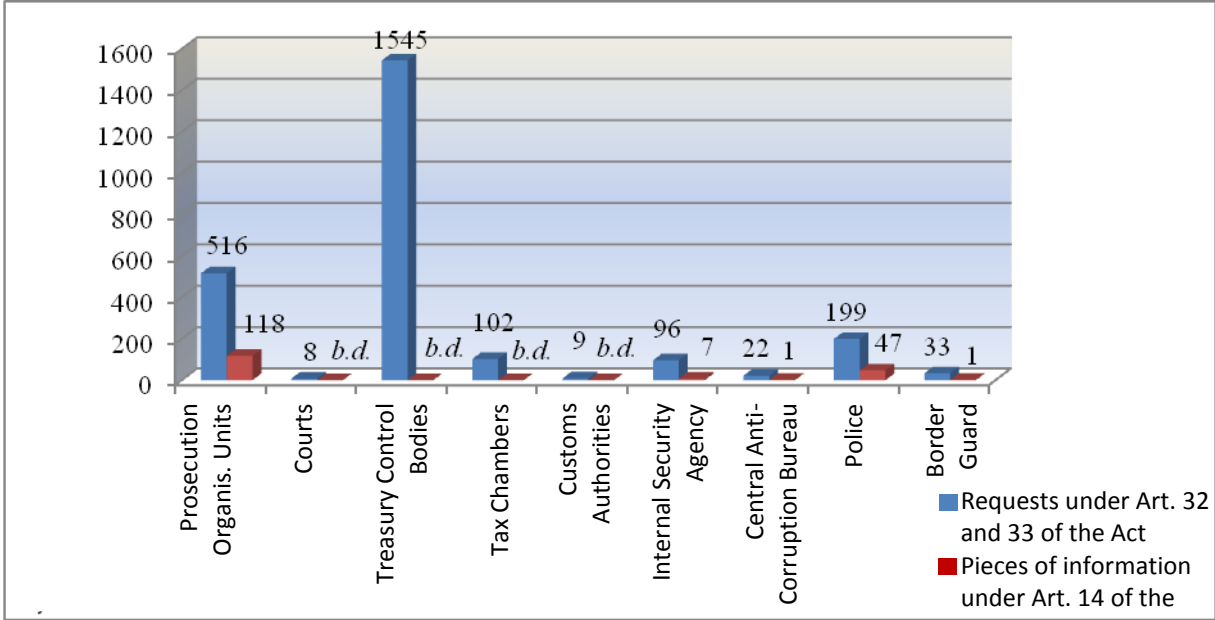
Table 4 – Summary of data concerning the cooperation with selected national entities under Art. 32, 33 and 14(2) of the Act in 2013-2015

Institution	Year	No. of requests under Art. 32 and 33 of the Act	No. of pieces of information under Art. 14 of the Act
Prosecution Organisational Units	2013	400	55
	2014	551	111
	2015	516	118
Courts <sup>8</sup>	2013	0	NA
	2014	4	NA
	2015	8	NA
Treasury Control Authorities	2013	1,368	NA
	2014	1,332	NA
	2015	1,545	NA
Tax Chambers	2013	10	NA
	2014	16	NA
	2015	102	NA
Customs Authorities	2013	31	NA
	2014	24	NA
	2015	9	NA
Internal Security Agency	2013	161	7
	2014	187	3
	2015	96	7
Central Anti-Corruption Bureau	2013	40	1
	2014	30	0
	2015	22	1
Police	2013	171	30
	2014	192	37
	2015	199	47
Border Guard	2013	31	0
	2014	38	2
	2015	33	1
<b>Total:</b>	<b>2013</b>	<b>2,212</b>	<b>93</b>
	<b>2014</b>	<b>2,374</b>	<b>153</b>
	<b>2015</b>	<b>2,530</b>	<b>174</b>

<sup>8</sup> Concerns courts sending requests for information in connection with the criminal cases conducted.



Chart 9 – Summary of data concerning the cooperation with selected national entities under Art. 32 and 33(1) and (2) of the Act, and under Art. 14(2) of the Act in 2015

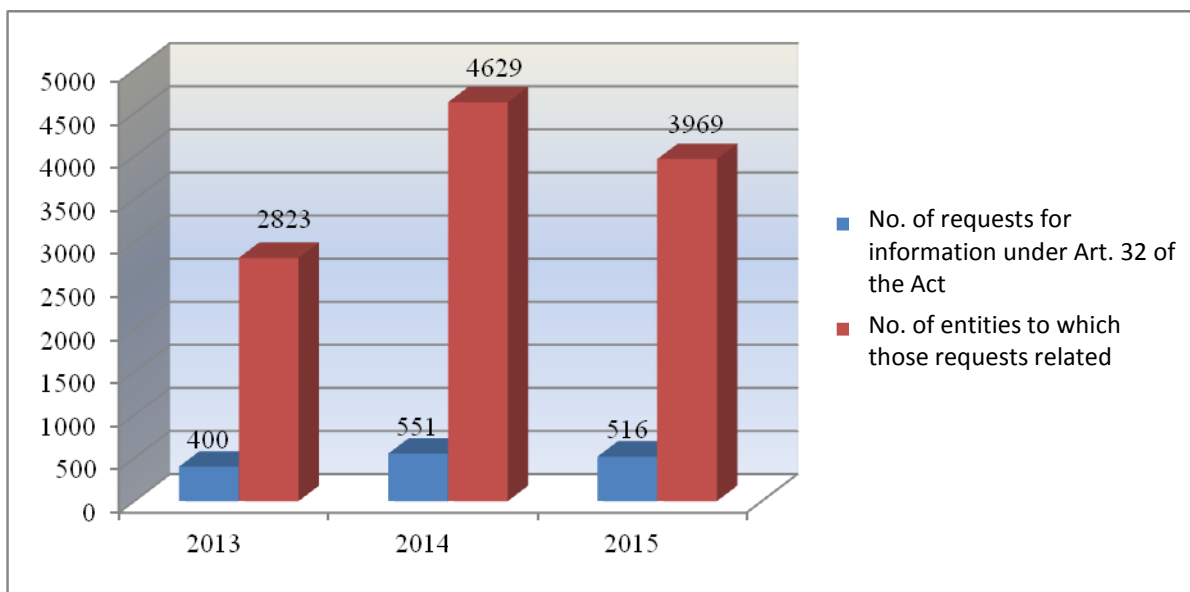


**5.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF PROSECUTION OFFICES AND COURTS**

The GIFI received 516 requests from the organisational units of the prosecution based on Art. 32 of the Act concerning 3,969 entities.

In the recent years the cooperation with the prosecution has been more and more effective, which may be demonstrated by the large number of requests for information provided to the GIFI (see Chart 10). For the second year in a row, the prosecution sent more than 500 requests, which means a considerable growth as compared to the previous years (in 2013 400 requests for information were recorded).

Chart 10 – Data on requests for information obtained under Art. 32 of the Act from organisational units of the prosecution offices in 2013-2015



In 2015 also the amount of information submitted under Art. 14(2) of the *Act* grew: the GIFI recorded the total of 118 pieces of information of the type from the prosecution offices. The data submitted concerned 411 entities in total. Most often the submitted information concerned the instigation of proceedings under Art. 299 of the Penal Code, or the presentation of charges to persons or entities under Art. 299 of the Penal Code. In several tens of such cases the organisational units of the prosecution offices added a request for considering the undertaking by the GIFI of the statutory activities specified in Art. 18a of the *Act*.

In 2015 the GIFI received also 8 requests for the needs of criminal proceedings, including 3 from regional courts and 5 from district courts, with regard to 13 entities.

As in the previous years, 2015 saw also situations where the organisational units of the prosecution, within one letter, submitted information under Art. 14(2) and (3) of the *Act*, and at the same time requested the data under Art. 32(1) of the *Act*, which allowed for more efficient information exchange.

In 2015 cooperation with the organisational units of the prosecution was continued which consisted in the active participation of representatives of the FI in initiatives aimed at the exchange of experience in the field of counteracting money laundering and terrorist financing. These allowed for substantive support of the training participants and dissemination of good practices aimed at providing more efficient cooperation.

Under the *Agreement on Cooperation for Developing Systemic Solutions concerning Preventing and Counteracting Economic Crime between the Minister of Finance and the National School of Judiciary and Public Prosecution in Cracow* specialist training was prepared concerning the issues of detecting and counteracting tax crime with special emphasis on the VAT and the excise tax, as well as the cooperation of the GIFI with the law enforcement authorities. The training, in which representatives of the FI actively participated, was held on the following days:

- 23<sup>rd</sup> – 24<sup>th</sup> April 2015 with the participation of prosecutors and judges from the appellate units from Wrocław;
- 7<sup>th</sup> – 8<sup>th</sup> May 2015 with the participation of prosecutors and judges from the appellate units from Cracow;

- 28<sup>th</sup> – 29<sup>th</sup> May 2015 with the participation of prosecutors and judges from the appellate units from Rzeszów;
- 11<sup>th</sup> – 12<sup>th</sup> June 2015 with the participation of prosecutors and judges from the appellate units from Białystok;
- 10<sup>th</sup> – 11<sup>th</sup> September 2015 with the participation of prosecutors and judges from the appellate units from Szczecin;
- 24<sup>th</sup> – 25<sup>th</sup> September 2015 with the participation of prosecutors and judges from the appellate units from Poznań;
- 15<sup>th</sup> – 16<sup>th</sup> October 2015 with the participation of prosecutors and judges from the appellate units from Łódź;
- 5<sup>th</sup> – 6<sup>th</sup> November 2015 with the participation of prosecutors and judges from the appellate units from Gdańsk.

### **5.1.2. COOPERATION WITH TREASURY CONTROL AUTHORITIES, TAX AUTHORITIES AND CUSTOMS AUTHORITIES**

In 2015 the GIFI received the total of 1,656 requests under Art. 33(2) of the *Act* from the authorities falling within the competence of the Ministry of Finance, with regard to 3,538 entities.

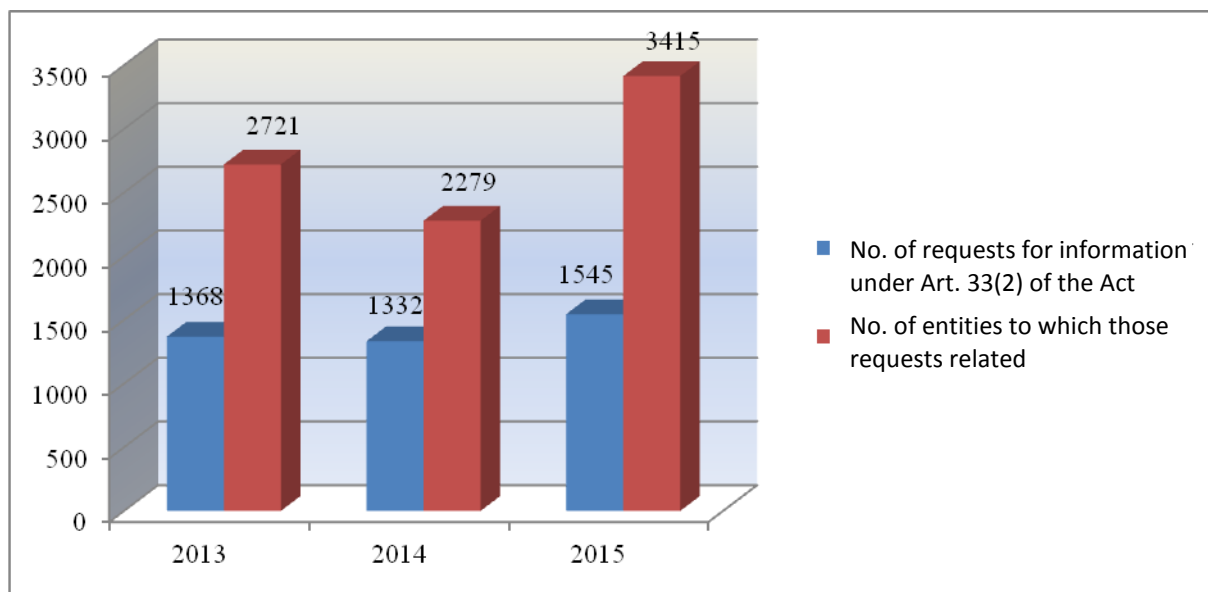
The GIFI received 14 requests from the General Inspector of Treasury Control concerning 198 entities, and 1,531 requests from the heads of treasury control offices (TCOs) concerning 3,217 entities.

The amount of 1,531 requests received in 2015 was constituted by the requests submitted by:

- the Head of the Treasury Control Office in Białystok: 81;
- the Head of the Treasury Control Office in Bydgoszcz: 43;
- the Head of the Treasury Control Office in Gdańsk: 178;
- the Head of the Treasury Control Office in Katowice: 40;
- the Head of the Treasury Control Office in Kielce: 15;
- the Head of the Treasury Control Office in Cracow: 141;
- the Head of the Treasury Control Office in Lublin: 126;
- the Head of the Treasury Control Office in Łódź: 59;
- the Head of the Treasury Control Office in Olsztyn: 43;
- the Head of the Treasury Control Office in Opole: 10;
- the Head of the Treasury Control Office in Poznań: 239;
- the Head of the Treasury Control Office in Rzeszów: 93;
- the Head of the Treasury Control Office in Szczecin: 103;
- the Head of the Treasury Control Office in Warsaw: 130;
- the Head of the Treasury Control Office in Wrocław: 155;
- Head of Fiscal Control Office in Zielona Góra: 63.

In 2015 the number of requests obtained and to which the GIFI responded significantly increased (see Chart 11).

Chart 11 – Data on requests for information obtained under Art. 33(2) of the Act from treasury control authorities in 2013-2015



The GIFFI received also 102 requests for information from the heads of tax chambers with regard to 114 entities. Thus, significant development of cooperation with tax chambers has been recorded as compared to the previous years.

Additionally, the GIFFI received also 9 requests from the heads of customs chambers with regard to 9 entities.

In 2015 the permanent cooperation was continued which consisted in the co-organisation of training events aimed at developing knowledge in the field of counteracting money laundering and terrorist financing with the participation of the treasury control offices, as well as the cooperating units and law enforcement bodies.

Representatives of the FI participated in the meetings organised on the following dates:

- 28<sup>th</sup> January 2015 – concerning the cooperation of the GIFFI with the law enforcement authorities and treasury control bodies, with the participation of the prosecutors and judges from the appellate units from Rzeszów and the employees of the Treasury Control Office in Rzeszów;
- 3<sup>rd</sup> July 2015 – concerning the cooperation of the GIFFI with the law enforcement authorities and treasury control bodies, with the participation of the employees of the Treasury Control Office in Gdańsk and the officers of the Central Bureau of Investigation of the Police;
- 11<sup>th</sup> September 2015 – concerning the legal basis of operations, the scope of tasks, and the framework of cooperation of the GIFFI with other bodies, with the participation of the employees of the Treasury Control Office in Szczecin;
- 19<sup>th</sup> – 21<sup>st</sup> October 2015 – concerning the VAT-related crime and the practical aspects of cooperation between the authorities, with the participation of the employees of the Treasury Control Office in Bydgoszcz, the Police, and the prosecution, organised by the Expert Team for VAT- and excise-related crime;

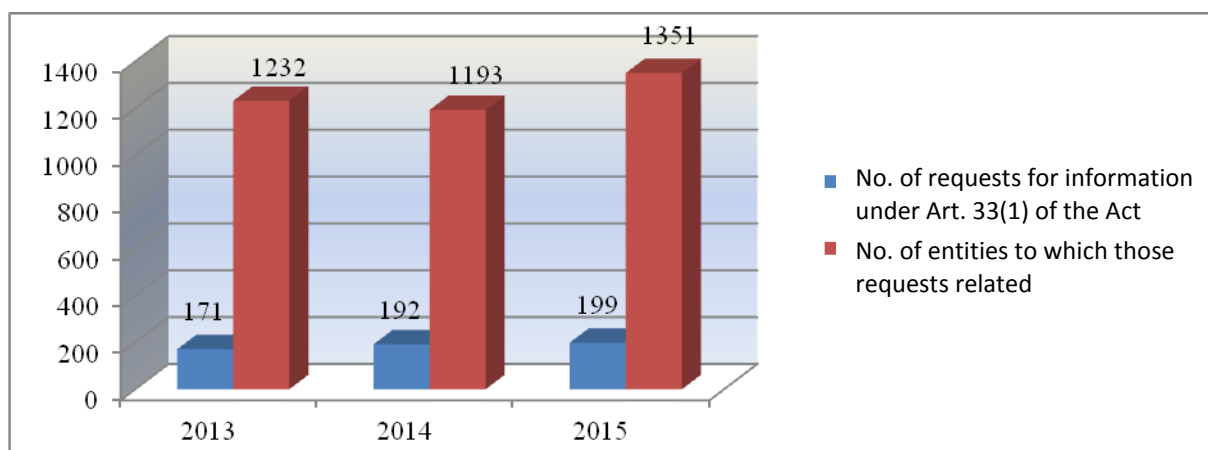
- 5<sup>th</sup> – 6<sup>th</sup> November 2015 – concerning the coordination of actions aimed at counteracting tax fraud in electronic industry, exchange of experience, and streamlining the cooperation between the authorities, with the participation of the employees of the Treasury Control Office in Olsztyn, the Police, and the prosecution.

### 5.1.3. COOPERATION WITH AUTHORITIES SUBORDINATED TO THE MINISTER OF THE INTERIOR

The GIFI received 199 requests under Art. 33 of the *Act* from the Police organisational units, which regarded 1,351 entities, of which a considerable part was received from authorised persons representing:

- the Department for Combating Organised Economic Crime of the Central Bureau of Investigation of the Police,
- the Criminal Bureau of the National Police Headquarters,
- the Department of Asset Recovery of the Criminal Bureau of the National Police Headquarters.

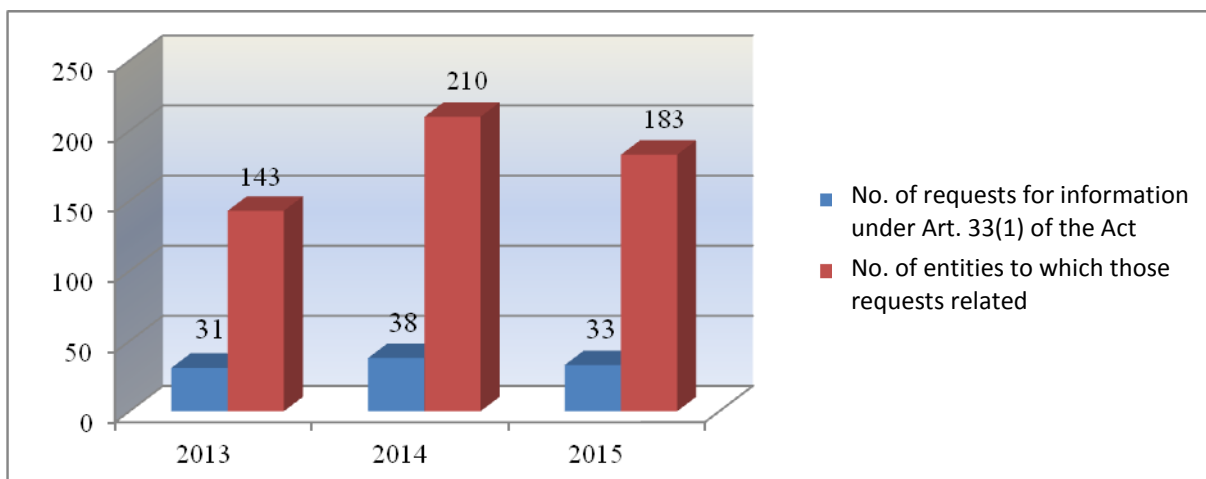
*Chart 12 – Data on requests for information obtained under Art. 33(1) of the Act from the Police, including from the Central Bureau of Investigation, in 2013-2015*



The cooperation with regard to the execution of the requests for information for the needs of the representatives of the Police authorities was efficient and effective.

Furthermore, in 2015 the GIFI responded to 33 requests concerning 183 entities submitted by the authorised representatives of the Border Guard Headquarters (see Chart 13).

*Chart 13 – Cooperation with the Border Guard in the years 2013-2015 under Art. 33 of the Act*



The units supervised by and subordinated to the minister competent for the interior duly performed the obligations referred to in Art. 14(2)(1) of the *Act*, which allowed for significant expansion of the cooperation. The GIFI received 47 such pieces of information from the organisational units of the Police with regard to 438 entities (particularly from the Central Bureau of Investigation of the Police) and 1 piece of information from the Border Guard with regard to 15 entities.

Based on the information received, the GIFI could perform the statutory obligations more effectively, including the application of the account blockade specified in Art. 18a of the *Act*. The activities undertaken in the field of analyses conducted by the GIFI allowed for more efficient cooperation already at the stage of operational and diagnostic work of the services subordinated to and supervised by the minister competent for the interior. This type of information exchange was applied to the widest extent by the Department for Combating Organised Economic Crime of the Central Bureau of Investigation of the Police.

In 2015, within the cooperation with the units supervised by and subordinated to the minister competent for the interior, representatives of the FI participated in the following events:

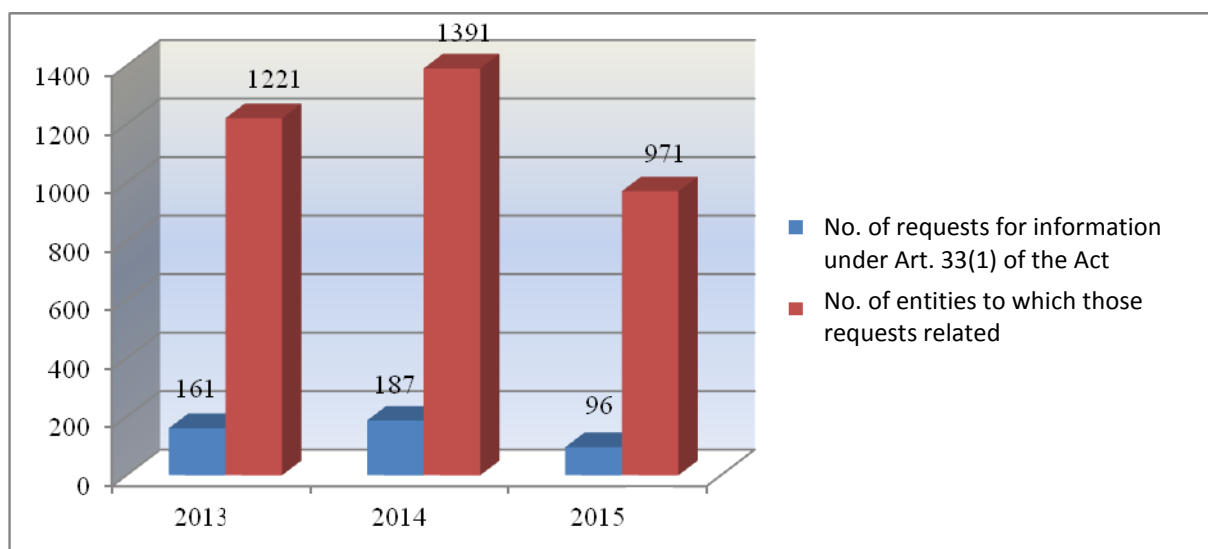
- 24<sup>th</sup> – 27<sup>th</sup> March 2015 and 1<sup>st</sup> – 2<sup>nd</sup> July 2015 – training events with the participation of the Border Guard middle management officers concerning the determination of assets originating from illegal sources;
- 23<sup>rd</sup> – 24<sup>th</sup> April 2015 – workshops organised by the GIFI focused on counteracting money laundering and terrorist financing with the use of the bitcoin currency, with the participation of representatives of the Police and the Internal Security Agency;
- 26<sup>th</sup> May 2015 – a meeting concerning the legal basis of operations, the scope of tasks, and the framework of cooperation, with the participation of representatives of the Police from Kielce;
- 24<sup>th</sup> – 26<sup>th</sup> June 2015 – a meeting concerning the cooperation between the Police and the banking sector in the field of preventing, detecting, and counteracting crime related to bank operations, with the participation of representatives of banks, the Police, the Central Bureau of Investigation of the Police and the Internal Security Agency, organised in cooperation with the Criminal Service Bureau of the National Police Headquarters and the Police Academy in Szczytno;

- 6<sup>th</sup> – 9<sup>th</sup> July 2015 – a meeting on counteracting economic crime for criminal department officers, with the participation of the Police officers, organised by the National Police Headquarters;
- 10<sup>th</sup> September 2015 – a training event concerning the cooperation of the law enforcement authorities with the GIFI, with the participation of representatives of the Police, organised by the Police Academy in Piła;
- 28<sup>th</sup> September – 2<sup>nd</sup> October 2015 – a seminar concerning the development of cooperation and the flow of data within the Schengen area in the field of combating drug- and car-related crime, and securing assets originating from crime within the EU single market, organised within the Drakkar-Polish-Norwegian Tack on Safety of Schengen Area Project, with the participation of the officers of the Police, the Border Guard, and the customs chambers;
- 4<sup>th</sup> – 5<sup>th</sup> November 2015 and 22<sup>nd</sup> – 28<sup>th</sup> November 2015 – seminars organised within the project International Cooperation of Law Enforcement Authorities for Preventing and Combating Economic and Corruption Crime as Part of Providing Security in EU, with the participation of the officers of the Police, the Central Anti-Corruption Bureau, the Border Guard, the Treasury Control, and the Bulgarian and German Police, organised by the Provincial Police Headquarters in Lublin;
- 15<sup>th</sup> to 18<sup>th</sup> December 2015 – a training session with regard to counteracting cybercrime, with the participation of the Police officers, organised by the Cybercrime Department of the Central Bureau of Investigation of the Police.

#### 5.1.4. COOPERATION WITH THE INTERNAL SECURITY AGENCY

Within the cooperation under Art. 33 of the *Act*, the GIFI obtained 96 requests concerning 971 entities from the Internal Security Agency, as well as 7 pieces of information provided under Art. 14(2) of the *Act* concerning 78 entities.

*Chart 14 – Cooperation with the Internal Security Agency in the years 2010-2015 under Art. 33 of the Act*



The cooperation in the scope of execution of the requests for the needs of the Internal Security Agency, despite the drop in the number of the requests provided, is still efficient (see

Chart 14), which is demonstrated in particular by the application of the provisions of Art. 14(2) of the *Act*, and as a result has effect on the application of the account blockade specified in Art. 18a of the *Act*.

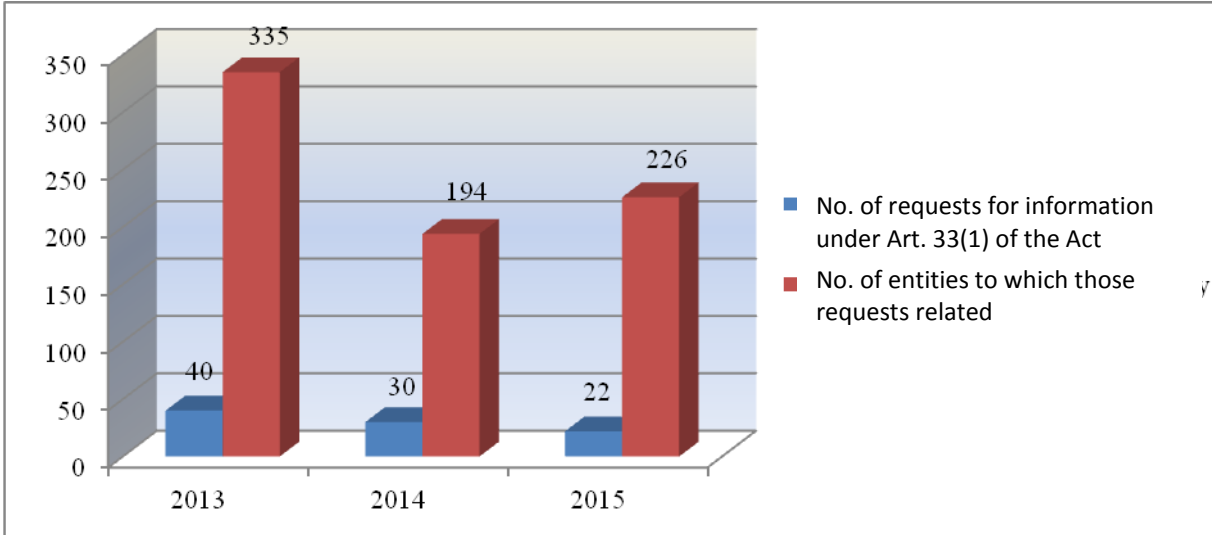
In 2015 the following events were organised for the employees of the Internal Security Agency with the participation of representatives of the GIFI:

- 23<sup>rd</sup> – 24<sup>th</sup> April 2015 – workshops organised by the GIFI focused on counteracting money laundering and terrorist financing with the use of the bitcoin currency, with the participation of representatives of the Police and the Internal Security Agency;
- 26<sup>th</sup> May 2015 – a training session concerning the cooperation of the GIFI with the obligated institutions and cooperating units, with the participation of representatives of the Police and the Internal Security Agency;
- 4<sup>th</sup> December 2015 – a meeting concerning practical aspects of the cooperation with the GIFI, with the participation of representatives of the Internal Security Agency, organised by the Local Office of the Internal Security Agency in Katowice.

**5.1.5. COOPERATION WITH THE CENTRAL ANTI-CORRUPTION BUREAU**

Under Art. 33 of the *Act*, the GIFI obtained 22 requests concerning 226 entities from the Central Anti-Corruption Bureau, as well as 1 piece of information provided under Art. 14(2) of the *Act* concerning 2 entities. To the exchange of information with the Bureau, the quality of statement of reasons to the requests was of particular importance, as it frequently constituted a prerequisite for further correspondence with the GIFI, among others in form of notifications prepared under Art. 33(3) of the *Act*.

*Chart 15 – Cooperation with the Central Anti-Corruption Bureau in the years 2010-2015 under Art. 33 of the Act*



As regards training activity, FI representatives took part in the 6<sup>th</sup> International Anti-Corruption Conference, the focal point of which was “Strengthening International Cooperation in Preventing and Combating Corruption”. The meeting was a joint debate integrating the anti-corruption actions of various services and institutions interested in the broadly defined prevention of and fight against corruption.

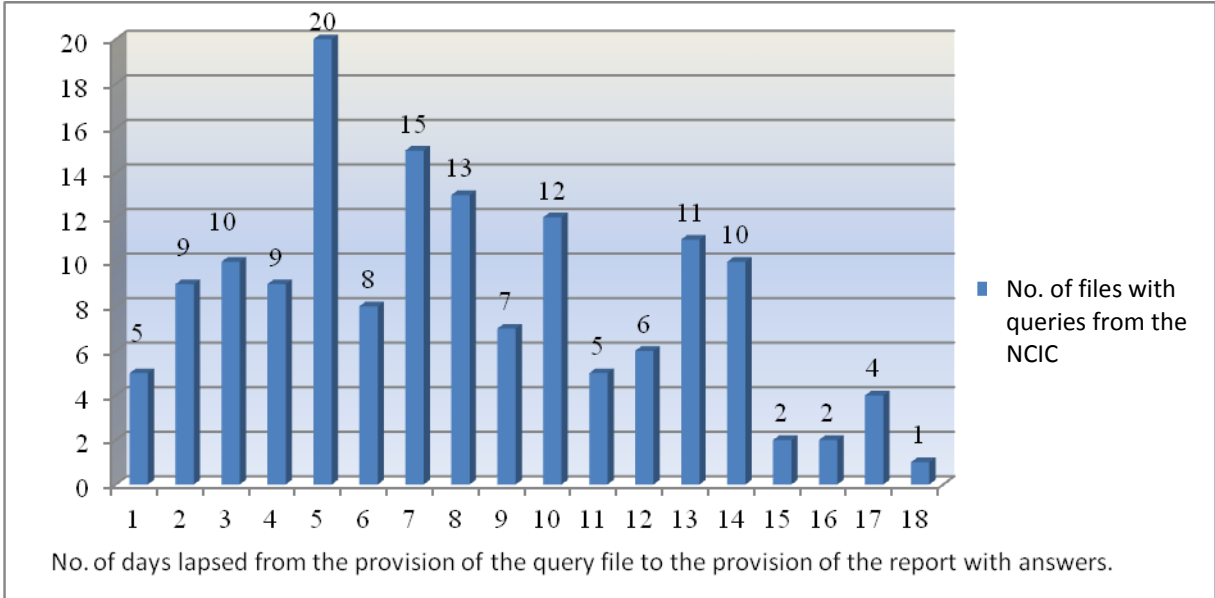


**5.1.6. COOPERATION WITH THE NATIONAL CRIMINAL INFORMATION CENTRE**

In 2015 the GIFI cooperated with the National Criminal Information Centre (NCIC). The GIFI provided criminal information ex officio (number of registrations: 1,401), whereas the NCIC responded to queries submitted by the GIFI (2,670 queries, including 2,246 to the obligated units for completing criminal information).

Furthermore, the Centre submitted queries to the GIFI. In 2015 these regarded 3,258 entities. As a result of checking the databases of the GIFI, in 1,162 cases the response showed that the entity asked about occurred in the analytical proceedings conducted by the GIFI. A response to the query of the NCIC was provided on average within 8 days of the receipt of the query in the IT system of the GIFI (the NCIC queries are provided to the GIFI electronically, in an agreed format, which allows to generate and provide reports partially automatically). The distribution of the number of days is presented on Chart 16.

*Chart 16 – Response time to NCIC queries*



**5.1.7. OTHER INFORMATION**

Since 2015 the GIFI, acting pursuant to Art. 49a(2)(1) of the *Act of 9<sup>th</sup> June 2011 – Geological and Mining Law* (Journal of Laws of 2015, item 196), issues opinions for the needs of the qualification proceedings with regard to entities interested in conducting business activity in prospecting and exploring hydrocarbon deposits, and production of hydrocarbon from a deposit, or in the concession for the production of hydrocarbon from a deposit. In 2015 the Minister of the Environment sent 10 requests in the said scope to the GIFI to obtain an opinion.

Furthermore, in the said period also 7 pieces of information from the Financial Supervision Authority were received concerning the entry of entities into the list of public warnings, as those entities offered services without a proper licence. The said information was taken into account while analysing suspicious transactions.

An important tool for disseminating knowledge on counteracting money laundering and terrorist financing is also the website of the Ministry of Finance. The FI publications are

located in the GIFI activity-related tab ([www.mf.gov.pl](http://www.mf.gov.pl): [BIP/Ministerstwo Finansów/Działalność/Generalny Inspektor Informacji Finansowej](#) [Public Information Bulletin/Ministry of Finance/Activity/General Inspector of Financial Information]). The tab is divided into subtabs, the names of which clearly indicate the topics of the publications for the recipient. Interested parties will find among others proper information on current activities of the GIFI, the system of counteracting money laundering and terrorist financing, legal provisions, current communications, and publications.

## 5.2. TRAINING ACTIVITIES

Effectiveness of the activity of the services and institutions involved in combating money laundering and terrorist financing requires exchange of information and training activity on a broad scale. In 2015 FI representatives were active participants – in the capacity of speakers or beneficiaries – of numerous training events (referred to in the previous sections hereof) and conferences devoted to the issues covered with the *Act*.

In addition to the initiatives described previously, an important activity was the exchange of information with the obligated institutions and other bodies, executed during the following training events:

- 26<sup>th</sup> February 2015 – concerning the international sanctions regime and the geographical risk in the light of restrictions connected with the situation in Ukraine, with the participation of representatives of banks and entrepreneurs, organised by the Polish Bank Association;
- 16<sup>th</sup> June 2015 – concerning the international sanctions regime and the geographical risk in the light of selected issues of reinsurance, with the participation of representatives of insurance companies, organised by the Polish Insurance Association;
- 31<sup>st</sup> August 2015 – concerning the selected aspects of restrictions against Iran in the light of the international sanctions regime, with the participation of representatives of banks and entrepreneurs, organised by the Polish Chamber of Commerce;
- 16<sup>th</sup> November 2015 – concerning the international sanctions regime and the geographical risk in the light of selected issues of the EU and USA regulations and their implications for the obligated institutions, organised by the Polish Bank Association;
- 1<sup>st</sup> December 2015 – concerning the international sanctions regime and the geographical risk, in particular the financial and economic restrictions against the Russian Federation and Ukraine, with the participation of representatives of banks, organised by the Polish Bank Association.

Representatives of the FI took also part in an international meeting of representatives of the structures of security and counteracting money laundering held between 30<sup>th</sup> September and 2<sup>nd</sup> October 2015 in Serock, organised among others by the Banking Security Committee of the Polish Bank Association. The event hosted representatives of around 40 banks active in the Polish market, as well as representatives of the Financial Supervision Authority.

Furthermore, together with the National Council of Civil Law Notaries, a training session for civil law notaries was held on 30<sup>th</sup> June 2015 in the scope of performance of obligations

arising out of the *Act* – financial security measures. On 20<sup>th</sup> May 2015 a training event was held also for cooperative banks, organised by the Financial Supervision Authority.

Another important activity of the GIFI is the provision of a free **e-learning course** on counteracting money laundering and terrorist financing. The aim of the course is to provide better knowledge on counteracting the said offences, in particular as regards the provisions in force. The e-learning form means it is available on the Internet, both as regards the application to participate in the course, using the course materials, attempting a test verifying the knowledge, and the issue of the course completion certificate. In 2015 the course found even more interest as compared to the previous year. The course was successfully completed by **21,918** interested parties (20,951 persons in 2014). The group of the course participants included representatives of the obligated institutions and the cooperating units.

## 6. INTERNATIONAL COOPERATION

### 6.1. COOPERATION WITH THE EUROPEAN COMMISSION

#### 6.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING

The task of the Expert Group is to advise the Commission at the stage of drafting proposals of implementing measures (i.e. before the Commission submits the proposal to the Committee under the comitology procedure), support the Commission in drafting legal instruments or determining the policy directions, and to coordinate the cooperation and opinion exchange with the Member States. Due to the election of the new members of the Commission, the Expert Group was moved into the structures of the Directorate-General for Justice (DG JUST). In 2015 the Expert Group met twice, advising the Commission in the matters of counteracting money laundering and terrorist financing. A representative of the GIFI was present at both meetings, presenting the Polish position as to the matters discussed by the Expert Group.

The main topic of discussions in 2015 was focused around the 4<sup>th</sup> AML Directive and the *Regulation (EU) 2015/847 of the European Parliament and of the Council of 20<sup>th</sup> May 2015 on Information Accompanying Transfers of Funds and Repealing Regulation (EC) No. 1781/2006*. The Commission offered aid to the Member States in the transposition of the Directive, among others by organising workshops in that scope, in which the GIFI representative participated.

Also the issues concerning the international risk assessment in the scope covered by the 4<sup>th</sup> AML Directive were discussed during the meetings of the Expert Group. The Commission, in collaboration with the ad hoc Working Party consisting of representatives of the Member States, developed the supranational risk assessment (SNRA) methodology. The timeline of works on the SNRA extends from 26<sup>th</sup> June 2015 to June 2017, and the methodology developed provides for several stages of preparation thereof<sup>9</sup>.

The calendar of activities connected with the development of the supranational risk assessment in the scope covered by the 4<sup>th</sup> AML Directive included the organisation of expert workshops aimed at drafting scenarios of terrorist financing risk and of money laundering risk. Representatives of the GIFI were present at those workshops, which were organised in November and December 2015.

The topics on which the activities of the Expert Group were focused include also the virtual currencies and works within other bodies involved in combating money laundering and terrorist financing.

Furthermore, the representatives of the European Commission during the works of the Expert Group gave further endorsement for the Polish efforts to become a member of the FATF.

---

<sup>9</sup> Based on the Methodology project of the European Commission (DG Migration and Home Affairs, DG Justice and Consumers), Version #4 – 23/09/2015, “DRAFT METHODOLOGY FOR ASSESSING MONEY LAUNDERING AND TERRORIST FINANCING RISKS AFFECTING THE INTERNAL MARKET AND RELATED TO CROSS-BORDERS ACTIVITIES”.

### 6.1.2. THE EU-FIU PLATFORM

The GIFI actively participated in the works of the EU-FIU Platform, getting involved in the matters discussed by that group. The Platform is an informal advisory body of the Commission, independent from the works of other advisory bodies such as the Expert Group or the Prevention Committee. The role and tasks of the Platform are specified in the 4<sup>th</sup> AML Directive. In 2015, in addition to the discussion on the evaluation of the current cooperation among the FIUs and the proposals to streamline that cooperation, matters arose regarding among others the common analysis of cross-border-related issues and the use of the Platform's knowledge for the supranational risk assessment. Altogether, three meetings of the body were held.

The key topic of the meetings of the EU-FIU Platform in 2015 was the development of the 2015-2017 Action Plan. The proposal therefor included implementation of eight projects:

- establishment of the FIU.NET Advisory Group,
- implementation of the provisions of the 4<sup>th</sup> AML Directive,
- standardisation of conditions for providing cross-border reports on suspicious transactions via the FIU.NET,
- identification of the powers of the FIUs and obstacles in acquiring and exchanging information,
- identification of obstacles connected with the use of information provided by another financial intelligence unit,
- common analysis of cross-border-related issues,
- cooperation between the FIUs and foreign institutions which are not the counterparts of the FIUs,
- identification of information sources for the financial intelligence units.

The GIFI proposed the participation of a GIFI representative in the FIU.NET Advisory Group being established, and joined the project in respect of the identification of the powers of the FIUs and obstacles in acquiring and exchanging information.

The members of the EU-FIU Platform were informed during the meetings on the progress in the works of the project groups as specified in the 2015-2017 Action Plan. Special attention was paid to the projects with regard to the exchange of information between the financial intelligence units of the Member States. The Platform members were informed about the progress in the project concerning the submission of cross-border reports on suspicious transactions on a current basis. The provisions of the 4<sup>th</sup> AML Directive impose an obligation on the Member States to provide reports on suspicious transactions to the competent financial intelligence units, if those transactions concern another Member State. In 2015 a pilot programme was carried out in the field of provision of the selected cross-border reports via the FIU.NET.

The EU-FIU Platform members were also involved in the process of migrating the FIU.NET into the Europol structures. The topics related with the current progress of works conducted by the Europol in that scope were discussed at the Platform meetings.

Furthermore, the discussions of the meetings of the EU-FIU Platform concerned also the latest activities of the FATF and the Egmont Group in the field of counteracting money laundering and terrorist financing.

## 6.2. FIU.NET

In 2015 the works on the project of migrating the FIU.NET into the structures of Europol were completed. A transition period was established during which the interim rules of cooperation between Europol and financial intelligence units will be binding. These were developed and accepted by the Member States in the second half of 2015.

In 2015 the range of the FIU.NET was extended to all EU Member States. At the beginning of 2015 the network was joined by Croatia and the Czech Republic. Works were carried out also on the further development of the Ma3tch technology, the use of the FIU.NET for cross-border reports on suspicious transactions, and operational cooperation between Europol and financial intelligence units.

## 6.3. THE MONEYVAL COMMITTEE

A common delegation of representatives of the GIF, the Financial Supervision Authority and the General Prosecutor's Office participated in the works carried out by the MONEYVAL Committee. The delegation participated in the discussions on the evaluation reports of the national anti-money laundering and terrorist financing systems of the Committee members.

The MONEYVAL Committee continued within the 4<sup>th</sup> round of mutual evaluations the monitoring of countries whose AML/CFT systems indicated a high number of ratings signifying non-compliance or partial compliance with the FATF Recommendations, evaluating their progress and implemented corrective actions. In 2015 also the 5<sup>th</sup> evaluation round commenced, based on the new FATF standards (from 2012) and the evaluation methodology (from 2013). Within the evaluation plan, the date of the future evaluation visit in Poland was established (Q1 2018), which will be preceded by the procedure of acquiring information on the legal status and efficiency of the Polish system of counteracting money laundering and terrorist financing, in form of answers to a questionnaire provided six months before the planned evaluation mission and a special training session for representatives of the country's public administration under evaluation carried out by the MONEYVAL Secretariat.

Due to the commencing 5<sup>th</sup> round of evaluations, the MONEYVAL Committee decided on the establishment of a *Working Group on Evaluations*, the task of which is to assist the Committee in the works on the new evaluation round, among others by identifying the priority areas of evaluation of a given country which require special attention by MONEYVAL during the analysis of the reports. The Group includes representatives of all MONEYVAL members (one representative of each state delegation), and it is chaired by the scientific expert of MONEYVAL and the chairman of the San Marino delegation. Poland is represented by the representative of the Financial Supervision Authority. The first meeting of the Working Group on Evaluations was held in December 2015 and preceded the discussion of the Armenian report.

Furthermore, within the preparations to the evaluation process, in 2015 MONEYVAL organised two editions of training for evaluators based on the new FATF evaluation methodology. Representatives of Poland, including of the GIFI, took part in the training.

At the meetings in 2015, the MONEYVAL Committee discussed twice (in April and December) the progress of Poland with regard to the implementation of recommendations proposed within the 4<sup>th</sup> evaluation round and detailed in the evaluation report of our state of 2013. The MONEYVAL Secretariat presented analyses demonstrating the legislative and non-legislative activities undertaken by the Polish public administration bodies to eliminate the systemic gaps indicated in the area of counteracting money laundering and terrorist financing. Due to the lack of significant amendments to the domestic law, including in particular the amendment of the *Act on Counteracting Money Laundering and Terrorist Financing*, MONEYVAL recorded a limited progress of Poland and thus requested another interim report to be provided in April 2016.

Due to the conference organised by Poland on combating laundering of money originating from corruption, the Committee prepared a questionnaire on considerable corruption cases (with the participation of politically exposed persons) and sent it to the Member States, and the questionnaire will be the basis for the further typology works planned in 2016.

In response to the initiative of the Committee, the GIFI in collaboration with other competent Ministries developed the contribution to the FATF questionnaire concerning the issues of counteracting terrorist financing, based on which MONEYVAL made an initial assessment of the member states in this crucial area which it then provided to the FATF for further analysis. The enhanced assessment procedure of conformity with standards in the field of counteracting terrorist financing will be continued both by the FATF and MONEYVAL, as well as other FATF-style regional bodies.

During the 49<sup>th</sup> plenary meeting of the MONEYVAL Committee in December 2015, the Chairperson, the Vice-Chairperson, and the three Members of the MONEYVAL Bureau were elected. The secret ballot resulted in the election of the GIFI representative to the Vice-Chairperson of the Committee for the two-year term of office. With other four Members of the Bureau representing other national delegations the GIFI representative is responsible for the coordination of the Committee works, and indicating the directions of its actions. In the previous year, the GIFI representative participated in four meetings of the Bureau devoted in particular to the agreement of the MONEYVAL internal rules, the new evaluation round, and the activities with regard to the countries subject to the monitoring procedure.

#### **6.4. THE EGMONT GROUP**

The last year was a year in which the PFIU intensified its cooperation with the Egmont Group (EG), in which it directed a digital currency-related project within the Operational Working Group. Following the collection of answers from other FIUs, a draft report was developed which was sent for consultation to the involved entities. On 23<sup>rd</sup> and 24<sup>th</sup> April 2015, the GIFI in cooperation with the Egmont Group organised workshops on money laundering and terrorist financing with the use of digital currencies for the members of the project team, inviting also representatives of the Polish law enforcement bodies. The workshops provided for the development of specialist knowledge on digital currencies and the manners of prosecuting money laundering and terrorist financing with the use thereof. The progress of

works of the project team was presented by the GIFI representatives at the meetings of the Operational Working Group and the Plenary Meeting of the Egmont Group. Furthermore, the GIFI in cooperation with other units was involved in the projects executed by the Operational Working Group (a project on financial analysis) and by the IT Working Group (a project on a simplified format of data transfer). Due to the amendments to the Charter and procedural changes, it was decided that works will be undertaken on the preparation of a new structure of the working groups, under the assumption that they are to effectively support the regional structures of the Egmont Group. The EG Special Team on Transitional Period recommended the establishment of four groups, which will take over the competency of the previous five working groups. The GIFI representative was involved in the conceptual works on the establishment of the Information Exchange Working Group (in the field of counteracting money laundering and terrorist financing), which will focus on the operational issues and the matters concerning IT tools used by the units, and thus will undertake the tasks performed by the Operational and IT Working Groups.

Furthermore, the PFIU with other EU Member States of the Europe I Region participated in the regional works, by establishing the priority issues of the strategic plan of the Europe I Group, among others the common actions among the regions of the Egmont Group, and a project on information exchange among the units, which also concerned cooperation with other entities, such as the prosecution or the Police.

## **6.5. THE FINANCIAL ACTION TASK FORCE**

The GIFI continued the cooperation with the FATF by involvement in the actions promoted or conducted by the Organisation in cooperation with the MONEYVAL Committee and the European Commission with the subordinated bodies. As in the previous years, the GIFI participated in assessing documents developed by the Task Force, and prepared answers to questionnaires in the field of combating money laundering and terrorist financing, which were aimed at drafting typology reports and FATF analyses. Representatives of the GIFI, as members of the MONEYVAL delegation, participated also directly in the plenary works of the FATF.

The FATF conducted research which consisted in the assessment of the legal conformity of its member states and associated regional bodies of the FATF nature (among others MONEYVAL) with the FATF recommendations No. 5 and 6 dedicated to the offence of terrorist financing and special (financial) restrictive measures connected with terrorism and terrorist financing respectively. The Polish answer to the questionnaire was sent via MONEYVAL. The analysis carried out by the FATF resulted in the information for the G20 summit on the level of legal readiness of a state to effectively prosecute this kind of crime.

In the previous year the GIFI continued the endeavours for the membership of Poland in the FATF, with a considerable support from the Ministry of Foreign Affairs, the Financial Supervision Authority, and the National Bank of Poland. The GIFI representative participated in the FATF discussions concerning the expansion to new members to obtain information about the manner of evaluating the selected candidates and the necessary actions to be taken by the selected candidate countries.

The GIFI regularly informed the public administration bodies, proper supervisory authorities, and industry associations, and placed information on its website, about the statements adopted



by the FATF in 2015 on the jurisdictions demonstrating strategic deficiencies in the field of counteracting money laundering and terrorist financing, and on documents concerning the improvement of the international cross-compliance of the AML/CFT standards.

## **6.6. THE EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM**

Poland continued its works as the observer in the Eurasian Group on Combating Money Laundering and Financing of Terrorism. Representatives of the GIFI with a representative of the Financial Supervision Authority participated in the meetings of the Group (plenary meetings and those of working groups) which were held in Tashkent and Moscow.

In 2015 the EAG continued its works on the projects concerning the mechanisms of entering and removing entities to and from the lists of terrorists and extremists, procedures of asset freezing, cash couriers, the financial aspect of the drug business, companies registered in tax havens, pyramid schemes, and laundering money originating from corruption.

Currently, the EAG is evaluating its member states in terms of complying with the FATF standards within the second evaluation round. In 2015 the evaluation reports and progress reports of Belarus, Kazakhstan, Turkmenistan and Uzbekistan were discussed.

In 2015 the PFIU, due to among others some activities in the field of counteracting laundering of money originating from corruption, took part in the 3<sup>rd</sup> edition of the Contest Case Study organised by the EAG Secretariat. In the contest Poland presented a case of cooperation between the Financial Intelligence Unit and the cooperating entities in detecting an offence of corruption and laundering money from that offence. The presented case found interest and was granted the third place among five candidates.

## **6.7. BILATERAL COOPERATION**

### **6.7.1. MEMORANDA OF UNDERSTANDING**

In 2015 the GIFI continued assessing the needs to conclude bilateral agreements allowing for the acquisition of financial information from abroad within bilateral relationships with partner financial intelligence units. Bilateral Memoranda of Understanding remained the core instrument of the cooperation of the GIFI with the foreign entities. Such cooperation within the relationships with the EU Members States is also governed by the *Council Decision of 17<sup>th</sup> October 2000 concerning Arrangements for Cooperation between Financial Intelligence Units of the Member States in Respect of Exchanging Information (2000/642/JHA)*. The MoUs and the cooperation based thereon comply with the provisions of the *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism of 16<sup>th</sup> May 2005 (CETS 198)*.

The extent of information received and made available, particularly of additional information, depends every time on the extent of query and compliance with the basic provisions of the national law.

As a result of the completed negotiations, the GIFI in 2015 signed the MoUs concerning the exchange of information in the field of counteracting money laundering and terrorist

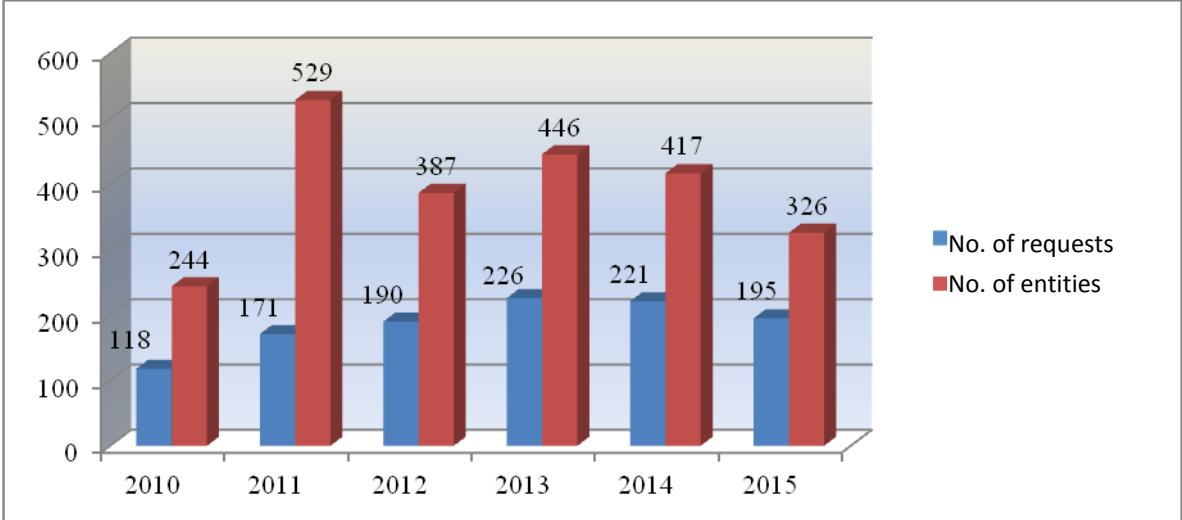
financing with financial intelligence units from Belize, China, Cayman Islands, Columbia, Mauritius, Panama, Seychelles, and Tajikistan.

Thus, the number of financial intelligence units with whom the GIFI exchanges information related to money laundering or terrorist financing under bilateral agreements increased to 82.

**6.7.2. THE EXCHANGE OF INFORMATION WITH FOREIGN FIUS**

In 2015 the GIFI submitted the total of 195 requests for information to foreign financial intelligence units with regard to 396 entities. The number of requests was lower than in the previous year by nearly 12%.

*Chart 17 – Data on requests submitted to foreign FIUs in 2010-2015*



Among the foreign FIUs to which the GIFI submitted the most considerable number of requests are the following countries:

- the Czech Republic: 26 requests,
- Latvia: 15 requests,
- Great Britain: 14 requests,
- Ukraine: 11 requests,
- France and Romania: 9 requests each,
- Cyprus and Italy: 8 requests each.

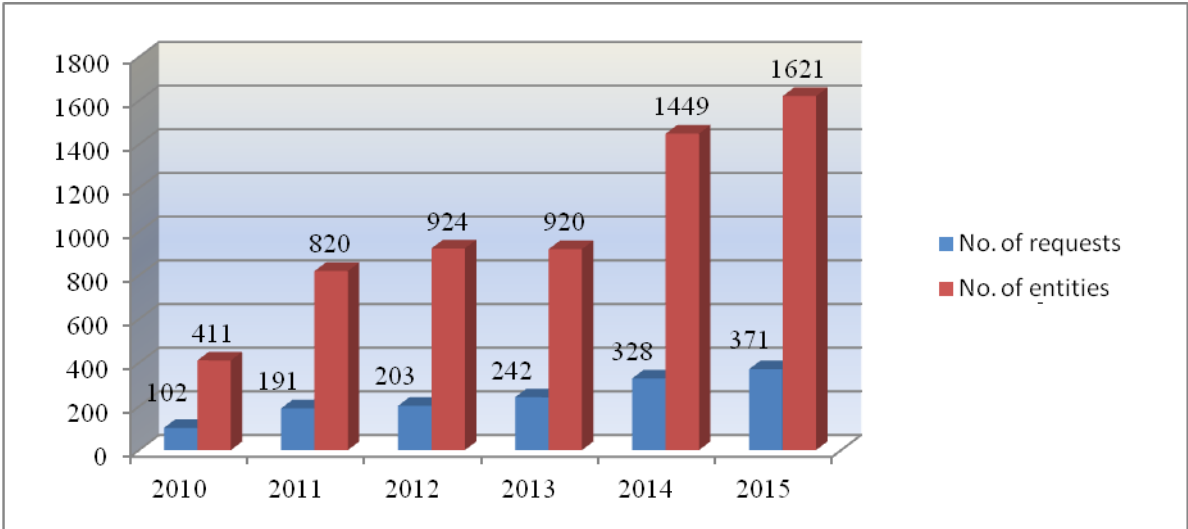
The largest amount of information was requested from the FIUs in the EU Member States, to which the GIFI submitted more than 78% of all requests, as compared to 70% in 2014. The GIFI acquires information on transactions and entities from its counterparts in the non-EU states under bilateral agreements. In addition to Ukraine, in 2015 the GIFI availed itself of such a possibility applying to the FIUs representing among others such countries and territories as Belize, British Virgin Islands, Hong Kong, India, Panama, Seychelles or the United Arab Emirates.

The information acquired from abroad is mainly used while verifying whether the entities involved in transactions considered suspicious by the obligated institutions and cooperating units are known to a foreign unit in connection with suspected money laundering, terrorist financing, or involvement in other types of criminal activity. In addition, the GIFI receives

data and information on financial flows, which allows for the determination of the source of money transferred to Poland or the further path of money flows. The information acquired serves as an additional prerequisite for making decisions about submitting notifications on the suspicion of committing an offence to the prosecution, and sometimes also with regard to the blockade of accounts of the persons suspected of money laundering. Upon the consent of the foreign FIUs responding to the requests of the GIFI, the received information may be used in notifications submitted to prosecution offices or to other law enforcement authorities.

In 2015 the GIFI received 371 requests from foreign FIUs, which constituted a growth by more than 13% as compared to the previous year. The requests for information concerned 1,621 entities. Starting from 2010, the number of foreign requests to which the GIFI responds has been constantly increasing, which is presented on the below Chart.

Chart 18 – Data on requests of foreign FIUs submitted to the GIFI



The largest amount of requests was received by the GIFI from the units from the following countries:

- Great Britain: 37 requests,
- France: 29 requests,
- the Czech Republic: 23 requests,
- Latvia: 18 requests,
- Hungary: 17 requests,
- Luxembourg: 17 requests,
- Germany: 16 requests,
- Lithuania: 16 requests.

Each year the units from the EU countries intensify their activities in the field of acquiring information from foreign partners, including from the Polish unit. The *Council Decision of 17<sup>th</sup> October 2000 Concerning Arrangements for Cooperation between Financial Intelligence Units of the Member States in respect of Exchanging Information* allows for quick acquisition of information in cases concerning counteracting money laundering and terrorist financing. This is of importance for the effective handling of cases, which more and more often concern financial flows between various countries.

The GIFI provided data also in response to requests from the foreign units from non-EU countries based on the concluded bilateral agreements. In 2015 the information was provided mainly to the FIUs from the following countries and territories:

- South Korea: 12 requests,
- the USA: 10 requests,
- Georgia: 6 requests,
- Jersey: 5 requests.

In addition to the requests, the foreign FIUs submit to the GIFI also information concerning Polish entities, or asset values transferred to the territory of Poland. The said information concerned predicate offences or constituted the results of analyses made by the foreign partners, which indicated a possible connection of the described transactions with money laundering or terrorist financing. In 2014 the GIFI received 204 pieces of such information, concerning 668 entities, as compared to 39 in the previous year. The largest amount of information (118 pieces) was provided by the Luxembourg FIU, and the information concerned mainly suspicions of committing various offences and cash flows related thereto within the accounts kept by PayPal.

## 6.8. OTHER ISSUES

### 6.8.1. INTERNATIONAL INITIATIVES

On 23<sup>rd</sup> February 2015 the GIFI hosted at the Ministry of Finance representatives of the People's Republic of China, including the Vice-President of the People's Bank of China. The meeting had an appreciable effect on the expedition of the negotiations of the Memorandum of Understanding concerning the cooperation in the exchange of financial intelligence related to money laundering and terrorist financing between the GIFI and the China Anti-Money Laundering Monitoring and Analysis Centre, which was signed on 25<sup>th</sup> June 2015.

From 26<sup>th</sup> to 29<sup>th</sup> May 2015 in Budapest, Hungary, a training event was held entitled “Practical Aspects of Money Laundering” organised by the International College of Financial Investigation (ICOFI), in which a GIFI representative participated. The aim of the training was to enhance the theoretical and practical knowledge of the participants in the field of money laundering connected with cigarettes smuggling and trading in goods of Asian origin within the customs procedure 4200 and the aspect of the so-called “missing taxpayer” related thereto, and the effects for the VAT.

On 6<sup>th</sup> August 2015, at the Ministry of Finance, the FI in collaboration with the Treasury Intelligence Department organised a meeting with representatives of the HMRC (*Her Majesty's Revenue & Customs*) concerning the OECD Task Force on Tax Crime (TFTC). During the meeting such topics were discussed as the benefits for the Polish institutions involved in the activity of the Task Force and the use of information from the reports on suspicious transactions prepared for the financial intelligence units in investigations concerning financial crime. The meeting was attended also by representatives of the Tax Chamber in Poznań (Office for Exchange of Tax Information in Konin) and the Central Investigation Bureau of the Police (Department for Combating Organised Economic Crime).

From 3<sup>rd</sup> to 5<sup>th</sup> November 2015 a GIFI representative took part in a training event for the analysts of the European financial intelligence units on the identification of the transaction profile and the following of the financial operations of persons and entities suspected of financing terrorism, and in particular those connected with Daesh.

On 20<sup>th</sup> and 21<sup>st</sup> October 2015 in Prague, the Czech Republic, a GIFI representative was present at a conference on new phenomena in the field of combating corruption and money laundering and reclaiming property from illegal sources. The organiser was the Czech Ministry of Finance in cooperation with the Council of Europe and the Norwegian Government within the Norwegian funds. The conference was devoted to corruption in its various aspects and combating money laundering. The discussion was focused on the implementation of the 4<sup>th</sup> AML Directive, the identification of the beneficial owner and the optimum form of keeping the register of such entities, as well as politically exposed persons.

On 4<sup>th</sup> and 5<sup>th</sup> November 2015 in Zamość, a representative of the GIFI in cooperation with the Provincial Police Headquarters in Lublin and other partners participated in the conference summarizing the project “International Cooperation of Law Enforcement Authorities in the Field of Preventing and Counteracting Economic and Corruption Crime as an Element of Providing Security in the EU”. The aim of the project was to improve and develop the international cooperation in the field of preventing and counteracting corruption-related and financial crime (money laundering, forgeries, identity theft), and to provide effective confiscation of crime-originating property within the area of the eastern border of the EU.

From 17<sup>th</sup> to 18<sup>th</sup> November 2015 the GIFI organised within the Governmental Programme of Corruption Prevention for 2014-2019 workshops on combating corruption-originating money laundering. The meeting was attended by senior representatives of the Council of Europe Committees – MONEYVAL and GRECO, the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) and the financial intelligence units and law enforcement authorities of the MONEYVAL member states. Also representatives of the Polish bodies involved in fighting corruption participated in the workshop: the Central Anti-Corruption Bureau, the General Prosecutor's Office, and the Ministry of Finance. The workshop showed some new trends which should be paid attention to while combating corruption and laundering money originating from the offence of corruption. The participants emphasised the importance of the financial intelligence units and the efficient exchange of information among them as an important element streamlining the fight with illegal flows of money from corruption, including from corruption of politically exposed persons. The meeting initiated also a discussion on the determination of the future cooperation areas among the financial intelligence units of the MONEYVAL member states with regard to the fight with illegal flows of funds from corruption.

Between 18<sup>th</sup> and 20<sup>th</sup> November 2015 in Telč, the Czech Republic, regional workshops were held, in which representatives of the financial intelligence units from Austria, the Czech Republic, Poland, Slovakia and Hungary took part. Poland was represented by two representatives of the GIFI. The aim of the workshops was to discuss the progress of works on the implementation of the 4<sup>th</sup> AML Directive, the exchange of experience in the area of introducing the National Risk Assessment (NRA) with regard to money laundering and terrorist financing, and exchange of experience in counteracting money laundering related to fiscal offences (in particular fraud related to obtaining undue VAT refund/failure to pay the VAT).

In 2015 the GIFI participated in the implementation of the Plan of Developmental Cooperation 2015, preparing technical assistance for the FIU of Ukraine within the project “Strengthening the Ukrainian Public Finance System”. The assistance funded from the earmarked reserve “Implementation of the Polish Programme of Cooperation for Development” consisted in the organisation of study visits for Ukrainian officials in Poland and of FI representatives in Ukraine. During the visit, the representatives of the Ukrainian FIU (as well as the representatives of other institutions involved in counteracting money laundering and terrorist financing) were trained in the following areas: analysis of transactions which may be related to money laundering or terrorist financing, control of obligated institutions submitting reports on transactions, cooperation between the FIU and the cooperation units, the issues of the international sanction regime with special regard to counteracting terrorist financing and proliferation of weapons of mass destruction, the issues of legislation for counteracting money laundering and terrorist financing.

The study visit of the Ukrainian officials in Poland was attended by 6 representatives of the Ukrainian FIU. The meetings of representatives of the Polish FIU in Kiev were attended by approx. 110 persons in total from the Ukrainian part (representatives of the FIU, and the Ukrainian Ministry of Foreign Affairs, the Ministry of Economic Development and Trade, the Ministry of the Interior, the Ministry of Justice, the Ministry of Infrastructure, the Ministry of Finance, the Central Bank of Ukraine, Fiscal Services, the National Commission of Exchange and Securities, the Commission of Regulation of the Financial Services Market, the General Prosecutor's Office, the Internal Security Service, the Anti-Corruption Bureau, the Border Guard). The activities were very positively evaluated by the Ukrainian party.

In addition, the GIFI organised a study visit for representatives of the Ukrainian administration within the TAIEX instrument, which was held from 16<sup>th</sup> to 18<sup>th</sup> March 2015. The aim of the study visit was to show the Ukrainian FIU representatives how the Polish system of counteracting money laundering and terrorist financing operates. The activities of the Polish authorities in the field of counteracting money laundering and terrorism and terrorist financing were demonstrated by representatives of the GIFI, the Criminal Bureau of the National Police Headquarters, the Central Anti-Corruption Bureau, the Central Bureau of Investigation of the Police, the General Prosecutor's Office, the Treasury Control Office, and the Treasury Intelligence.

On 27<sup>th</sup> and 28<sup>th</sup> May 2015 in Kiev, Ukraine, a GIFI representative participated as a speaker in the conference on counteracting money laundering and corruption, which was held in the seat of the Ukrainian FIU. The organiser was the Organisation for Security and Cooperation in Europe. The main topic was the prevention of corruption, in particular with regard to politically exposed persons.

On 7<sup>th</sup> and 8<sup>th</sup> July 2015 in Kiev, Ukraine, a GIFI representative was present at workshops on counteracting corruption, money laundering, and reclaiming property from corruption offences, which was organised for representatives of the Ukrainian FIU, anti-corruption services, services dealing with reclamation of property from illegal sources, prosecutors, and representatives of international institutions. The workshops were organised within the TAIEX instrument (Technical Assistance and Information Exchange)<sup>10</sup>.

---

<sup>10</sup> The aim of TAIEX is the execution of short-term expert actions in the field of harmonizing the domestic legislation of the beneficiary with the *acquis communautaire*.

In addition to the said activities, the GIFI representatives participated as speakers in the following workshops held within TAIEX:

- 12<sup>th</sup> – 13<sup>th</sup> March 2015 in Ankara, Turkey, workshops on counteracting terrorist financing for the Turkish judges and prosecutors dealing with terrorism-related cases.
- 25<sup>th</sup> – 27<sup>th</sup> November 2015, in Podgorica, Montenegro, workshops on counteracting money laundering and terrorist financing for the representatives of the Montenegrin FIU, the central bank, and the obligated institutions.

### **6.8.2. ARRANGEMENT WITH THE ARMED FORCES OF THE USA**

In 2015 the GIFI concluded an arrangement with the U.S. Armed Forces on performing the *Agreement of 11<sup>th</sup> December 2009 between the Government of the Republic of Poland and the Government of the United States of America on the Status of the Armed Forces of the United States of America in the Territory of the Republic of Poland* in the scope of the financial activity carried out within the territory on which the American Army Missile Defence Base stations. The aim of the arrangement is to provide more details for the provisions of Art. 24(1)-(5) of the Agreement, which provide for the possibility to maintain and run by the Armed Forces of the United States of America specific financial institutions to provide basic retail banking services, and to introduce proper client identification and verification procedures, monitoring of transactions and reporting, which is to be aimed at counteracting money laundering and terrorist financing, pursuant to the international standards but to a restricted extent, i.e. such that includes those possibilities only in the field of ATM-related activity.

## **7. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES**

### **7.1. PARTICIPATION IN THE LEGISLATIVE WORK OF THE EU**

The GIFI actively participated in the legislative works taking place within the EU in 2015. Due to the international events, these works were aimed at adopting legal instruments, i.e. a Council decision under Art. 29 of the Treaty on the European Union (TEU) and Council regulations under Art. 215 of the Treaty on the Functioning of the European Union (TFEU) imposing special restrictive measures on certain states due to the escalation of internal conflicts, failure to comply with human rights standards, or intensification of activities related to the production of weapons of mass destruction. As regards the above, the GIFI participated also in the assessment of legislative proposals submitted by the particular Member States in the course of the works within the EU, and prepared positions for the needs of national institutions.

The object of the analysis and positions of the GIFI were draft legal instruments providing for the introduction of new, or modification or repealment of binding restrictive measures with regard to persons, groups or entities in connection with the situation in Afghanistan, Ukraine, Syria, as well as in the Central African Republic, the Republic of Belarus, the Republic of Burundi, South Sudan, Libya, the Islamic Republic of Iran, to the extent that the drafted solutions related to the mechanism of fund freezing of the entities listed in annexes to those legislative instruments, the prohibition of making funds available to such entities, and to other restrictions of financial nature.

### **7.2. PARTICIPATION IN MEETINGS CONCERNING RESTRICTIVE MEASURES**

Upon the invitation of the Deputy President of the Council of Ministers – the Minister of the Economy, and the Minister of Foreign Affairs, a representative of the GIFI participated in two official government delegations to the Islamic Republic of Iran, which were connected with trade missions. The planned talks with the participation of the GIFI representative concerned among others the recreation of the Polish-Iranian economic relationships, also in the light of the liberalised regime of international sanctions and financial restrictions, the assessment of the legal and actual possibilities to perform financial transactions with Iran by the banking sector, within the EU and USA regulations. The meetings included among others discussions in the Ministry of the Economy and Finance and in the Central Bank of Iran, the participation in a business forum and the talks with representatives of Iranian banks. The capacity of the GIFI representative was also to support the entrepreneurs invited to the delegation in substantive terms with regard to international restrictions of financial nature and geographical risk.

Upon the invitation of the Ministry of Foreign Affairs, the representative of the GIFI took also part in consultations within the G7+ Group concerning the restrictive measures imposed by the EU and the USA and their partners on the Russian Federation due to the Federation's actions challenging the territorial integrity, sovereignty, and independence of Ukraine. The



meeting was to discuss the implications of the potential extension of sanctions, in particular the restrictions of financial nature, the course of events, and the situation in Donbass, including the level of fulfilment of the Minsk agreements.

The representative of the GIFI, invited by the Ministry of Foreign Affairs, participated in the meetings of the Working Party of Foreign Relations Counsellors (RELEX/Sanctions). The meetings were aimed at the analysis of the EU provisions, including in the scope concerning the provision of services for entities subjected to restrictive measures, technical assistance, access to documents, and review and modification of the “EU Best Practices for the Effective Implementation of Restrictive Measures” document. Best practices are in the form of general recommendations as to the effective implementation of restrictive measures pursuant to the mandatory provisions of the EU law and the national legislation, and are not legally binding. The document touches upon issues referring both to the standards concerning imposition of sanctions on certain entities, and to the particular mechanisms, such as fund freezing, prohibition on fund access, or humanitarian exemptions.

## 7.3. OTHER ISSUES

### 7.3.1 AUTHORISATION OF TRANSACTIONS WITH THE ISLAMIC REPUBLIC OF IRAN

In 2015 the GIFI received 1 request for authorisation of a transaction from the obligated institution under Art. 30a of the *Council Regulation (EU) No. 267/2012 of 23<sup>rd</sup> March 2012 Concerning Restrictive Measures against Iran and Repealing Regulation (EU) No. 961/2010* (OJ L, No. 88, p. 1).

The financial sanctions imposed on the Islamic Republic of Iran with the Regulation included, apart from freezing the funds of certain entities or non-sharing, also other restrictions of financial nature. These included the obligation of prior authorisation of transactions for the benefit of and from persons, entities, and bodies in Iran. Due to the entering into force of the Geneva Accords and the liberalisation of the restrictions imposed on Iran in the *Council Regulation (EU) No. 42/2014 of 20<sup>th</sup> January 2014 amending Regulation (EU) No. 267/2012 of 23<sup>rd</sup> March 2012 Concerning Restrictive Measures against Iran and Repealing Regulation (EU) No. 961/2010* (OJ L 15/18 of 20/01/2014) a tenfold increase of the threshold amounts concerning the permits related to the transfers of funds from and to Iran and with regard to the entities in that country is foreseen. The authorisation was required for transactions exceeding or equal to EUR 400.000, and in the case of direct transactions between the financial sector institutions from Iran and financial and credit institutions from the EU Member States for transactions exceeding or equal to EUR 100.000. These activities were aimed at the achievement of the main goal of the said Regulation, which is to prevent the proliferation of weapons of mass destruction and the conducting of activities related thereto by the Islamic Republic of Iran. Due to the lack of a central body within the national law whose statutory competence would concern exclusively the prevention of the proliferation of weapons of mass destruction and who could be the leader in the performance of obligations arising out of the Regulation, the communication placed in November 2010 on the website of the Ministry of Finance indicated that the requests for authorisation should be addressed to the GIFI.

Due to the agreement on the Iranian nuclear programme concluded on 14<sup>th</sup> July 2015 in Vienna, a Joint Comprehensive Plan of Action was adopted, which provides among others for the liberalisation of international sanctions introduced by the EU and the United States. As a result of the said arrangements, under the *Council Regulation (EU) 2015/1861 of 18<sup>th</sup> October 2015 amending Regulation (EU) No. 267/2012 Concerning Restrictive Measures against Iran* (OJ L of 18/10/2015, 274/1), the said obligation of transaction authorisation was repealed as of 16<sup>th</sup> January 2016.

### **7.3.2 TASK FORCE TO COUNTER MECHANISMS OF FINANCING THE SO-CALLED ISLAMIC STATE**

The GIFI found it purposeful to participate in the works of the Counter ISIL Finance Group (CIFG), created within the Counter ISIL Coalition . The Coalition, in addition to the Counter ISIL Finance Group (CIFG), includes also Military Support Working Group, Foreign Terrorist Fighters Working Group, Counter Messaging Working Group, and Stabilization Support Working Group. The foundation of works of the Group, which includes 26 countries led by the U.S., Saudi Arabia, and Italy, are the hitherto legal mechanisms aimed at counteracting terrorist financing developed within the United Nations Organisation, the FATF standards, and the mechanisms developed within the International Group for Sanctions against the Islamic State of Iraq and the Levant, the Al-Nusra Front, and the Assad Regime. At the opening meeting in March 2015, the Group adopted the main assumptions of the Action Plan concerning the issues of information exchange, coordination of actions aimed at combating funding sources, implementation of the proper resolutions of the UN Security Council, or the cooperation with other Task Forces of the coalition.

## 8. LEGAL ACTIVITY

In 2015 the FI, while executing the tasks of the GIFI, issued written interpretations of the legal provisions in the area of money laundering and terrorist financing to the obligated institutions, including to banks, credit and savings unions, entrepreneurs accepting cash as payments for products at the amount equal to or exceeding EUR 15,000, entities providing payment services, investment fund companies, and civil law notaries. Their number was at a level similar to the one in the previous years. In addition, within the obligations arising out of the provisions of the *Act*, explanations were provided to the obligated institutions also in the form of phone consultations.

Furthermore, in connection with the execution in Poland of the *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism of 16<sup>th</sup> May 2005* (CETS No. 198), the response to the questionnaire from the Council of Europe was prepared in cooperation with other public administration bodies, based on which questionnaire the Polish progress in the above area was evaluated. In December 2015 a representative of the GIFI and of the Ministry of Justice participated in a meeting in Strasbourg which was focused among others on the discussion concerning that evaluation. Due to the received evaluation, which stated that the factual and legal situation presented does not fully guarantee the performance of the Convention, the Polish representatives were asked to provide another report at the next meeting of the Conference of the Parties (the meetings are held once a year).

Employees of the FI assumed also the capacity of the representatives of the GIFI in court criminal proceedings instigated in connection with notifications on the suspicion of committing the offence referred to in Art. 299 of the Penal Code carried out as a result of the GIFI lodging means of appeal against decisions on refusing to instigate an investigation, or against decisions on discontinuing an investigation.

.....  
General Inspector of Financial Information