



Krajowa Administracja
Skarbowa

REPORT
of the General Inspector of Financial
Information
on the implementation of
the Act of 16 November 2000
on counteracting money laundering and
terrorist financing in 2016

Warsaw, March 2017

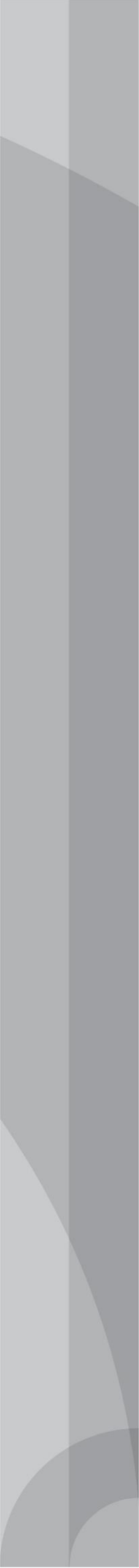


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1. INTRODUCTION

In 2016, 15 years passed from the entry into force of the *Act of 16 November 2000 on counteracting introduction into financial circulation asset values stemming from illegal or undisclosed sources as well as on counteracting financing of terrorism* (Journal of Laws no. 116, item 1216), appointment of the first General Inspector of Financial Information (GIFI) and establishment of the Financial Information Department of the Ministry of Finance, supporting the GIFI in implementation of its statutory tasks. On 19 September 2016 the main anniversary ceremony was held, opened by the Minister of Finance, Mr Paweł Szalamacha. During the ceremony not only the GIFI activities performed so far were summarised but also the current issues related to the development of the Polish money laundering and terrorist financing counteracting system were discussed. First of all attention was paid to the need of development of the new *Act on Counteracting Money Laundering and Terrorist Financing* and implementation of the European Union (EU) provisions in this area.

In 2016 the GIFI undertook multifaceted activities in connection with counteracting money laundering and terrorist financing. It mainly carried out analytical proceedings in order to verify suspicions in the scope of money laundering or terrorist financing. **Last year the number of newly instituted analytical proceedings increased significantly, i.e. by approximately 12.4% in relation to the number of proceedings in 2015.**

As a result of the analyses conducted, **the GIFI submitted 402 notifications to prosecution offices due to suspected money laundering** (so-called main and supplementary notifications), **related to suspicious transactions for the total amount of PLN 18.6 billion. Moreover, the GIFI blocked 325 accounts and suspended 22 transactions, consequently seizing assets with the total value of PLN 202.5 million (i.e. by approximately 18.4% more than in 2015).** The vast majority of account blocking operations were associated with suspected money laundering originating from criminal fiscal offences, in particular, fraud in applying the VAT mechanism for the purpose of extorting tax return or avoidance of due tax payment.

One of the main directions of the GIFI activity in 2016 was the intensification of cooperation with cooperating units, which was reflected in the quantity of exchanged information. The **number of notifications** (resulting from analyses conducted in the Financial Information Department of the Ministry of Finance – IF), **submitted by the GIFI** pursuant to Article 33(3) of the *Act of 16 November 2000 on Counteracting Money Laundering and Terrorist Financing* (i.e. Journal of Laws of 2016, item 299, as amended), hereinafter referred to as the Act **amounted to 2,205. The highest amount of this type of information was provided to the fiscal control authorities (approximately 68.6%),** mainly in connection with the suspected commitment of criminal fiscal offences. Moreover, the GIFI also submitted

information potentially associated with this type of offence to the Police (including the Central Bureau of Investigation of the Police), the Internal Security Agency, the fiscal chambers and the Central Anti-Corruption Bureau. Attention should be also paid to the **significant growth in the number of notifications sent in connection with information related to the value of assets which could have been potentially associated with terrorist financing. Their number in relation to the data of 2015 increased by as much as approximately 208.6%.** It stresses both the sustainable development of GIFI cooperation with other entities involved in counteracting terrorism and its financing as well as the importance attributed by the GIFI to the analysis of any suspicions in this area.

2. INFORMATION ON THE DATA SUBMITTED TO THE GIFI

2.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2016, 4,201 descriptive notifications of suspicious activities and transactions, the so-called SARs (*Suspicious Activity Reports*), which were included in the conducted analytical proceedings, were recorded in the GIFI IT system. These notifications contain description of a few, several or even a few hundred of transactions (often related to each other by the transaction parties, the circumstances of the transaction, similar period of completion and/or involvement of the same asset values) and accompanying circumstances which in the opinion of the notifying authority/unit may be related to money laundering or terrorist financing. Common components of these notifications often include additional data and documents justifying the suspicion and aiming at facilitating the proceedings (e.g., account records, copies of documents related to the transactions, etc.).

Table 1 – Number of descriptive notifications received in the period of 2001-2016

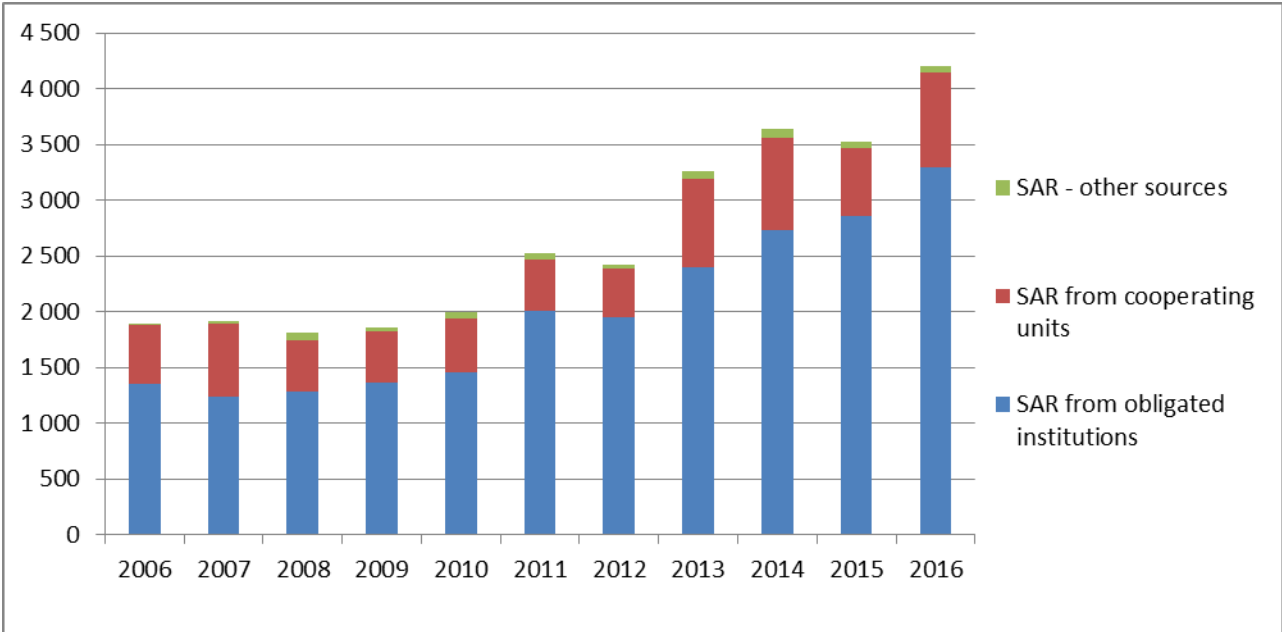
Period	Obligated institutions	Cooperating units	Other sources	Total
2001 (since July)	102	115	14	231
2002	358	237	19	614
2003	739	211	15	965
2004	860	521	16	1,397
2005	1,011	500	15	1,526
2006	1,351	530	17	1,898
2007	1,244	648	28	1,920
2008	1,287	460	68	1,815
2009	1,362	464	36	1,862
2010	1,462	476	59	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	2,863	604	53	3,520
2016	3,291	855	55	4,201

The SARs, 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 received from other sources of information and reduces the implementation time of actions undertaken by the GIFI in cooperation with the prosecution office and the law enforcement agencies.

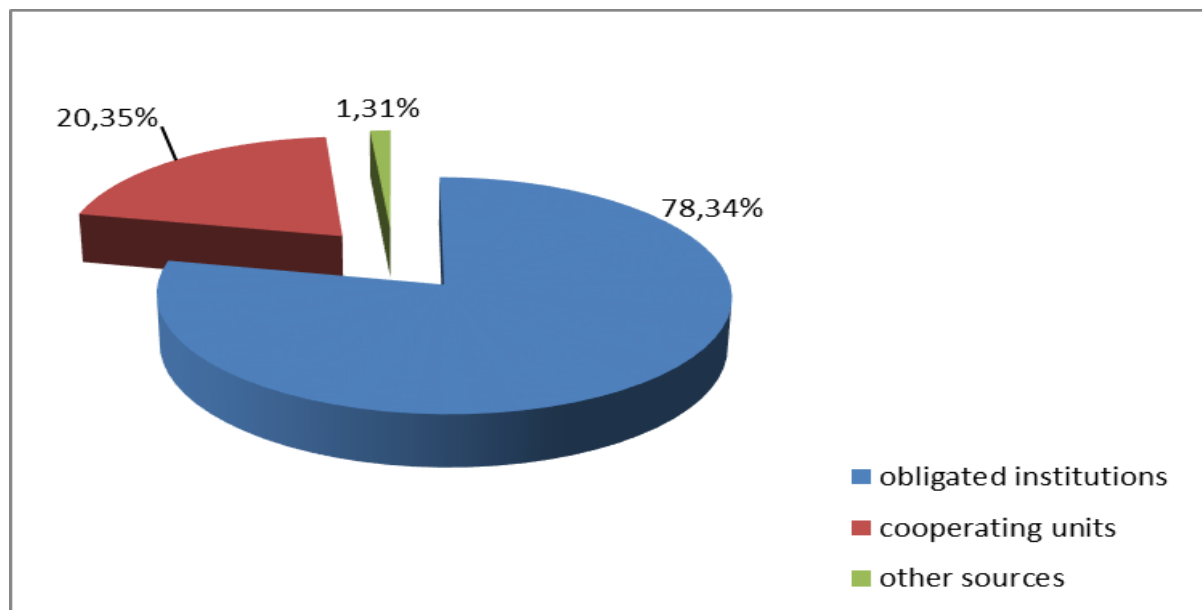
The number of SARs from all sources has remained at a high level for four years (Chart no. 1) and it has been growing year by year. In 2016 it was higher by approximately 69.5% than the average of 2001-2012. This illustrates well the challenges in the work organisation which the Financial Information Department of the Ministry of Finance (MF) has had to face in the recent years while fulfilling the tasks of the GIFI.

Chart 1 - Number of the SARs reported to the GIFI in the years 2006-2016



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

Chart 2 – Sources of SARs in 2016



In 2016, 855 SARs from the cooperating units (CU) were registered. The said number remains at a higher level than the average of 2011-2012, which is probably 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: section 3.1.1.). Owing to this cooperation, the said authorities understand better what money laundering is, which translates into the rapid increase in the number of the SARs submitted thereby.

In 2016, the GIFI received 3.291 SARs from the obligated institutions, whereby their number has been growing nearly uninterruptedly since 2010, and currently it is more than twice as high as the average of the period of 2006-2010. The distribution of the descriptive notifications among the particular groups of institutions by type of activity pursued is illustrated in Table 2.

Table 2 – Distribution of descriptive notifications in 2016 from obligated institutions by type of institution

Type of institution	Number of SARs	Percentage share
Banks/ branches of foreign banks/ branches of credit institutions	2,837	86.20%
Brokerage houses / other entities carrying out brokerage activities	18	0.55%
Cooperative savings and credit unions	33	1.00%
Insurance companies / branches of insurance companies	6	0.18%
Tax advisers, auditors and accountants	12	0.36%
Civil law notaries, legal counsels and attorneys	15	0.46%
Enterprises conducting leasing or factoring business	10	0.30%
Other entrepreneurs receiving payments in cash >=EUR 15,000	34	1.03%
Exchange offices	21	0.64%
Other financial institutions with registered office in the Republic of Poland	3	0.09%

Payment institutions	18	0.55%
Investment fund companies / investment funds	0	0.00%
Public operator within the meaning of the Postal Law	283	8.60%
Entities operating in the field of games of chance / mutual bets / automatic machine games	0	0.00%
Entrepreneur acting as an intermediary in real estate trade	1	0.03%
Entrepreneurs operating in the field of trade in metals and precious and semi-precious stones	0	0.00%
Auction houses	0	0.00%
Total:	3,291	100.00%

In 2016, the GIFI received from the obligated institutions 36,782 pieces of information from the obligated institutions, concerning single suspicious transactions whose circumstances may indicate its association with suspected criminal offence (*Suspicious Transaction Reports - STR*), including 36,756 transactions designated as suspected of money laundering (*Suspicious Transaction Reports on Money Laundering, STR-ML*), and 26 transactions designated as suspected of terrorist financing (*Suspicious Transaction Reports on Terrorist Financing, STR-TF*). The overall number of information of this type submitted to the GIFI comprises:

- information concerning single suspicious transactions submitted by the obligated institutions to the GIFI directly pursuant to Article 11 in conjunction with Article 8(3) of the Act as well as
- information concerning single suspicious transactions submitted by the obligated institutions under the procedure of completion/change of the information submitted formerly pursuant to Article 11 of the Act in conjunction with Article 8(1) of the Act (i.e. information concerning transactions above threshold which, as a result of subsequent analysis, has been recognised as a transaction whose circumstances may indicate its association with suspected criminal offence).

In 2016, information of the latter type, i.e. completion/change of the information submitted formerly as information concerning transactions above threshold – constituted 29.39% (i.e. over 11 thousand) of the total number of submitted STRs. This percentage is significantly lower as compared to that recorded in 2015 (namely, 42.7%, i.e. over 30 thousand). In absolute terms, information related to STRs submitted in 2016 by the obligated institutions constitutes a group significantly smaller than in 2015.¹

¹ 2015 was the first year when the obligated institutions reported a considerable amount of information under this procedure - in previous years such information constituted only a minor share in the total number of STRs. This change in 2015 is most probably caused by the obligated institutions having complied to the GIFI communication on the rules of reporting "suspicious transactions" of 27th January 2015 (published on the website of the Ministry of Finance under the GIFI tab).

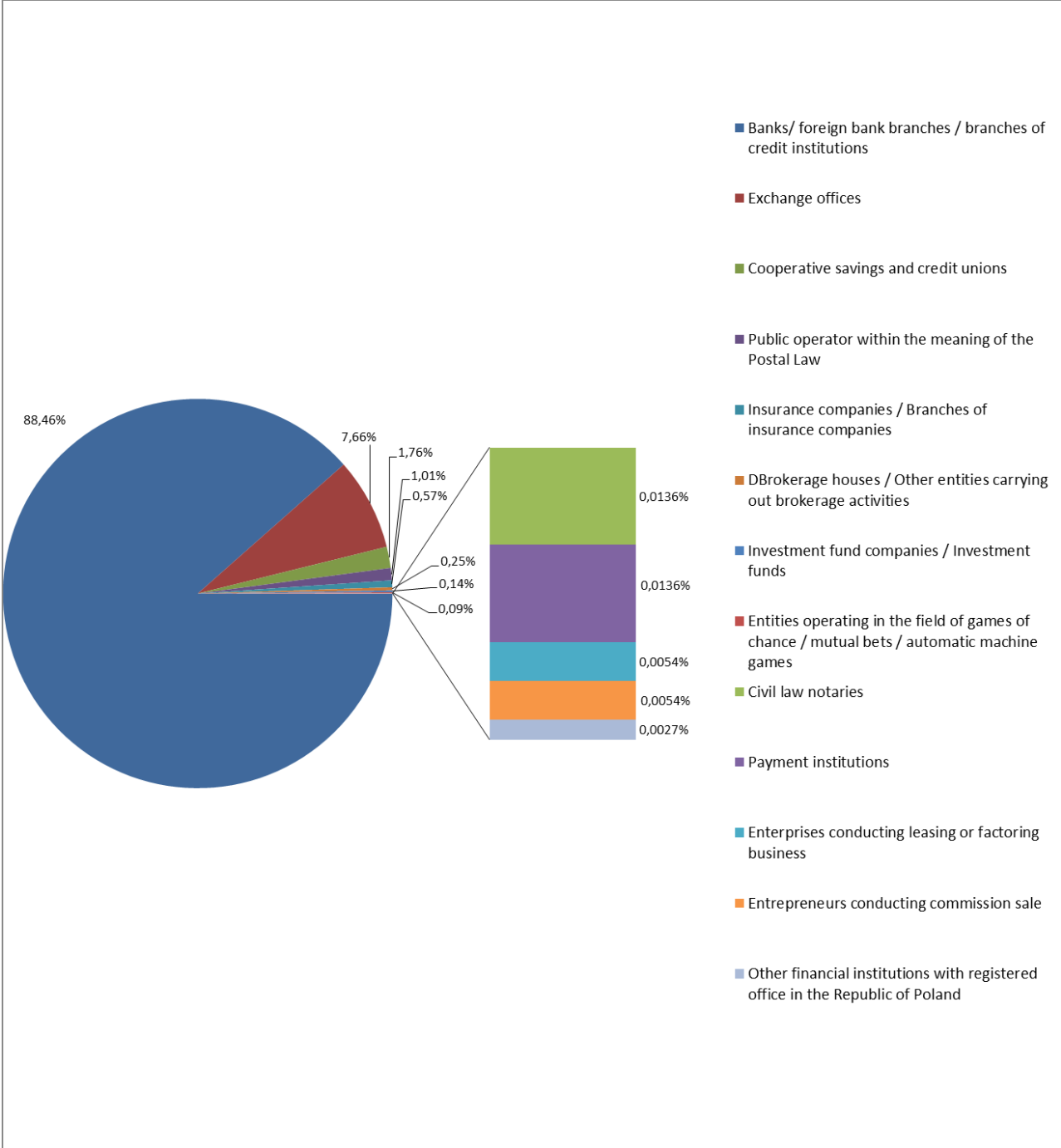
According thereto: "in the case when the obligated institution finds a transaction previously registered as a transaction above threshold, i.e. one referred to in Article 8(1) of the Act, meets the criteria specified in Article 8(3) of the Act, the institution should change the transaction card by entering the proper suspicious transaction code in field 08 - "Kpdjrz" and explaining the suspicious circumstances in field 45, "Comments", and subsequently transmit the information concerning the adjustment of the transaction to the GIFI". Whereby, as explained in an additional communication, such a change is not an adjustment of an error made by the obligated institution, but a change of information concerning the transaction in the register which results from the execution of the obligation to analyse transactions as referred to in Article 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. The compliance with the recommendations of the communication has probably caused that the

The decline in the number of information received by the GIFI in this group and the total number of STRs as compared to the data for 2015 may indicate that the obligated institutions ceased to pay attention to the GIFI announcement related to STR reporting and abandoned the transmission of the STRs associated with the SARs. This is also indicated by the simultaneous growth in the number of SARs submitted to the GIFI. An in-depth analysis of the STRs sent to the GIFI in 2015 showed that there were still problems with clear interpretation of the statutory obligations associated with the principles of reporting information concerning single transactions with circumstances indicating a possible link with money laundering or terrorist financing. Information collected in 2016 indicates that it is necessary to strive to enforce the principles explained in the aforementioned communication of 27 January 2015 and discipline the obligated institutions in this regard.

The distribution of the number of the STRs received in 2016 by the GIFI, depending on the type of obligated institutions is shown in Chart no. 3.

obligated institutions provided the GIFI with more information under the aforementioned procedure than in the previous years.

Chart 3 – Sources of the STRs in 2016



2.2. INFORMATION ON TRANSACTIONS ABOVE THRESHOLD

In 2016, the GIFI received information on almost 32 million transactions under the procedure provided in Article 11 of the Act in conjunction with Article 8(1) of the Act, i.e. on transactions above threshold, with the value exceeding EUR 15,000 (EUR 1,000 in case of casino operators). The information is collected in the IT system of the GIFI and processed at the Financial Information Department of the MF, both for the purposes of analytical proceedings conducted by the GIFI and the analyses carried out as a result of the execution of requests submitted by authorised bodies. The number of such transactions submitted annually to the GIFI remains at a similar level (Chart no. 4), and the distribution of the amount of information received in 2016 depending on obligated institutions of different types is shown in Chart no. 5.

Chart 4 – Amount of information on transactions above threshold received by the GIFI

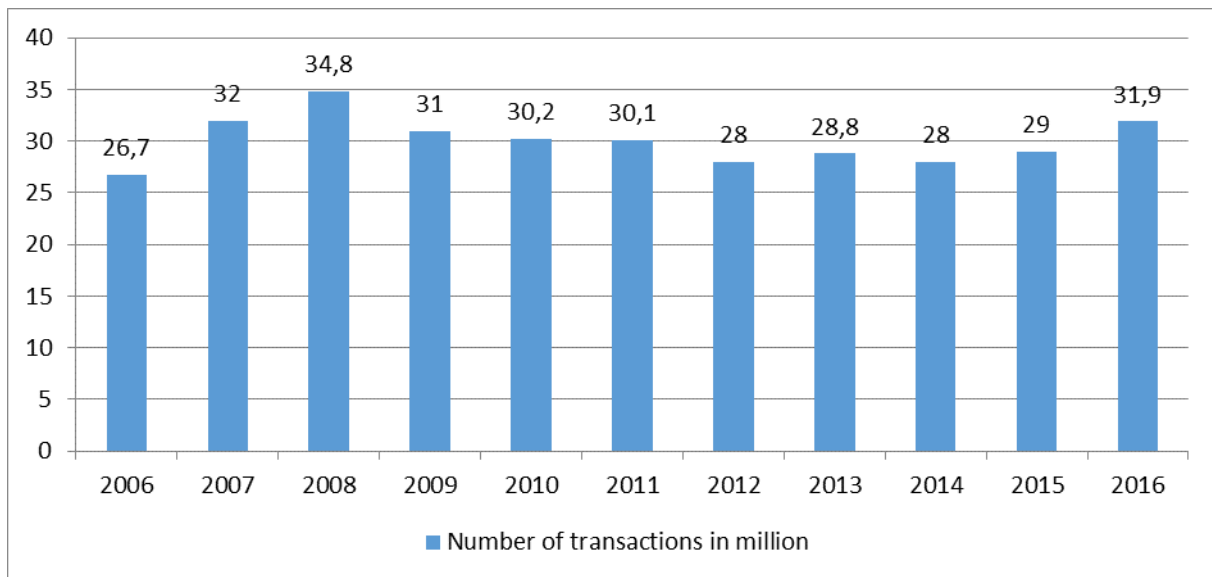
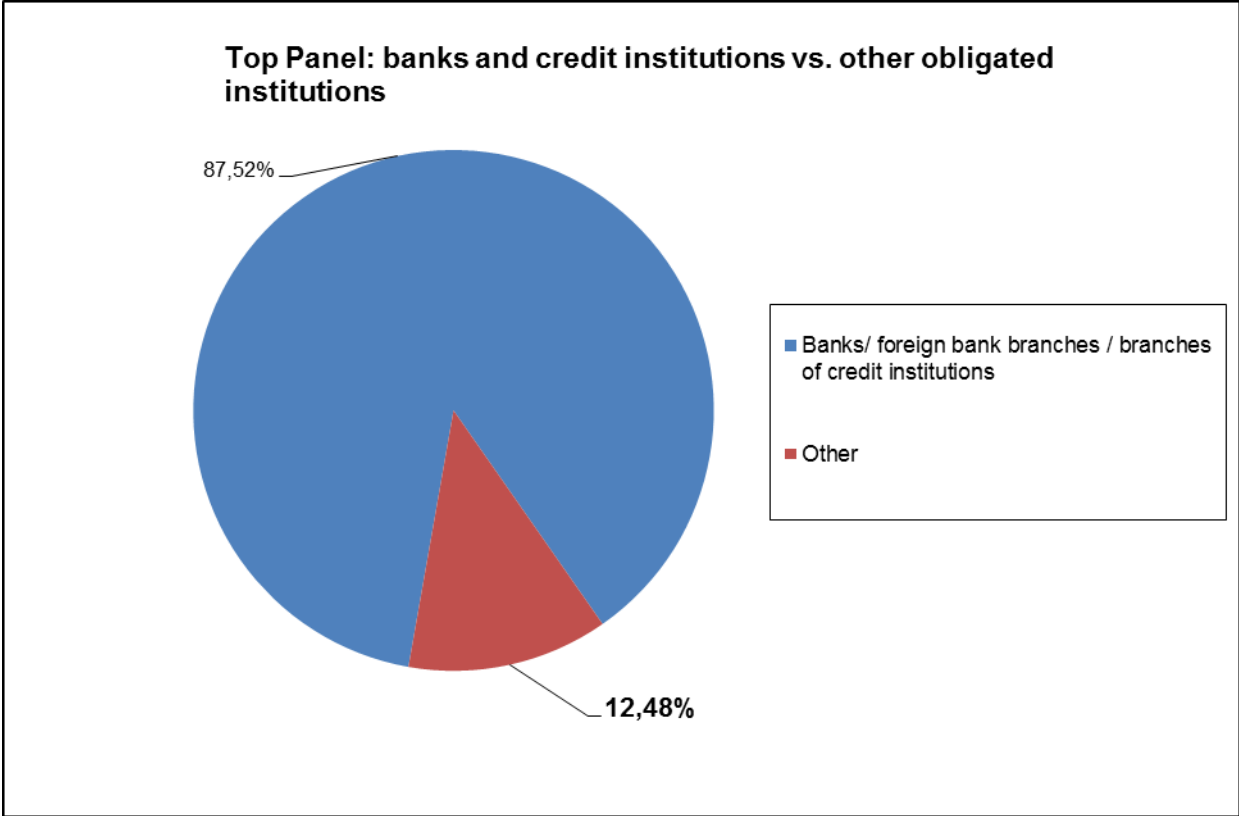
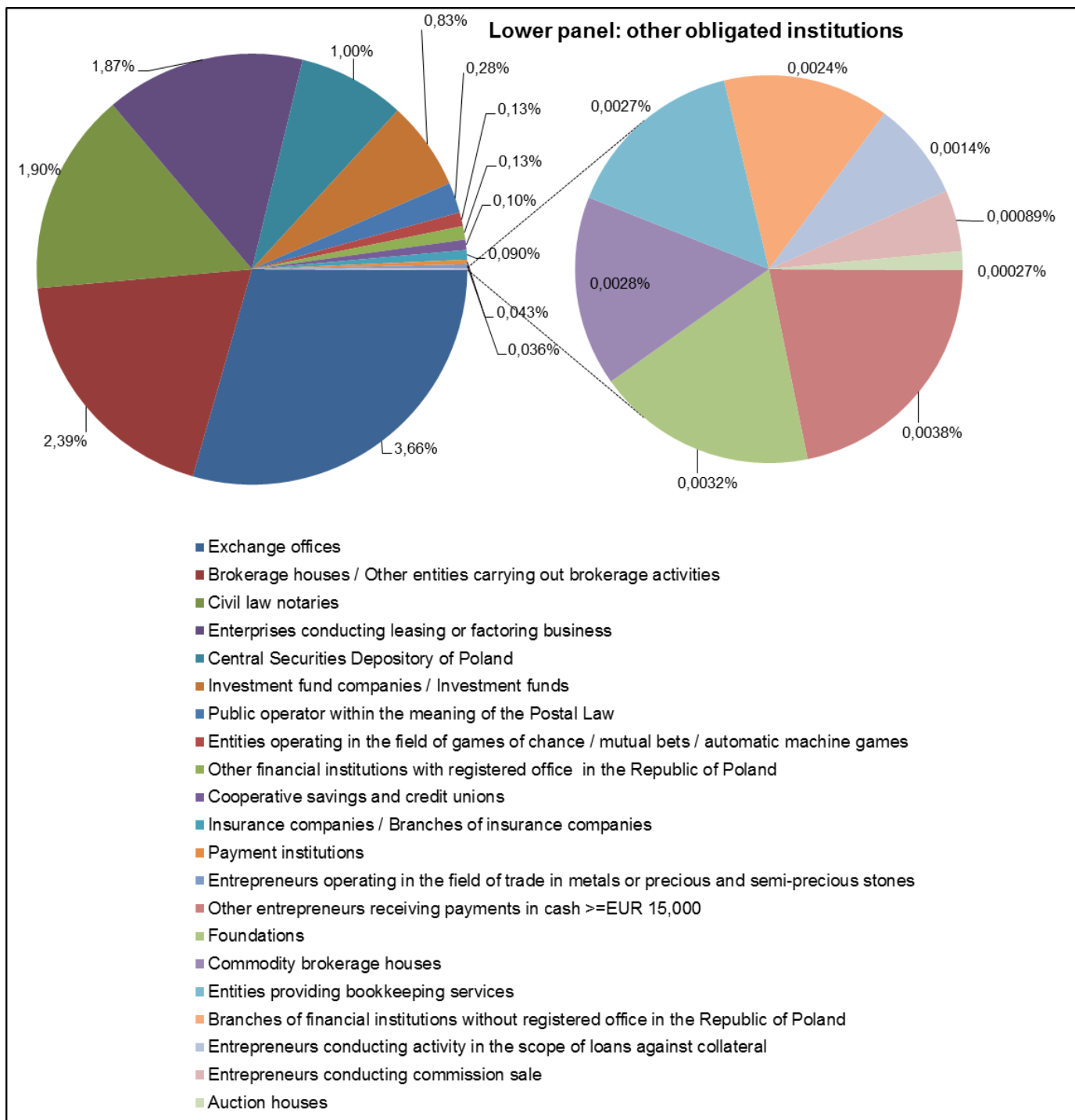


Chart 5 – Sources of transactions above threshold in 2016





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

In 2016, the GIF IT system accepted 120 thousand data files related to the aforementioned transactions. In accordance with the applicable rules, data files are transferred using one of the three electronic channels:

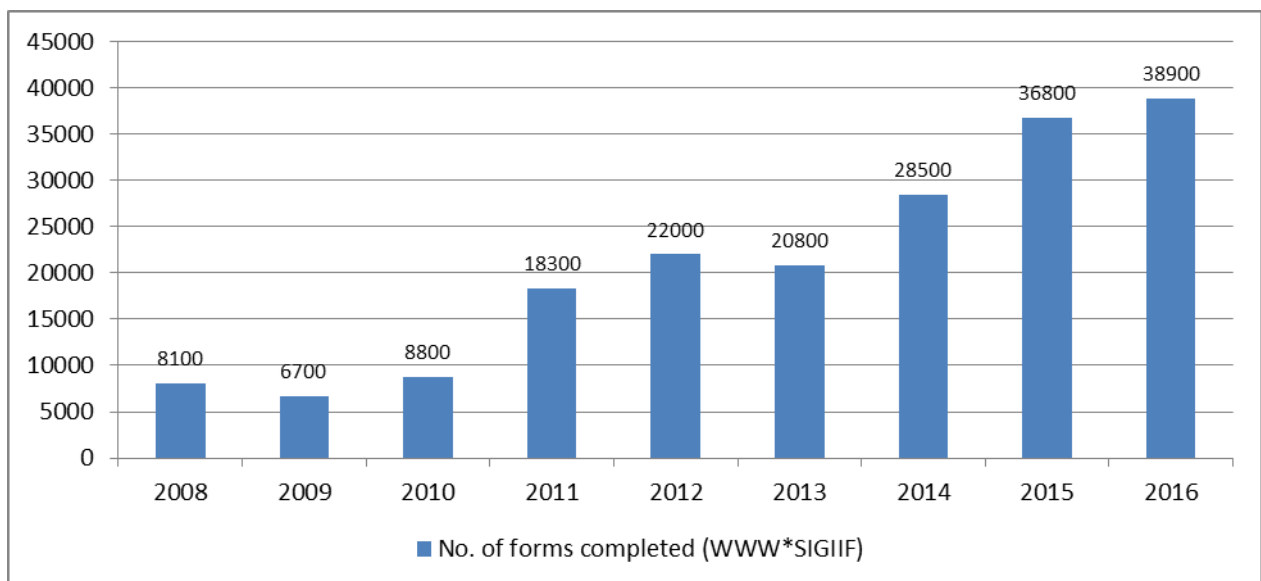
- a secure website of the GIF (in 2016, the GIF received almost 92% of all files this way),

- secure e-mail (in 2016, the GIFI received more than 8% of all files this way),
- CD/floppy disk (in 2016, the GIFI received only 0.09% of all files this way).

In the case of providing information concerning 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 solution is applied mainly by large institutions, which provide monthly information on many transactions; in 2016, 59.6% of all files was submitted this way), 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 2016, 32.4% of all files was submitted this way).

Each year shows a higher amount of information concerning 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, in 2014 the figure reached 28.5 thousand, and in 2015 36.8 thousand transactions and in 2016 – 38.9 thousand (illustration in Chart no. 6).

*Chart 6 - Transactions registered by completing the electronic form of the transaction card directly on WWW*SIGIIF.*



At the same time, a systematic decline referred to the amount of information concerning transactions provided in the form of hard copies of transaction cards 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, 1.2 thousand in 2014, 1.3 thousand in 2015 and 1.0 thousand in 2016). Both those effects result from the continuous measures of the MF Financial Information Department to increase the use of the electronic channel of information exchange by smaller obligated institutions, and show explicitly 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 in the form of hard copies of transaction cards requires proportionately much more time to collect and enter to the databases than information on transactions submitted electronically.

Among the aforementioned over 32 million transactions, submitted to the GIFI databases in 2016, 7.55% comprised transactions qualified by the obligated institutions as cash payments and withdrawals, and 11.46% as transactions involving entities for which the obligated institution indicated the domicile outside the territory of Poland or the nationality other than Polish (3.62% 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, this information was subject to automatic analytical processes. For example, all the information on transactions was verified in terms of potential links with the entities suspected of financing terrorist 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 analytical 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 refers only to 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 Article 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 2016 r. The GIFI received information on more than 8.7 thousand cash transfer declarations, contained in 6 thousand transfer declarations². As in the period of 2011-2015 the

² In accordance with the *Regulation of the Minister of Finance of 17 November 2010 concerning the form and procedure of providing information to the General Inspector of Financial Information by the Border Guard and*

said information was provided using the electronic communication channel - directly to the IT system of the General Inspector of Financial Information.

Within the data submitted in 2016, 7,572 notifications referred to cash entering the territory of the EU and 698 notifications were related to declarations of cash leaving the territory of the EU (the GIFI also received information on 414 cash transfer declarations between the EU Member States and 65 cash transfer declarations between non-EU countries). The number of declarations submitted by the Border Guard bodies and customs authorities in 2016 increased significantly in relation to the previous year when 6.6 thousand declarations were received (a growth by 14%). This is reflected in the total value of amounts declared:

- 1) The amount in PLN calculated based on the annual average exchange rate of a given currency for the funds declared as entering the EU:
 - PLN 537.1 million in 2014,
 - PLN 545.8 million in 2015,
 - PLN 830.9 million in 2016,
- 2) The amount in PLN calculated based on the annual average exchange rate of a given currency for the funds declared as leaving the EU:
 - PLN 72.4 million in 2014,
 - PLN 96.4 million in 2015,
 - PLN 120.2 million in 2016.

The value of the cash declared for import to the EU amounted to³:

- EUR 114.8 million (EUR 71.1 million in 2015, EUR 78.4 million in 2014, EUR 149 million in 2013),
- USD 62.4 million (USD 46.8 million in 2015, USD 46.2 million in 2014, USD 34 million in 2013),
- RUB 0.25 billion (RUB 0.75 billion in 2015, RUB 0.46 billion in 2014, RUB 1.7 billion in 2013),
- PLN 27.9 million (PLN 15.3 million in 2015, PLN 8.9 million in 2014, PLN 6.2 million in 2013),
- CAD 1.83 million (CAD 1.61 million in 2015, CAD 1.29 million in 2014, CAD 1.0 million in 2013),
- GBP 2.82 million (GBP 0.43 million in 2015, GBP 0.96 million in 2014, GBP 0.5 million in 2013),
- AUD 0.42 million (AUD 0.43 million in 2015, AUD 0.56 million in 2014, AUD 0.2 million in 2013),

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million zloty following the conversion according to the annual average exchange rate of

customs authorities (Journal of Laws of 2010 no. 233, item 1526), the GIFI receives declarations on cash import/export, separately for each type of funds imported/exported reported in a single transfer declaration.

A part of 6 thousand transfer declarations contains more than one notification of a given type of funds.

³ The data ranked by the value in PLN calculated for the annual average value of a given currency in 2016

a given currency in 2016. Furthermore, the information concerning declarations submitted to the GIFI were also related to the transfer of cash with lower amount values in 35 other currencies. In 2015 this included 12 other currencies, which means a significant extension of the range of reported currencies, in particular, declared transfers of considerable amounts of funds in Indonesian Rupiah - IDR, Philippine Peso - PHP, United Arab Emirates dirham - AED, Thai Baht - THB and Libyan Dinar - LYD are noticeable. The information on cash entering the territory of the EU included also declarations concerning gold ounces (XAU). A closer analysis of information derived from the said declarations shows, however, that most of them include incorrect or inaccurate data, e.g. the additional description indicated many times that the numeric values in the declaration form refer to grams of gold, while the XAU symbol represents gold ounces (which definitely changes the value of the funds declared). The phenomenon described above indicates the necessity to strengthen the control over the quality of data concerning import of funds declared at the borders.

Import was most frequently declared by the citizens of Ukraine (in 64.2% of cases), the citizens of Russia (in 17.9% of cases), Poland (in 7.8% of cases), Belarus (in 2.3% of cases), and Vietnam (in 1.1% of cases), and in addition, by the citizens of 63 other countries. Export was most frequently declared by the citizens of Poland (in 48.3% of cases), Russia (in 26.1% of cases), Ukraine (in 4.0% of cases), Philippines (3.3% of cases), Turkey (in 2.6% of cases), the United States (1.9% of cases), Vietnam (1.6% of cases), Canada (1.3% of cases), Germany (1.3% of cases), Iran (1.1% of cases) and China (1.0% of cases) and, moreover, by citizens of 23 other countries.

As to the directions from which the funds are entering the EU, 66.5% of declarations regarded funds imported from Ukraine, 21.6% from Russia, 2.8% from Belarus, 1.4% from Vietnam. Other declarations referred to import from 54 other jurisdictions.

On the other hand, the value of cash declared for export from the EU amounted to⁴:

- USD 13.6 million (USD 12.3 million in 2015, USD 11.9 million in 2014, USD 8.3 million in 2013),
- PLN 37.6 million (PLN 22.5 million in 2015, PLN 16.4 million in 2014, PLN 0.8 million in 2013),
- EUR 5.4 million (EUR 5.4 million in 2015, EUR 3.6 million in 2014, EUR 3.1 million in 2013),
- CAD 1.0 million (CAD 0.5 million in 2015, CAD 0.3 million in 2014, CAD 0.5 million in 2013),
- CHF 0.27 million (w CHF 5 thousand in 2015, CHF 0.7 thousand in 2014, CHF 19.8 thousand in 2013).

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million zloty following the conversion according to the annual average exchange rate of a given currency in 2016. Furthermore, the information concerning declarations submitted to the GIFI were also related to the transfer of cash with lower amount values in 16 other currencies. In 2015 this included 7 other currencies, which confirms, similar to import, the observed significant extension of the range of reported currencies as well as the necessity to

⁴ The data ranked by the value in PLN calculated for the annual average value of a given currency in 2016.

the necessity to strengthen the control over the quality of data concerning import of funds declared at the borders.

In case of export of funds from the EU the most frequently declared destinations included Russia (32.2% of cases), Turkey (7.9% of cases), China (6.0% of cases), USA (5.2% of cases), Ukraine (4.4% of cases), Marshall Islands (3.4% of cases), Canada (3.2% of cases), Liberia (2.6% of cases), Panama (2.3% of cases), Thailand (2.0% of cases), Cameroon (1.9% of cases), Hong Kong (1.7% of cases), the Bahamas (1.6% of cases), Norway (1.6% of cases), Vietnam (1.6% of cases), Georgia (1.4% of cases), Iran (1.1% of cases), United Arab Emirates (1.1% of cases) and Singapore (1.0% of cases). Other declarations referred to export to 47 other jurisdictions.

3. ANALYSES

3.1. COUNTERACTING MONEY LAUNDERING

The underlying 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, 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. All the aforementioned measures are undertaken in order to carry out a comprehensive analysis of collected information in terms of committing a crime of money laundering or terrorist financing by suspected entities. 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 its statutory tasks in 2016, the GIFI instituted 2,506 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 2016 the number of analytical proceedings instances carried out by the GIFI increased by over 12.4% 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.

As a result of the analytical proceedings conducted:

- 1) 202 notifications on suspicion of committing the offence of money laundering were submitted to territorially competent prosecution offices (pursuant to Article 31(1) or Article 18 or Article 18a of the Act). The total amount of asset values constituting the object of the offence suspicion was approx. PLN 17.9 billion. The notification were drafted based on the information held by the GIFI, the processing or analysis thereof. At the same time, the GIFI provided the prosecution also with the materials held which substantiate the suspicion of money laundering. Besides the aforementioned main

notifications, the GIFI also submitted 200 (so-called supplementary) notifications to prosecution offices containing 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 resulted. The total amount of asset values constituting the object of the offence suspicion in those materials was approx. PLN 0.7 billion.

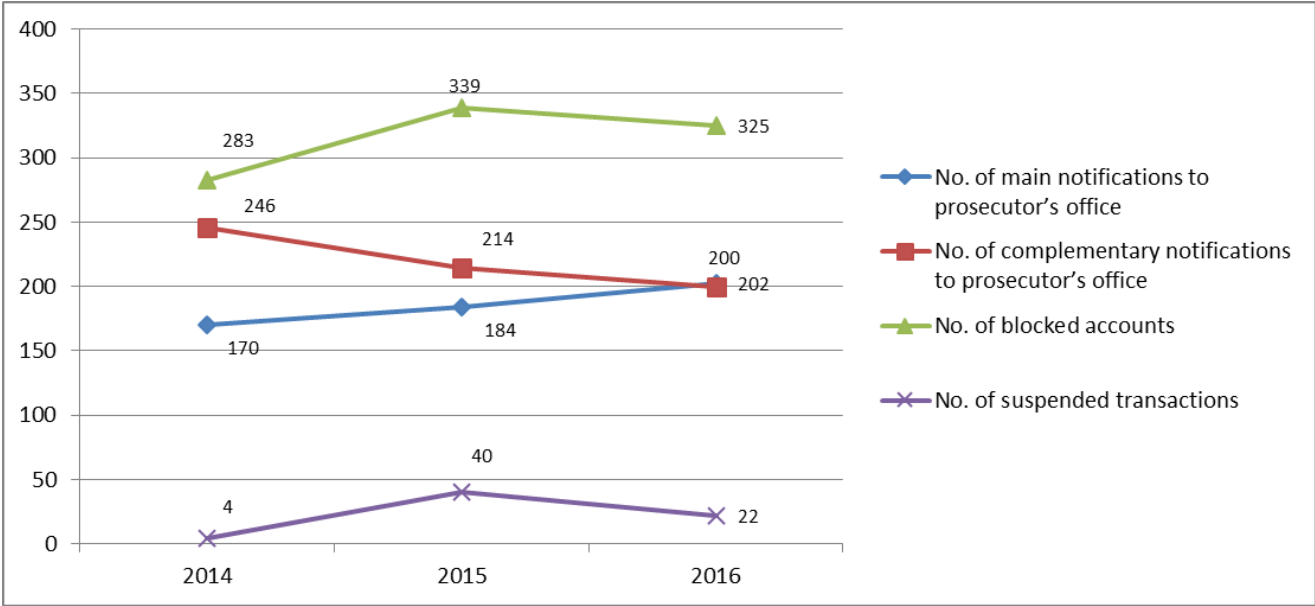
In the aforementioned notifications (both main and supplementary) premises were contained justifying the institution of criminal proceedings against 1,998 entities.

- 2) 325 accounts were blocked, on which funds of the total value of approx. PLN 171.3 million were collected, and 22 transactions were suspended, amounting to approx. PLN 31.2 million (pursuant to Article 18 or 18a of the Act). At the same time, 295 accounts were blocked under Article 18a of the Act, i.e. on the own initiative of the GIFI, on which funds of the total value of approx. PLN 166.1 million were collected and one transaction amounting to approx. PLN 2.1 million was suspended. 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 of accounts: 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) 2,205 pieces of information were submitted to authorised bodies and units pursuant to Article 33(3) of the Act (i.e. on the own initiative of the GIFI).⁵:
 - 1,510 to treasury control authorities,
 - 324 to the Police, including the Central Bureau of Investigation of the Police (CBŚP),
 - 193 to the Internal Security Agency (ABW), including the Counter-terrorist Centre (CAT ABW),
 - 124 to the Tax Chambers,
 - 15 to the Border Guard (SG),
 - 7 to the Financial Supervision Authority (KNF),
 - 32 to the Central Anti-Corruption Bureau (CBA).

Chart no. 7 below presents changes in the quantity of notifications submitted to prosecutor's offices, suspended transactions and account blockades in 2014-2016.

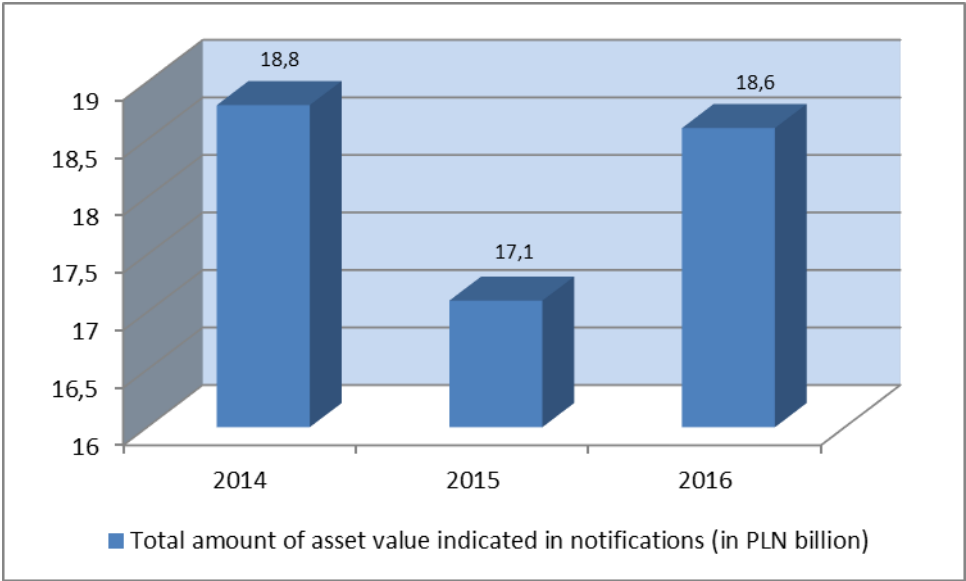
⁵ This number of notifications also comprises the notifications referred to in Chapter 3.2.

Chart 7 – Specification concerning the number of notifications submitted to prosecutor’s offices, account blockades and suspended transactions in 2014-2016



Last year the total amount of asset values which were the object of suspected crime and were indicated in notifications submitted to prosecutor’s offices (both main and supplementary) reached approx. PLN 18.6 billion. Thus, it was higher by 8.8% than in 2015 but its level was comparable to 2014.

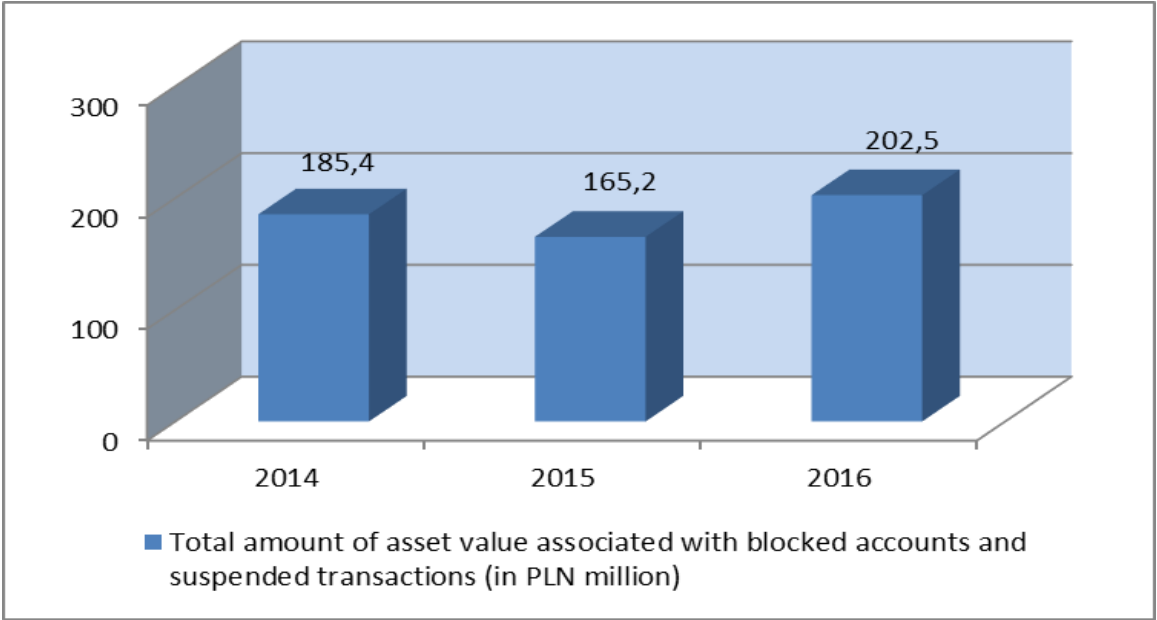
Chart 8 – Specification concerning the total amount of asset values indicated in notifications submitted to prosecutor’s offices in 2014-2016



In case of asset values which were object to transactions suspended by the GIFI, as well as those deposited on accounts blocked by the GIFI, their total amount was definitely higher

than in the previous years (by 8.4% in relation to the total amount of 2014 and by 18.4% in relation to the total amount of 2015, respectively).

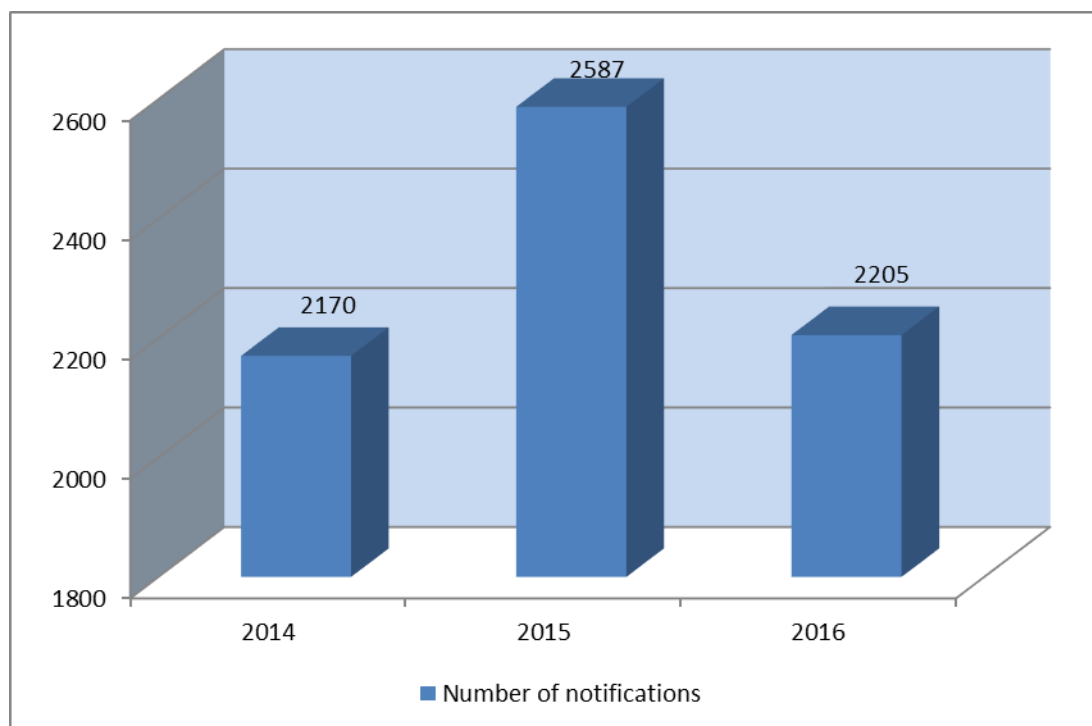
Chart 9 – Specification concerning the total amount of asset values associated with blocked accounts and suspended transactions in 2014-2016



In 2016, the GIFI submitted the largest number of notifications pursuant to Article 33(3) of the Act to treasury control authorities. As in the previous years, the vast majority of the notifications indicated the 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 2 requests to tax authorities to investigate whether the origin of certain asset values is legitimate, in order to explain their sources.

Chart 10 – Specification regarding the number of notifications under Article 33(3) of the Act in 2012-

2016



In many cases, the notifications submitted by the GIFI to treasury control authorities pursuant to Article 33(3) of the Act constituted 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. On multiple occasions the control proceedings demonstrated 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 State 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 evidence constituted the basis to initiate inquiries on fiscal offences, which were then transformed into investigations conducted under the supervision of prosecutor’s offices. As a result of the coordination of actions, the GIFI participated in such prosecution investigations, providing evidence 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 CBŚP) and the Internal Security Agency (ABW). The notifications contained 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 pending proceedings. The information provided to Internal Security Agency (ABW) 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 as well as

offences regarding the production and trading in items and technologies of strategic importance for the State security, the illegal manufacture of, possession of, and trading in weapons, ammunition, explosives, 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.

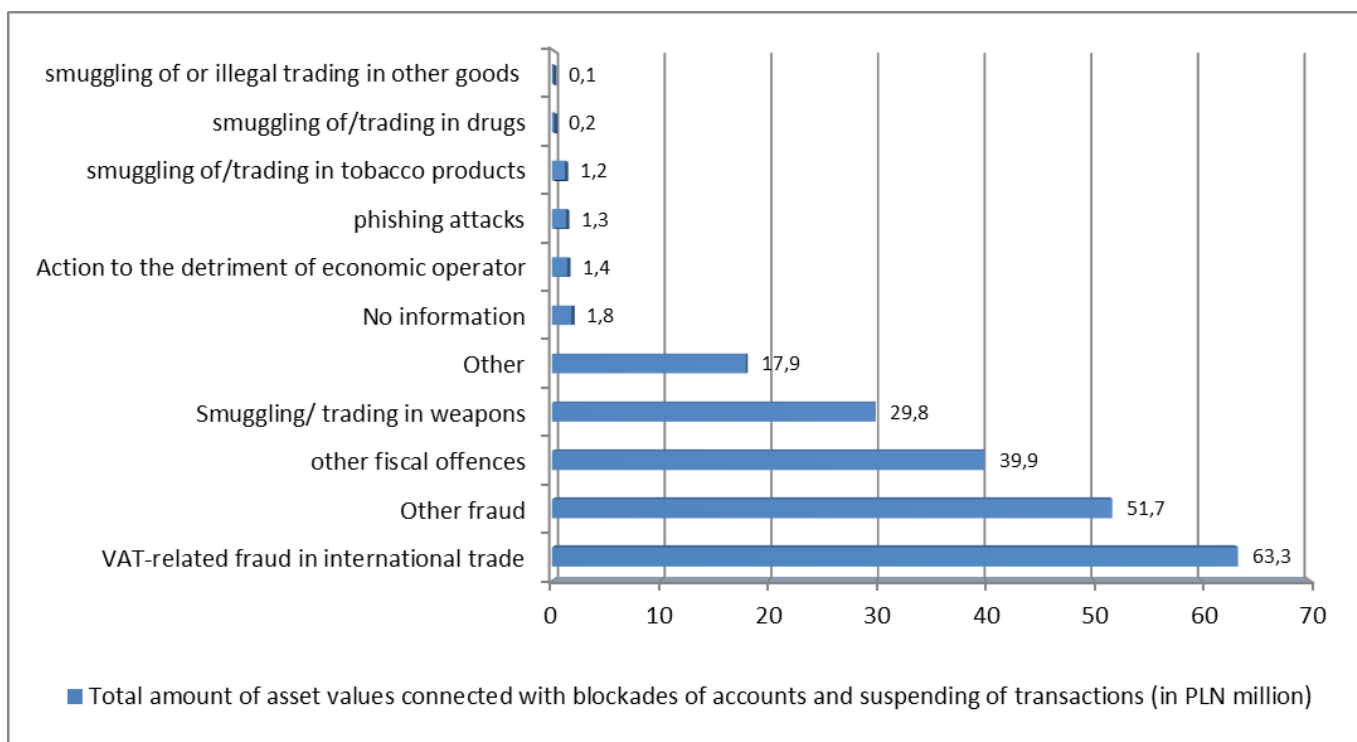
The notifications submitted by the GIFI under Article 33(3) of the Act, including comprehensive analysis of suspected and unsubstantiated financial flows, following the verification and performance of the statutory actions by the law enforcement authorities, constituted comprehensive evidence providing 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, 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 illegal pharmacological substances. The information provided by the GIFI was frequently the basis for prosecutors for drafting written requests to the GIFI for disclosure of information gathered in the manner and within the scope provided in the Act for the purpose of the pending criminal proceedings.

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 associated with committing a prohibited act. Under the conducted analytical proceedings, the GIFI has rarely a possibility to raise a suspicion related to the predicate offence underlying money laundering. Such information is most commonly available to the GIFI while blocking accounts or suspending transactions.

The chart below presents the distribution of the amount of asset values deposited on accounts blocked by the GIFI or associated with transactions suspended by the GIFI in 2016, by the typology for possible predicate offences underlying money laundering.

Chart 11 – Classification of asset values deposited on blocked accounts or being subject to suspended transactions by types of suspected predicate offences



According to Article 4a(3) of the Act, the Minister of Justice shall provide the GIFI with the aggregated data “on the number of criminal proceedings, the number of persons in respect to whom the proceedings were instituted and persons convicted of offences, 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 following the end of the year for which information is provided.”

According to the data provided by the Ministry of Justice in the letter of 10 March 2017, in 2016, 113 criminal proceedings instances regarding the offence under Art. 299 of the *Penal Code* were instituted against 232 persons. Under the said proceedings the seizure of asset values for the amount of PLN 5,802,326 was performed and the forfeiture of property with the total value of PLN 47,852,874 was adjudicated.

According to the information provided by the National Prosecutor’s Office, in 2016 prosecutors instituted 278 new cases related to money laundering offences in which 206 suspects were identified (in total, last year they conducted 817 of such proceedings referring to 2,388 suspects).

In addition, in 2016, in connection with conducted cases concerning the offence of money laundering, the following activities were performed by prosecutors:

- 66 indictment acts were drawn up against 137 persons,
- 25 applications were filed (concerning 97 suspects) pursuant to Article 335 § 1 of the *Code of Criminal Procedure*, for adjudication of the “conviction and adjudication of penalties agreed with the accused person or other measures envisaged for the offence he/she is accused of, taking into account the legally protected interests of the victim” in connection with the accused persons’ confession of guilt,

- 89 investigations were discontinued,
- in 15 cases initiation of investigations was denied,
- 100 judgements convicting 251 people were passed.

In terms of effects of cases initiated on the basis of the GIFI notifications, the National Prosecutor's Office indicated 29 indictments and applications submitted pursuant to Article 335 § 1 of the *Code of Criminal Procedure* in connection with committing criminal offences defined in Article 299 of the *Penal Code*, referring to 105 accused persons and 21 verdicts referring to 87 convicts.

3.1.2. SAMPLE DIRECTIONS OF ANALYSES

Laundering of money originating from fiscal offences

Similar to previous years, 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 also act against the interest of the economic circulation participants, disturb fair competition, and posing threat to other entities acting in compliance with the law. In 2016 state institutions focused particularly on the so-called "tightening of the VAT system" and on combating fiscal offence; the GIFI actively participated in those activities. Therefore, the GIFI and the cooperating units are constantly intensifying their efforts aimed at detecting and counteracting tax fraud.

As in the previous years, in 2016, the most common area indicated in the notifications addressed to the GIFI included transactions aimed at the extortion of undue tax refund or failure to pay the VAT due, resulting in significant loss of revenue of the State Treasury, simultaneously posing risk to the entities legally operating in the specific sector. The notifications from the obliged institutions and cooperating units referred mainly to the trade in fuel, electronic devices, food products and textiles. The transactions described in those notifications are carried out by the affiliated and cooperating entities. The organisers of that criminal practice transfer 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. Such transfers are not associated with the real sale of goods whereas very often, companies and firms involved in this procedure, operate for a short period of time, being from time to time replaced by successive entities, fulfilling the role of "missing taxpayers". In case of intra-Community transactions, such companies usually transfer the funds to the accounts of foreign customers. They are, on the other hand, supplied by the legally operating entities which fulfil their obligations towards the tax authorities. These are intermediary companies, playing the role of the so-called "buffer" whose purpose is to conceal the virtual nature of the commercial trade in domestic transactions. The analyses show that the same money is often in circulation between the entities.

Laundering money originating from fiscal offence using trading in fuel

In 2016 the GIFI carried out many analytical cases related to trading in fuel. One of them referred to fuel trade where the main entity operated a tax warehouse. The company did not hold the OPZ or OPC concession since it stored fuel in favour of other entities holding the relevant licences. The entity under

analysis dealt with the production of oil for industrial purposes (declared as lubricants, anti-corrosion oil, oil for tank cleaning, and other), using diesel oil as the basic commodity, thus simulating the production of articles which were later sold on the domestic market as diesel fuel (the substitute of ON - diesel oil), with the margin increased by non-assessed value added tax, excise tax and fuel fee. The diesel oil purchased from the tax warehouse was referred to as the “gas oil”, which was determined by the intention to provide the product with a false apparent identity other than that of the diesel oil. The production consisting in adding other commodities to the diesel oil (e.g. vegetable oil, underlying aliphatic alcohols, anti-corrosion additives, kerosene, and other) was carried out with the purpose of changing the classification of the finished product, consequently depriving the product of parameters required for its use as a substitute of diesel oil.

Owing to the cooperation of the GIFI with the law enforcement authorities, the Treasury Control Office and banks, it was possible to block funds on accounts belonging to the analysed company.

Laundering money originating from fiscal offence using trading in collagen

Collagen is the main protein of the connective tissue. This component occurs in many tissues of an animal body and its structure is diversified depending on its function and place of occurrence. Collagen has many applications, from food to medicine. It is responsible, inter alia, for skin elasticity, therefore, it is widely used in the manufacturing of cosmetics. Due to the same transport method of both collagen and fuel (a tanker) and the price of collagen which is significantly higher as compared to fuel, this substance may be used by criminal groups for the purpose of tax offence, instead of fuel.

In 2016, the Treasury Control Office, in collaboration with the GIFI and the law enforcement authorities conducted the action against the criminal group involved in tax fraud in the scope of trading in chemical components used for production of luxury cosmetics (collagen). The materials gathered on the case indicated that entities engaged in the procedure had created a chain of transactions using the mechanism of so-called “missing taxpayer”.

“Missing taxpayers”, i.e. entities formally registered for the needs of the value added tax, purchased goods (including intra-Community acquisition) and subsequently delivered them failing to transfer the tax amounts due to the tax office account. The objective of “missing taxpayers” was, inter alia, to generate benefits for the last entity in the chain - a “broker” who traded products from which the value added tax due to the State Treasury had not been paid.

The GIFI analysis covered mainly entities acting as a “broker” and “buffer” within the path of links. The funds accepted by the aforementioned entities to their accounts were mainly acquired from tax offence and originated from “missing taxpayers” participating in the intra-Community trading in collagen. Due to the gathered material and the aforementioned collaboration with cooperating units and banks funds were blocked on accounts of analysed companies. The information held by the GIFI indicates that entities participating in the said case, failing to pay the tax, overestimated the value of invoices (even ten-fold) and within the chain of transactions export at a rate of 0% to entities registered in Asian tax havens was also invoiced.

Laundering money originating from unfair commercial practices with the use of so-called “financial pyramid”

In 2016 the GIFI received several notifications the analysis of which indicated conducting activity consisting in collecting funds of natural persons, legal persons or organisational units without holding the relevant administrative and legal licence in order to grant credits, cash loans or charging those funds with a risk in other way (i.e. the offence arising from Article

286 § 1 of the Penal Code in conjunction with Article 171(1) *of the Act of 29 August 1997 - Banking Law*⁶).

One of the analyses conducted revealed accepting payments of natural persons, followed by transfer of the funds abroad, often outside the area of jurisdiction of Polish law enforcement authorities. Subsequently, the funds were transferred to other natural persons (e.g. citizens of Singapore, Hong Kong, Albania) and deposited on accounts maintained on transaction platforms enabling performing risky financial investment of speculative nature.

Other analytical case regarded the procedure consisting in performing banking activities comprising accepting of cash contributions intended for investment in arts. Meetings with potential clients were of closed nature and took a form of exclusive business meetings during which the purchase and sales agreement was signed. The buyers did not actually purchase pieces of art and transactions were only confirmed by a certificate. The transfer of funds in favour of various entities and the partial return of those funds to the account of the procedure organiser was aimed at creating the impression of performing legal transactions. The probable objective of such activities was only to pretend investing funds in advisory firms, potentially dealing with the generally accepted cultural activity.

Another analytical procedure was related to the company operating an Internet platform intended, inter alia, for communication or file sharing. However, the major method of the entity's operation was based on recruiting consecutive persons to the system and encouraging them to register against payment, whereas the adequately more expensive package was to guarantee higher profits. The analysis of the material revealed that accounts of the company were supplied by transfers or cash payments originating from various natural persons, mainly from Poland. Subsequently, a part of the funds was withdrawn in cash or transferred to personal accounts of the procedure organisers.

It should be stressed that the mechanism of operation of "financial pyramids" is often hidden by means of apparent offering of investment in specific assets. It happens very often that participants realise that they had been cheated only when the organiser has difficulties related to settlement of liabilities or only if the pyramid goes bankrupt.

The financial pyramid operates until the sum of cash withdrawn by participants is insignificant in relation to new funds flowing into the system. Withdrawals of funds in favour of first participants of the pyramid dull vigilance of consecutive participants, counting on apparently easy and high profits.

In connection with the findings in the scope of conducted analyses, the GIFI submitted notifications, on a case by case basis, to the Polish Financial Supervision Authority and notifications to the Prosecutor's office concerning the suspicion of committing the offence referred to in Article 299 of the Penal Code.

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,

⁶ i.e. Journal of Laws of 2016, item 1988, as amended.

and providing that information to the competent services. Due to the diversity of sources used to finance terrorist, 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. The GIFI also initiated own analyses in connection with media reports on terrorist attacks or search for persons associated with terrorist attacks.

In performing its statutory tasks related to counteracting terrorist financing in 2016, the GIFI initiated 89 analytical proceedings related to 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 as well as information or applications received from foreign financial analysis entities (hereinafter referred to as FIU). Reports of the American FIU (FinCEN) which provided the GIFI with 102 reports connected with the suspected terrorist financing constituted a significant group. Moreover, in one case, proceedings were instituted on the basis of so-called own analysis following the media reports concerning the terrorist attack in Western Europe and in another case - after the report concerning the search for the Polish citizen linked with a terrorist organisation. The basis for instigating the proceedings was the information on transactions executed by entities coming from or conducting activity in countries suspected of supporting terrorist, 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. the European Union 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 majority of analyses conducted concerned entities coming from Iraq and Syria, and from neighbouring states such as Iran, Jordan, Saudi Arabia, and Turkey as well as Russia and Central Asia countries. The verification covered, in particular, transactions for which it was difficult to find economic justification, transactions of foundations associated with the Muslim countries of which the GIFI was notified as organisations potentially financing terrorist organisations, non-bank transfers (inter alia, Western Union transfers) and cash transactions performed by non-residents in Poland as well as transactions related to acquiring the support in obtaining documents providing for foreigners' legal stay in Poland. The object of analytical proceedings were also numerous transactions carried out by Polish entities which accepted or transferred funds for persons coming from the said high-risk countries. In this scope, the GIFI also cooperated with competent authorities mainly by verifying the legitimacy of sale transactions of weapon, especially in international trade, when there was suspicion of transferring it for benefit of terrorist organizations.

As a result of the conducted analyses associated with the aforementioned issues, the GIFI sent the total of 108 notifications pursuant to Article 33(3) of the Act:

- 103 notifications to Internal Security Agency (including to Anti-Terrorist Center/CAT),
- 2 notifications to the Central Bureau of Investigation of the Police,
- 1 notification to the National Border Guard Headquarters,
- 1 notification to the Criminal Bureau of the National Police Headquarters,

- 1 notification to the Treasury Control Office in Warsaw.

According to the information held, in 2016 the prosecutors conducted 4 cases related to the offence defined in Article 165a of the *Penal Code*. In one case, charges were brought against 4 persons. This case was concluded with the indictment act.

In April and July 2016, the GIFI provided special instructions to the obligated institutions concerning the analysis of suspicious transactions in connection with the growth of terrorist threat during the NATO Summit in Warsaw on 8-9 July 2016 and the World Youth Day in Cracow on 26-31 July 2016. In this period, GIFF employees were on special duty in case of occurrence of events of terrorist nature.

The General Inspector is a member of the Inter-ministerial 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. In 2016 the Team discussed, inter alia, the directions of the project concerning the comprehensive regulation in the scope of detecting, preventing and counteracting threats of terrorist nature and simultaneously fast completion of the works concerning the Act on the counter-terrorist activities. The scope of ITTT's activities also covered the development of cooperation of the Team members with the purpose of comprehensive securing of the World Youth Day and the NATO Summit held in Poland. While executing its tasks arising from the adoption of the resolution on the National Counter-terrorist Programme 2015-2019, the GIFI provided members of the Team with information and documents of international organisations acting in the area of counteracting financing of terrorist (documents of the EGMONT Group and FATF) as well as informed of the progress of the European Union works concerning the so-called Fifth Directive (i.e. The Directive amending the Directive of the European Parliament and of the Council (EU) 2015/849⁷). The draft provisions of the Fifth Directive constitute a significant indicator for directions of the new *Act on Counteracting Money Laundering and Terrorist Financing* through legislative assuring greater transparency of financial transactions and identification of entities of corporate nature as well as constitute a significant step on the way towards increasing the effectiveness of EU efforts in combating financing of terrorist activities. The substantive support of the GIFI activities was provided through participation of experts representing the Financial Information Department of the MF in the works of the Task Force – Standing Expert Group (SEG).

⁷ Directive of the European Parliament and of the Council (EU) no. 2015/849 of 20 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 (OJ L 141, 05.06.2016, p. 73).

4. CONTROLS

4.1. CONTROLS CONDUCTED BY THE GIFI

In 2016, the GIFI conducted 15 controls in the following obliged institutions:

- banks – 6,
- civil law notaries – 3,
- entrepreneurs pursuing factoring activity – 1,
- insurance companies – 1,
- investment fund management companies – 2,
- entities pursuing activity in the scope of currency exchange – 1,
- auction houses – 1.

As a result of the conducted controls, irregularities in the performance of obligations under the Act by the obligated institutions were revealed. The irregularities included:

1) Formal irregularities:

- failure to adjust internal procedures to the provisions of the Act,
- irregularities in the scope of completing transaction cards.

2) Substantive irregularities:

- registration of transactions while missing the time limit specified in § 2(2) of the *Regulation of 21 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 register transactions of the equivalent value exceeding EUR 15,000 referred to in Art. 8(1) of the Act,
- failure to fulfil the obligation to notify the GIFI of transactions referred to in Article 16(1) and Article 17 of the Act,
- failure to document and file results of the current analysis of all transactions conducted, imposed by Article 8a of the Act,
- failure to provide the GIFI with documents related to transactions referred to in Article 8(1), missing the time limit for providing the GIFI with the documents concerning the transactions,

- failure to apply customer due diligence measures referred to in Article 8b(3)(2) and (4) of the Act,
- 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.

The GIFI issued post-control recommendations to the obligated institutions concerning the irregularities found. Among others, the following recommendations were issued:

- adjustment of the internal procedure to the requirements of the Act, in particular, to Article 10a(2) of the Act,
- providing the GIFI with documents related to transactions registered in accordance with the provisions of Article 8(1) and (3) of the Act, keeping the time limit defined in Article 12(2) of the Act,
- fulfilment of the training obligation immediately after the commencement of work by newly recruited employees, performing the obligations associated with counteracting money laundering and terrorist financing,
- undertaking activities aimed at counteracting making money laundering, including the compliance with Article 16(1) and Article 17 of the Act.
- registering transactions in the register of transactions in the manner compliant with the provisions of the Act and the regulation,
- correct completing of transaction cards,
- applying customer due diligence measures referred to in Article 8b(3) of the Act, documenting and storing of information acquired as a result of application of those measures over a period of 5 years, counting from the first day of a year following the year in which the transaction with a customer was conducted,
- conducting ongoing analysis of transactions performed and documenting the results of this analysis in relation to all transactions conducted.

Moreover, in 2016 the GIFI submitted 8 notifications to the prosecutor's office concerning committing offences fulfilling the premises of acts defined in Article 35 of the Act.

In accordance with art. 27 of the Act, information on the results of the controls conducted by the GIFI auditors were submitted to the supervising authorities for further official use.

4.2. CONTROLS CONDUCTED BY SUPERVISORY INSTITUTIONS

Pursuant to the provisions of Article 21(4) of the Act, supervisory institutions submit information on the results of the controls conducted to the GIFI. The data held by the GIFI as at 31 January 2017 show that in 2016⁸:

- the National Bank of Poland conducted 895 controls of exchange offices,

⁸ as for 31.01.2017

- National Cooperative Savings and Credit Union conducted 13 controls in the Cooperative Savings and Credit Unions,
- the Financial Supervision Authority conducted 44 controls,
- the presidents of appeal courts conducted 165 inspections in civil law notary offices,
- the heads of customs offices conducted 36 controls in entities operating of game of chance and casinos,
- treasury control offices conducted 78 controls.

The evidence gathered during the controls and forwarded to the GIFI with the results of controls provides the basis for the GIFI to impose penalties.

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 Article 34a of the Act are carried out under the provisions of the *Code of Administrative Procedure*. Imposition of pecuniary penalties falls within the jurisdiction 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 2016 the GIFI carried out 81 administrative procedures for the imposition of fines on the obligated institutions for failing to observe the provisions of the Act. Based on the results of own controls, the GIFI conducted 13 procedures (i.e. 16.05% of all initiated procedures), and 68 procedures (76.48% of all initiated procedures) - based on the results of controls referred to in Article 21(3) of the Act⁹.

In 2016, the GIFI issued 81 administrative decisions, including:

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

In 2016 the GIFI determined in the decisions fines amounting in total to PLN 1,675,600. The fines imposed by the GIFI constituted the revenue of the State budget.

In 2016, 14 appeals against the decisions issued by the GIFI were filed with the Minister of Finance (including 10 appeals against the decisions of the GIFI issued in 2015). The Minister

⁹ Article 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 organising and exercising games of chance, mutual bets, and operations involving automatic machine games and automatic machine games of low prizes;
- 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.

of Finance upheld 3 decisions of the GIFI; in 6 cases the Minister repealed the decision of the GIFI entirely and decided on fines in lower amounts; in 1 case the Minister repealed the decisions of the GIFI entirely and discontinued the procedure in first instance entirely; and as at 31 December 2016 administrative procedures before a body of second instance were pending in 4 cases.

In 2016, 5 complaints against the decisions of the Minister of Finance were filed with the Regional Administrative Court in Warsaw. As at 31 December 2016, 2 proceedings resulting from the complaints filed in 2016 were pending and 3 complaints were dismissed entirely by the Regional Administrative Court.

5. NATIONAL COOPERATION

5.1. EXCHANGE OF INFORMATION WITH NATIONAL ENTITIES

A very important component of the GIFI's activity is its cooperation with national entities, the procedure and rules of which are specified in Articles 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 according to the procedure and in the 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 (Article 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 (hereinafter referred to as the ABW), the Foreign Intelligence Agency, the Military Counter-Intelligence Service, the Military Intelligence Service, and the Central Anti-Corruption Bureau (hereinafter referred to as the CBA). The bodies authorised to acquire information on transactions also include, inter alia, the General Inspector of Treasury Control, the heads of tax chambers and treasury control offices, and other authorities (Article 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 Article 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 with the national entities shows steady development of the GIFI cooperation mainly with the prosecution organisational units whereas the cooperation with treasury control bodies, police bodies and the Internal Security Agency decreased.

Table 3 – Summary of data concerning the cooperation with selected national entities under Article 32, 33 and 14(2) of the Act in 2014-2016

Institution	Year	No. of requests under Article 32 and 33 of the Act	No. of pieces of information under Article 14 of the Act
Prosecution Organisational Units	2014	551	111
	2015	516	118
	2016	597	51
Courts ¹⁰	2014	4	NA
	2015	8	NA
	2016	1	NA
Treasury Control Authorities	2014	1332	NA
	2015	1545	NA
	2016	1232	NA
Tax Chambers	2014	16	NA
	2015	102	NA
	2016	172	NA
Customs authorities	2014	24	NA
	2015	9	NA
	2016	1	NA
ABW	2014	187	3
	2015	96	7
	2016	54	4
CBA	2014	30	0
	2015	22	1
	2016	26	0
Police	2014	192	37
	2015	199	47
	2016	145	55
Border Guard	2014	38	2
	2015	33	1
	2016	27	2
Total:	2014	2374	153
	2015	2530	174
	2016	2255	112

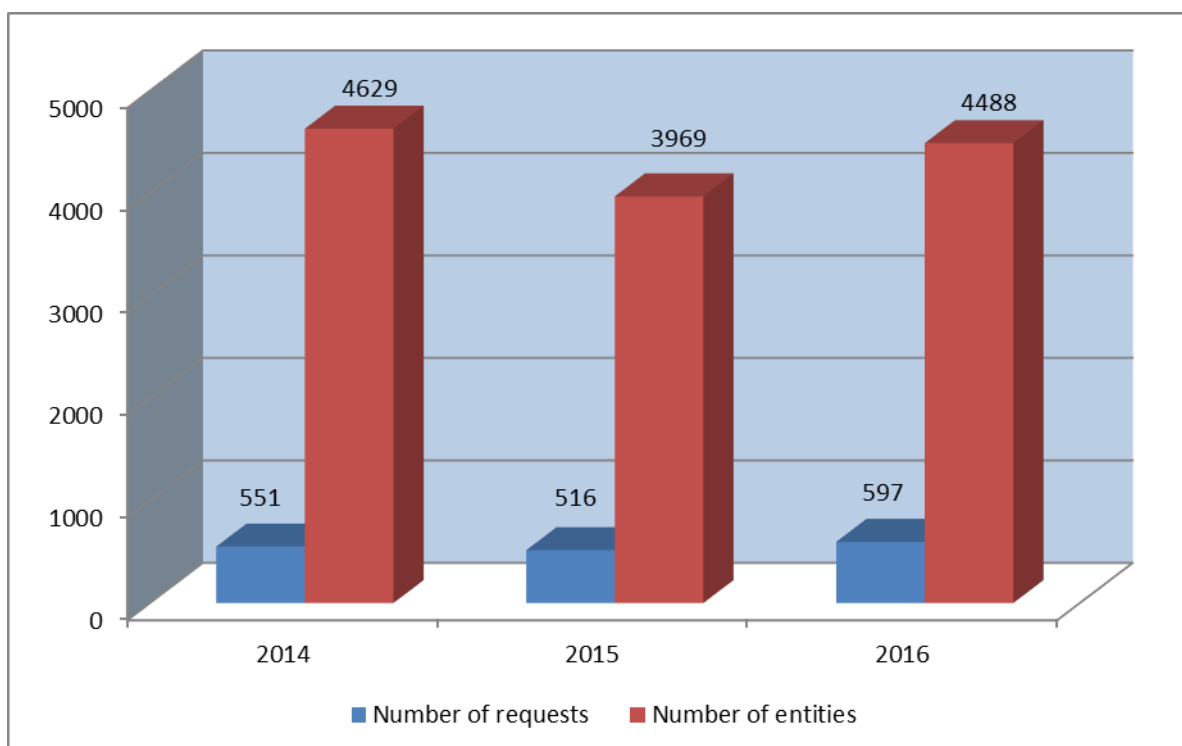
¹⁰ Concerns courts sending requests for information in connection with the criminal cases conducted.

5.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF PROSECUTION OFFICES AND COURTS

The GIFI received 597 requests concerning 4,488 entities from the organisational units of the prosecution pursuant to Article 32 of the Act (i.e. 15.7% requests more than in 2015, with the simultaneous growth in the number of entities the requests referred to - by 13.1%).

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 submitted to the GIFI by the organisational units of the prosecution. As of 2014 the organisational units of the prosecution sent more than 500 requests per year, which means a considerable growth as compared to the previous years (for example, in 2013 only 400 requests were recorded).

Chart 12 – Cooperation with organisational units of the prosecution offices in the years 2014-2016 under Article 32 of the Act



In 2016 the GIFI received also 1 request from the court for the needs of criminal proceedings, related to 1 entity under Article 32 of the Act (whereas in 2015 the GIFI received 8 such requests with regard to 13 entities).

In 2016 the GIFI received 51 pieces of information from the organisational units of the prosecution offices under Article 14(2) of the Act with regard to 421 entities. In relation to 2015 in the scope of quantity of information of the same type, a decline by 56.8% was recorded, although the number of entities such information referred to increased by 2.4%.

In 2016 the submitted information most often concerned the instigation of proceedings under Article 299 of the *Penal Code* or the presentation of charges to persons in connection with the

suspected money laundering offence. 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 Article 18a of the Act.

On the basis of information provided by competent authorities under Article 14(2), the GIFI undertook statutory activities ultimately aiming at “cutting off” offenders from assets and, at the same time, from legalisation of funds originating from prohibited acts. The objective of such cooperation was the submission of notifications to competent organisational units of the prosecution offices based on information received by the GIFI, indicating suspected committing of a criminal offence defined in Article 299 of the *Penal Code*.

As in the previous years, in 2016 situations were also recorded where the organisational units of the prosecution, within one letter, submitted information under Article 14(2) of the Act, at the same time requesting for the data under Article 32(1) of the Act, which allowed for more efficient and effective information exchange.

For the purpose of cooperation with organisational units of the prosecution, safe electronic information exchange channels were increasingly used, both for the exchange of information with the organisational units of the prosecution as such and with the obligated institutions, from which information on transactions covered by the provisions of the Act was acquired for the needs of this cooperation.

In 2016 cooperation with the organisational units of the prosecution was continued which consisted in the participation of representatives of the Financial Information Department 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. Inter alia, on 9 May 2016 the workshop was held, prepared by representatives of the Financial Information Department for Prosecutors, devoted to the problems of combating terrorist financing. Moreover, a representative of the Financial Information Department delivered a lecture at the training meeting held on 5 July 2016 at the Regional Police Headquarters in Lublin, for commanding officers of Lublin Garrison and representatives of organisational units reporting to the Regional Prosecutor’ Office in Lublin.

The significance of the cooperation between the organisational units of the prosecution and the GIFI was highlighted in the *Guidelines of the General Prosecutor concerning the rules of conducting preparatory proceedings in cases related to offence of claiming undue VAT return by deception as well as other fraudulent losses in this tax* dated of 6 July 2016. The guidelines include, inter alia, recommendations related to activities to be undertaken by prosecutors in connection with receiving the notification of the GIFI concerning money laundering offence associated with a fiscal offence consisting in VAT losses.

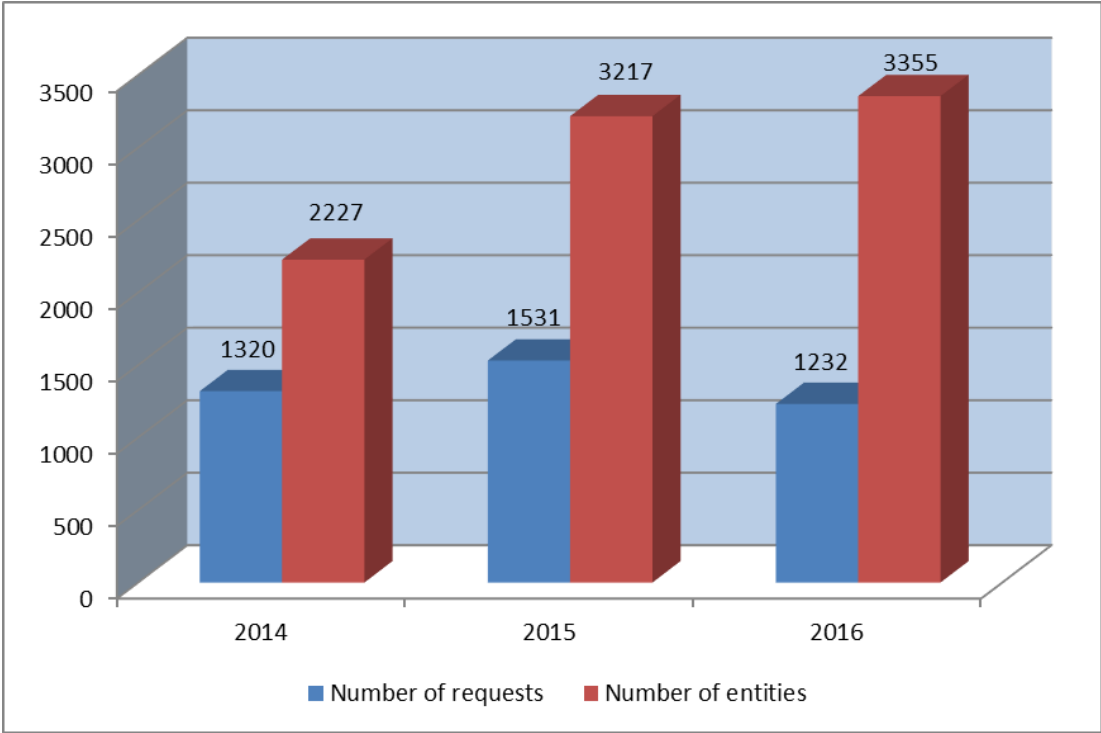
5.1.2. COOPERATION WITH TREASURY CONTROL AUTHORITIES, TAX AUTHORITIES AND CUSTOMS AUTHORITIES

In 2016 the GIFI received the total of 1,232 requests from the treasury control authorities, including the General Inspector of Treasury Control, with regard to 3,355 entities.

In the recent years, continued development of the GIFI cooperation with the treasury control authorities has been noticeable. In many cases, as a consequence of the exchange of correspondence related to those requests in 2016, further cooperation between the authorities

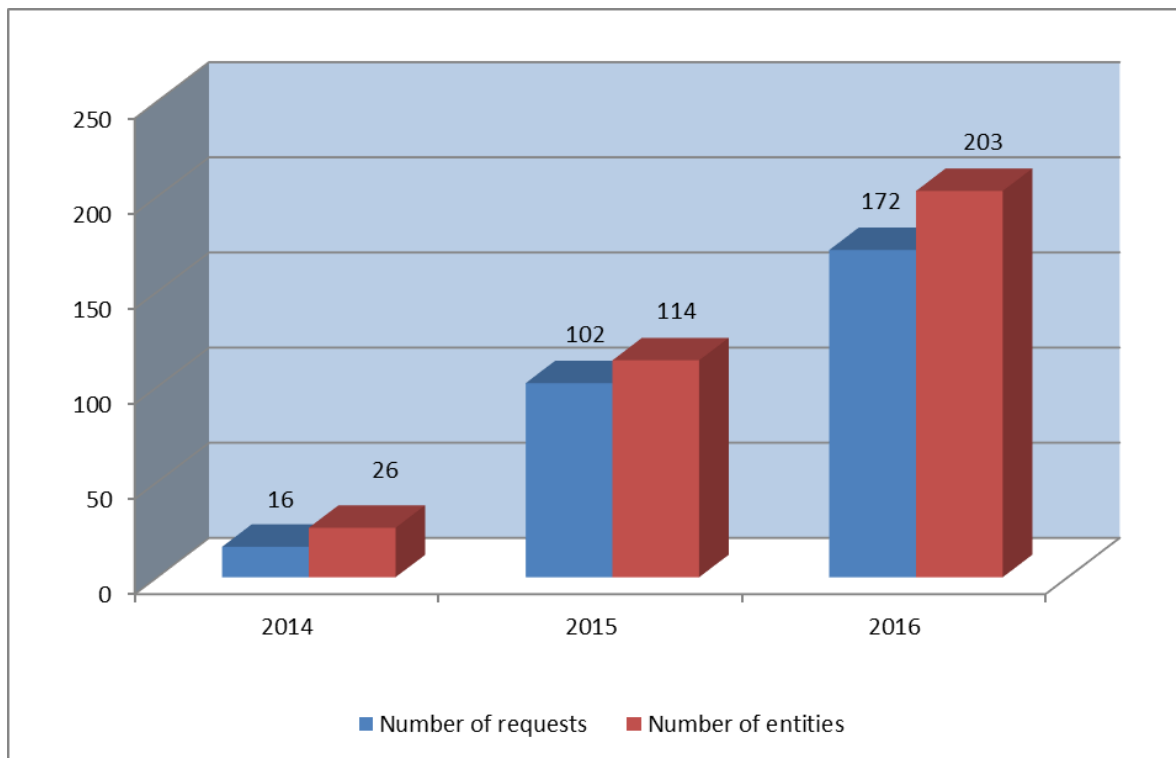
was undertaken under Article 15a(1) and (3) of the Act. The outcome of such cooperation was the submission of notifications to competent organisational units of the prosecution offices based on information received by the GIFI, indicating suspected committing of a criminal offence defined in Article 299 of the *Penal Code*. The ultimate goal of the statutory activities undertaken by the GIFI was to “cut off” offenders from assets and, at the same time, to prevent legalisation of funds originating from prohibited acts, in particular those originating from the fiscal offence.

Chart 13 – Cooperation with treasury control authorities in the years 2014-2016 under Article 33 of the Act



Moreover, in 2016 the GIFI received 172 requests for information from directors of tax chambers with regard to 203 entities, as compared to 102 requests referring to 114 entities in 2015.

Chart 14 – Cooperation with tax chambers in the years 2014-2016 under Article 33 of the Act



Additionally, in 2016 the GIFI received 1 request from the customs authorities with regard to 1 entity.

In 2016 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 UKS (treasury control offices), as well as the cooperating units and law enforcement services. Representatives of the management of the Financial Information Department also participated in quarterly consultation meetings of directors of treasury control offices.

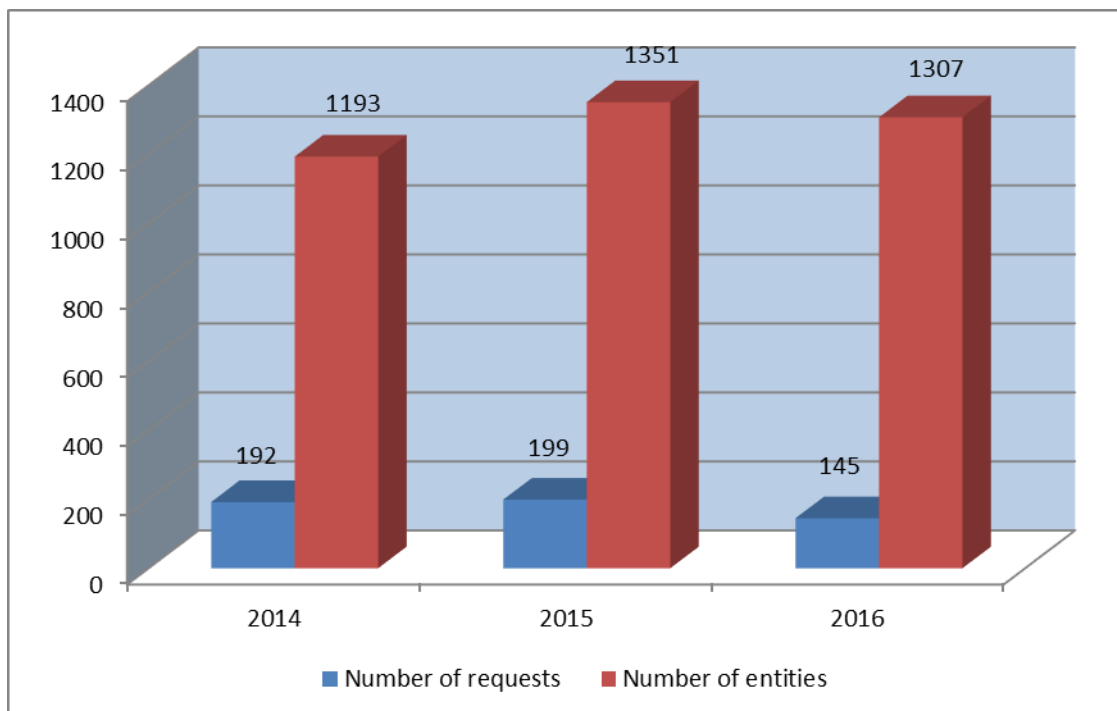
5.1.3. COOPERATION WITH AUTHORITIES REPORTING TO THE MINISTER OF THE INTERIOR

The GIFI received 145 requests under Article 33 of the Act from the Police organisational units, which regarded 1,307 entities, of which a considerable part was received from authorised persons representing:

- Criminal Bureau of the National Police Headquarters,
- Department of Asset Recovery of the Criminal Bureau of the National Police Headquarters,
- Central Bureau of Investigation of the Police (CBŚP).

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 (c.f. Chart no. 15).

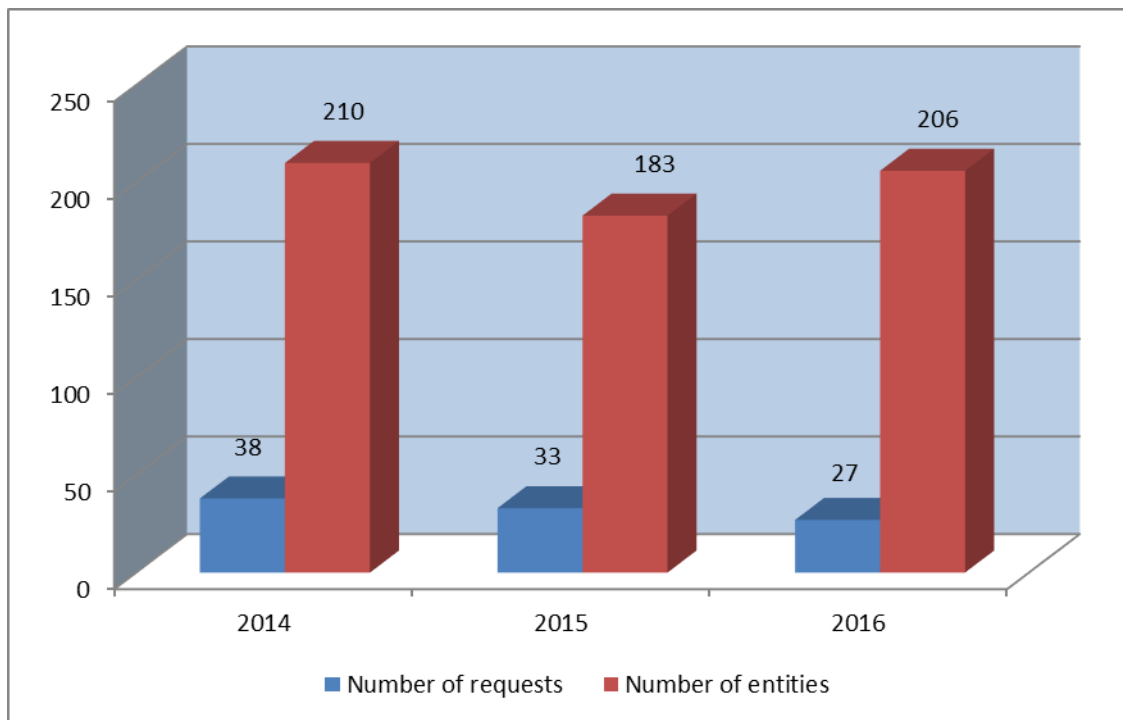
Chart 15 – Cooperation with the police and CBŚP in the years 2014-2016 under Article 33 of the Act



However, it should be stressed that in 2016, as an exception, the cooperation in the scope of requests decreased in statistical terms. In relation to 2015, a decline in the number of requests by 27.14% was recorded (however, in case of the number of entities they referred to, the decline amounted to only 3.26%).

Moreover, in 2016, the GIFI provided responses to 27 requests, concerning 207 entities, submitted by the authorised representatives of the Headquarters of Border Guard (c.f. Chart no. 16).

Chart 16 – Cooperation with the Border Guard in the years 2014-2016 under Article 33 of the Act



The units supervised by and reporting to the minister competent for the interior duly performed the obligations defined in Article 14(2) of the Act, which allowed for significant expansion of the cooperation in the scope of counteracting the offence defined in Article 299 of the *Penal Code*. The GIFI received 55 such pieces of information from the organisational units of the Police with regard to 518 entities and 2 pieces of information from the Border Guard with regard to 4 entities.

Based on the information received, the GIFI was able to perform the statutory obligations more effectively, including the application of the account blockade specified in Article 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.

In 2016, within the cooperation with the units supervised by and reporting to the minister competent for the interior, representatives of the Financial Information Department participated in the following events:

- the Central Bureau of Investigation of the Police - on 4-5 April 2016 - the consultation meeting organised in the scope of asset recovery, with participation of an expert from the Czech Republic - participation and the lecture of the representative of the Financial Information Department
- the National Police Headquarters - on 11-13 April 2016 - the consultation meeting organised by the Department of Asset Recovery of the Criminal Bureau of the National Police Headquarters (KGP) - participation and the lecture of the representative of the Financial Information Department

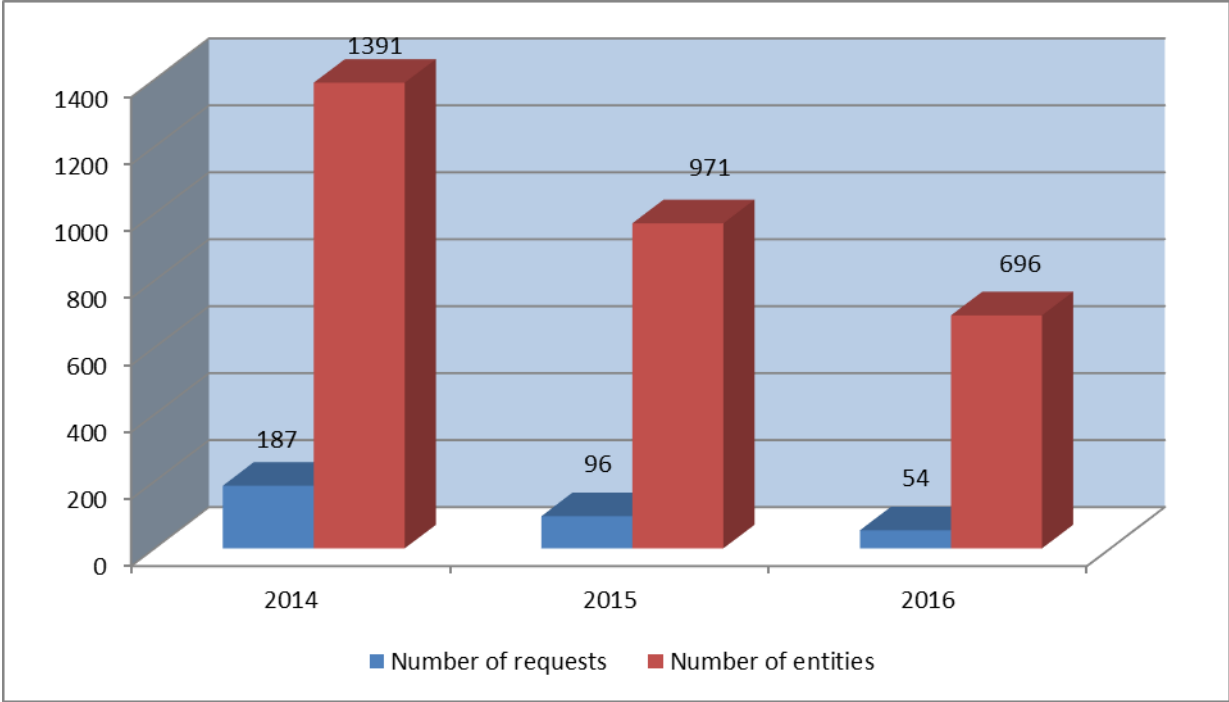
- the Warsaw Police Headquarters – on 17 June 2016 - participation and the presentation of the representative of the Financial Information Department, entitled Cooperation of the GIFI with national and foreign bodies in the context of a possibility to detect and secure assets by the GIFI in Poland and outside its borders
- the Regional Police Headquarters in Radom - 27-30 June 2016 - participation and the presentation entitled - Opportunities to use the competence of the GIFI in the scope of prosecuting corruption crime to the detriment of financial interests of the EU in the framework of the training on “Strengthening of effectiveness of corruption crime committed to the detriment of financial interests of the EU on the premises of the Mazowsze garrison”, organised by Regional Police Headquarters in Radom
- the National Police Headquarters - on 9 August 2016, participation of representatives of the Financial Information Department in the meeting on Legal and organisational solutions related to asset securing and recovery
- the National Police Headquarters - on 4-6 October 2016 - the consultation meeting organised by the Department of Asset Recovery of the Criminal Bureau of the KGP in the scope of asset recovery, also with the participation of experts from Italy and Germany - participation and the lecture of the representative of the Financial Information Department
- the Police Academy in Szczytno, 5-6 October 2016 - training in the scope of counteracting money laundering for representatives of the Central Bureau of Investigation of the Police participation and lectures of the representatives of the Financial Information Department
- the Police Academy in Szczytno, 16-18 November 2016 - participation and the presentation entitled “The GIFI’s activities for prevention and combating corruption” at the anti-corruption conference on “Corruption combating in Poland - prevention or repression” - organised by the Criminal Service Bureau of the National Police Headquarters and Police Academy /WSPOL in Szczytno.
- the National Police Headquarters (the Central Bureau of Investigation of the Police) - 20-23 November 2016 - participation and the lecture at the seminar on Tax and drug -related crime - representatives of law enforcement authorities from countries of the so-called Visegrad Group.

5.1.4. COOPERATION WITH THE ABW

Within the cooperation under Article 33 of the Act, the GIFI obtained 54 requests concerning 9,696 entities from Head of the Internal Security Agency, as well as 4 pieces of information provided under Article 14(2) of the Act referring to 70 entities.

However, it should be stressed that in 2016 the cooperation with the Internal Security Agency continued to decrease. In relation to 2015, a decline in the number of requests by 43.8% was recorded (in case of the number of entities they referred to, the decline amounted to 28.3%).

Chart 17 – Cooperation with the Internal Security Agency in the years 2014-2016 under Article 33 of the Act



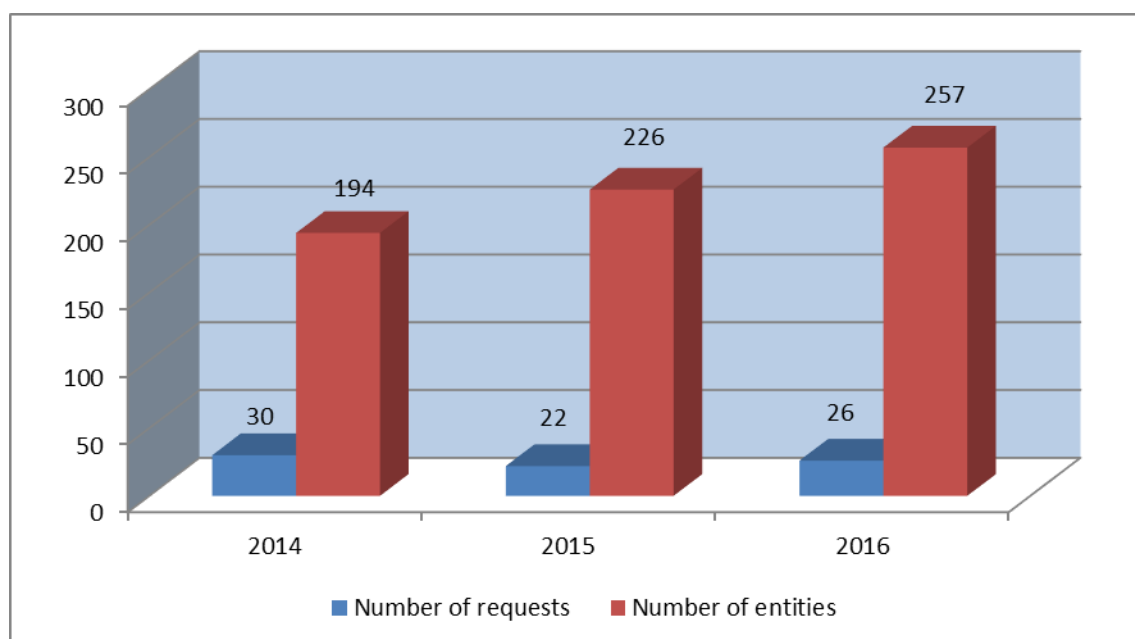
On 27 September 2016 representatives of the Financial Information Department took part in the training for Internal Security Agency employees during which they presented information concerning the general rules of the GIFI operation and cooperation with the obligated institutions and cooperating units.

5.1.5. COOPERATION WITH THE CENTRAL ANTICORRUPTION BUREAU

Under Article 33 of the Act, the GIFI obtained 26 requests concerning 257 entities from the Central Anticorruption Bureau as well as 4 pieces of information provided under Article 14(2) of the Act concerning 55 entities. In relation to the exchange of information with the Central Anticorruption Bureau, the quality of the justification 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 Article 33(3) of the Act.

Chart no. 18 presents the cooperation with the Central Anticorruption Bureau over the last three years.

Chart 18 – Cooperation with the Central Anticorruption Bureau in the years 2014-2016 under Article 33 of the Act



In the scope of training activities, the representative of the Financial Information Department participated in the consultation meeting of Heads of Operational and Investigation Boards on 6 December 2016, during which he delivered the lecture concerning the exchange of information between the GIFI and law enforcement bodies, including, in particular, with the Central Anticorruption Bureau.

5.1.6. COOPERATION WITH THE NCIC

In 2016 the GIFI cooperated with the Head of the National Criminal Information Centre (NCIC). The GIFI provided criminal information ex officio (the number of registrations – 494), whereas the NCIC responded to queries submitted by the GIFI (2,115 inquiries, including 1,938 requests to the obligated entities for completing criminal information).

In addition, the NCIC submitted queries to the GIFI. In 2016 these regarded 3,882 entities. As a result of checking the databases of the GIFI, in 1,260 cases the response showed that the entity asked about occurred in the analytical proceedings conducted by the GIFI. The NCIC queries are provided to the GIFI electronically, in an agreed format, which allows to generate and provide reports partially automatically. In 2016 the aforementioned queries concerning 3,882 entities were submitted in the form of 111 electronic files directly to the GIFI IT system.

5.1.7. OTHER INFORMATION

Since 2015 the GIFI, acting pursuant to Article 49a(2)(1) of the *Act of 9 June 2011 – Geological and Mining Law* (Journal of Laws of 2015, item 196, as amended), 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 2016 the Minister of the Environment sent 5 requests in the said scope to the GIFI to obtain an opinion.

An important tool for disseminating knowledge on counteracting money laundering and terrorist financing is also the website of the Ministry of Finance. The publications of the Financial Information Department are located in the GIFI activity-related tab (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 to the recipient. Interested parties will find, inter alia, proper information on current activities of the GIFI, the system of counteracting money laundering and terrorist financing, legal provisions, current announcements 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. For the above reasons, in 2016 the representatives of the Financial Information Department 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, including the following meetings:

- the training conducted on 17 March 2016 on the premises of the Intelligence Agency by employees of the Financial Information Department concerning the activity of the GIFI in the scope of counteracting money laundering and terrorist financing (scope of the presentation: basic information on the GIFI, national and international cooperation, money laundering methods, examples of money laundering, counteracting terrorist financing),
- as lecturers in the seminar on “Combating TV signal theft. Crime against intellectual property”, organised in the Police Academy in Piła on 31 March – 1 April 2016, with the participation of representatives of ZAiKS Authors’ Association, SYGNAŁ Association and the Antipiracy Coalition as well as organisational units of the Police (the National Police Headquarters, Police Academies as well as regional and district garrisons) - experts, theoreticians and practitioners,
- the workshop organised at the Ministry of Finance on 16 May 2016, inter alia, for employees of the Financial Information Department, devoted to the problems of international arms trade, conducted by representatives of the Ministry of Development (Department of Sensitive Goods Trading and Technical Security) and the Internal Security Agency,

- The conference concerning “Virtual currencies - threats and challenges” which was held at the Ministry of Finance on 17 June 2016, organised by the GIFI in cooperation with the Police Academy in Szczytno,
- the seminar entitled “Cooperation of the General Inspector of Financial Information with financial institutions and law enforcement bodies in the scope of counteracting money laundering and terrorist financing”, organised at the Police Academy in Szczytno on 22-24 June 2016, dedicated to representatives of the obligated institutions (in particular, the banking sector).

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 less interest as compared to the previous year; the course was successfully completed by 16,800 interested parties (in 2015 - 21,918 persons). 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, to support the Commission in drafting legal instruments or determining the policy directions, and to coordinate the cooperation and opinion exchange with the Member States. In 2016 the Expert Group met three times. A representative of the GIFI was present at all meetings, presenting the Polish position as to the matters discussed by the Expert Group. The main topic of discussions in 2016 focused on issues associated with the draft amendment to Directive 2015/849¹¹ developed by the Commission in the first half of 2016. Moreover, other initiatives implemented under the Action Plan for strengthening the fight against terrorist financing¹² were discussed at the meetings of the Group:

- creating and adopting the European blacklist to identify high risk third countries with strategic deficiencies in their anti-money laundering/countering terrorism financing;
- the assessment of the usefulness of establishing a European system which would complement the existing EU-US TFTP agreement by tracing transactions excluded under the mentioned agreement;
- the assessment of the legitimacy of introducing the EU regime for the freezing of assets of terrorists under Article 75 TFEU;
- creating the legislative proposal against illicit cash movements;
- preparation of the legislative proposal harmonising money laundering criminal offences and potential sanctions.

In addition, the issues concerning the international risk assessment in the scope covered by Directive 2015/849 were discussed during the meetings of the Expert Group. Moreover, in the 1st half of 2016 the European Commission organised transposition workshops related to the issues associated with the implementation of Directive 2015/849 into the national legal framework. A representative of the GIFI was present at those meetings.

¹¹ The application concerning the *Directive of the European Parliament and of the Council amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive 2009/101/EC.*

¹² COM(2016) 50.

In November 2016, the representative of the GIFI also participated in the meeting organised by the European Commission devoted to the proposed harmonisation of the regulations related to money laundering offence and potential sanctions. The Commission presented the draft Directive concerning this issue in December 2016.

In connection with the aforementioned EU initiatives, in the previous year the GIFI initiated and coordinated the development of following positions of the Government of the Republic of Poland:

- The Position of the Government concerning Communication from the Commission to the European Parliament and the Council on an Action Plan for strengthening the fight against terrorist financing;
- The Position of the Government related to: The application concerning the *Directive of the European Parliament and of the Council amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending 2009/101/EC.*

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. In 2016, altogether five meetings of the EU-FIU Platform were held.

Members of the EU-FIU Platform were introduced on an on-going basis to the progress of work on the draft amendment to Directive 2015/849. Important topics of meetings of this group in 2016 also included the cooperation between the FIU and Europol in the scope of the FIU.NET network as well as creation of the reporting system for cross-border suspicious transactions, in accordance with the provisions of Directive ¹³. A separate meeting was also devoted to results of the project concerning the analysis of financial flows associated with migrant smuggling.

The representative of the GIFI was involved in the activities of the project group in the scope of identification of FIU authorisations and obstacles hampering obtaining and exchange of information. The project enabled to define the extent of implementing the provisions of Directive 2015/849 by the Member States into their legal frameworks and to indicate what measures can be undertaken in the future at the EU level in order to facilitate the cooperation and exchange of information among the FIUs.

6.1.3. THE FIU.NET ADVISORY GROUP

In 2016 Europol took over the task of managing the FIU.NET network ¹⁴ from the Dutch Ministry of Justice and Security. In the framework of the EU-FIU Platform the FIU.NET Advisory Group was established as a liaison body in contacts between European FIUs and

¹³ The provisions of the aforementioned Directive impose the obligation on the Member States to provide reports on suspicious transactions to the competent FIU, if they are related to other Member State.

¹⁴ A system used for the exchange of information among FIUs of EU Member States.

Europol. Members of the FIU.NET Advisory Group¹⁵ cooperate with this institution, inter alia, in the scope of creating the development strategy for the FIU.NET network, implementation of innovation and issuing opinions on third country FIU applications for connecting to the aforementioned network. A representative of the GIFI is the member of the FIU.NET Advisory Group.

In 2016 the FIU.NET Advisory Group held five meetings. The activities of the Group focused on finalising the content of the *Agreement on the guaranteed level of services provided in the scope of the FIU.NET network* and on discussions concerning the target of the FIU.NET network integration with the SIENA system, used by Europol units. The FIU.NET Advisory Group also participated in setting the priorities of the FIU.NET network development for 2017.

In December 2016 Europol, in cooperation with the Advisory Group, organised the workshop for the FIU.NET network users. The workshop was oriented towards the presentation of practical experience of users with the technology of anonymous data linking and the latest tools Europol plans to introduce into the network under discussion.

6.2. COOPERATION WITH THE COUNCIL OF THE EUROPEAN UNION

In the second half of 2016, a representative of the GIFI, presenting the position of the Polish authorities, actively participated in meetings of the Working Group on Financial Services in connection with the works on the draft amendment to Directive 2015/849. This document was accepted at the COREPER II meeting in December 2016. In 2017, further work on the aforementioned project is envisaged in the framework of the tripartite negotiations between the European Parliament, the EU Council and the European Commission.

6.3. THE MONEYVAL COMMITTEE

In 2016 three plenary meetings of the MONEYVAL Committee were held; the permanent Polish delegation consisting of representatives of the GIFI, the Financial Supervision Authority and the General Prosecutor's Office participated in the works of the Committee. Due to the process of Poland's periodical reporting, required under the procedure of so-called regular review process, the composition of the delegation was strengthened by a representative of the Ministry of Justice.

The MONEYVAL Committee continued within the 4th round of mutual evaluations the monitoring of countries whose systems of counteracting money laundering and terrorist financing indicated a high number of ratings signifying non-compliance or partial compliance with the FATF Recommendations, evaluating their progress and implemented corrective actions. Moreover, it performed the assessments under the 5th evaluation round, based on the new FATF standards (from 2012) and the evaluation methodology (from 2013). The Polish delegation participated in the discussions on three evaluation reports of the national money laundering and terrorist financing counteracting systems of the states - members of the Committee through involvement in the works of the Working Group on Evaluations and

¹⁵ Members of the FIU.NET Advisory Group currently include representatives of FIUs from Belgium, Finland, France, Spain, the Netherlands, Luxembourg, Poland, Romania, Great Britain and Italy.

during the plenary meetings. In 2016, the level of effectiveness and implementation of FATF recommendations by Serbia, Hungary and the Isle of Man was discussed; a member of the Polish delegation (KNF representative) participated in the evaluation.

While participating in the works on the 5th mutual evaluation round, the Polish delegation submitted information to the MONEYVAL Secretariat concerning identified areas within the assessment of the countries discussed, requiring further discussion during the works of the Working Group on Evaluations and the plenary meeting.

In connection with the change of the evaluation plan, caused by considerable burdening the MONEYVAL Secretariat by additional review processes required by the FATF, the date of the future evaluation visit in Poland was postponed to the 1st quarter of 2019. The evaluation process will commence six months prior to the planned evaluation mission by providing Poland with a special questionnaire in order to acquire information on the legal status and effectiveness of the Polish system for combating money laundering and terrorist financing and the dedicated training for representatives of public administration of the evaluated state, to be provided by the MONEYVAL Secretariat.

During its meetings in 2016, the MONEYVAL Committee discussed twice (in April and December) the progress of Poland with regard to the implementation of recommendations proposed within the 4th 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 to the *Act on Counteracting Money Laundering and Terrorist Financing* and amendments to Article 165a of the *Penal Code*, the MONEYVAL recorded a limited progress of Poland and thus recommended another interim report to be provided by the specified deadline, prior to the next plenary meeting scheduled at the turn of May and June 2017. In accordance with the MONEYVAL procedure - in connection with the lapse of the four-year period following the adoption of the evaluation report - Poland is also bound to submit a request for exit from the regular reporting process, simultaneously documenting a satisfying level of implementation of instructions and measures recommended by the Committee within the 4th round.

In connection with the results of the survey performed by the FATF in the scope of assessment of the legal status in the FATF member states and other FATF-style regional bodies (so-called FSRBs), concerning the criminalisation of terrorist financing, MONEYVAL introduced a special procedure monitoring progress of its member states indicated by the FATF, demonstrating significant or fundamental gaps in the criminal law system in relation to terrorist financing. Under the procedure adopted in April 2016, MONEYVAL member states identified by the FATF which do not provide for the adequate level of compliance in the scope of terrorist financing criminalisation, reported the progress of works concerning the amendment of the national regulations in this area at the meetings. Such monitoring process in the framework of MONEYVAL was also applied to Poland where, inter alia, lack of criminalisation of an individual terrorist financing was found. In connection with the foregoing, in relation to our country, the Committee decided on further review of the system, recommending the presentation of another report in the scope of adjustment of terrorist financing criminalisation to international standards by May 2017 at the latest.

Under the preparation to the evaluation process, in 2016 the MONEYVAL organised training for evaluators, based on the new FATF evaluation method, in which a representative of Poland took part (a Police officer). At the same time, the Committee requested the member states that training participants prepared to the evaluator's role in technical terms, should take part in evaluation missions and that heads of the delegations should appoint participants with the adequate preparation.

A representative of the GIFI, acting since December 2015 as a Vice-Chairperson of the MONEYVAL Committee, participated in meetings of the Office responsible for coordination of the Committee's works and indicating the directions of its activity. In the previous year, five meetings of the Office took place, devoted in particular to the agreement on MONEYVAL internal rules, the new evaluation round and measures with respect to states subject to the monitoring procedure. Moreover, the Vice-Chairperson of the MONEYVAL Committee participated in December 2016 in the meeting of chairpersons of the Council of Europe monitoring bodies with Mr Thorbjørn Jagland, Secretary General of the Council of Europe, during which she presented the most important measures implemented by MONEYVAL and challenges to be faced in 2017.

6.4. CONFERENCE OF THE STATES PARTIES TO THE WARSAW CONVENTION

In connection with the implementation of 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 May 2005* (CETS 198) and participation of Poland in the Conference of the States Parties to the Warsaw Convention, the GIFI continued measures associated with activities undertaken by the aforementioned forum operating within the Council of Europe.

The representative of the GIIF participated in the meeting of the Conference of the States Parties to the Warsaw Convention held in Strasbourg on 25-26 October 2016. In the framework of Poland's participation in the process of assessing the implementation process of the provisions of the aforementioned Convention, an inter-sectoral contribution to so-called additional progress questionnaire was prepared, providing basis for the plenary discussion in the aforementioned scope. During the aforementioned meeting in Strasbourg, the Polish delegation informed of the current legislative initiatives in the scope of the Polish AML/CFT system, as a response to certain recommendations of the Council of Europe's evaluators in the area under discussion:

- 1) The amendment to the *Act on Counteracting Money Laundering and Terrorist Financing*, in connection with the implementation of the provisions of so-called Directive 2015/849;
- 2) Amendment to the Act on liability of collective entities;
- 3) Implementation of *Directive 2014/42 of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union*.

Due to the failure of Poland to conclude the legislative processes in relation to the aforementioned draft acts of law, at the forum of the Conference of the Parties to the Convention the decision was taken concerning the requirement of the next Polish report to be

prepared in 2017, to be presented at the 9th meeting of the Conference, scheduled on 21-22 November 2017.

6.5. THE EGMONT GROUP

The past year was special for the Egmont Group since only one meeting of this body was held (at the turn of January and February 2016) in Monaco. Due to the terrorist attacks, the Egmont Group cancelled its plenary meeting planned in July in Istanbul (Turkey). The above mentioned situation triggered the requirement to organise separate meetings of working groups and regional groups.

The Polish FIU engaged in activities of this organisation, reported its readiness to arrange the meeting of the Working Group for Technical and Training Assistance, supporting the EG and FIUs from all over the world and searching for external funds for training for the EG members. The General Inspector of Financial Information, in cooperation with the Egmont Group Secretariat, organised the meeting on 24-25 August 2016 in Warsaw in the building of the Ministry of Finance. The meeting was attended by 37 representatives of 20 FIUs from various parts of the world, 4 observers and 3 partner organisations cooperating with the EG. Among numerous projects subject to the Group's discussions, the ECOFEL project (*Egmont Centre of FIU Excellence and Leadership*) is worth particular attention – dedicated to the establishment of the excellence and leadership Centre for EG member units. As stressed during the meeting, in Warsaw the members of the Group made the decision on establishing project teams for implementation of individual activities allowing for the establishment of the said centre. Within the aforementioned Working Group, the Polish FIU engaged in the project dedicated to the development of the new Egmont Biennial Census 2017 questionnaire, which will enable to collect data representing various areas from EG members: legal, organisational, operational, IT and training, required for the standard assessment of entities' functionality.

In the previous year the Working Group for the Exchange of Information (in the area of combating money laundering and terrorist financing) adopted a report concerning digital currencies (comprising *e-money* and *virtual currencies*), developed for the needs of the EG by the project team led by the Polish FIU. The report will constitute one of the components of the consecutive activity initiated in the framework of this Working group and dedicated to new technologies and instruments used in the financial market.

Moreover, the Polish FIU, jointly with other EU Member States included in the so-called Europe I region, participated in meetings of its regional group, usually accompanying meetings of the EU-FIU Platform.

During the discussion of the Europe I Region, inter alia, the following issues were discussed:

- exchange of information between FIUs and foreign bodies which do not correspond to them (so-called *diagonal cooperation*);
- problems occurring in the area of ongoing cooperation among the FIUs;
- FIU.NET Advisory Group, its activities, the Agreement on the guaranteed level of services provided in the scope of the FIU.NET network as well as establishment of the project group for identification of functionalities of the FIU.NET network which should be transferred to SIENA, including integration of both systems,

- implementation of standards in the scope of reporting cross-border transfers and execution of the project in this area;
- submission of statistical data related to the exchange of information in the years 2015-2016 in the response to the Egmont Biennial Census 2017 questionnaire.

The Egmont Group continued works concerning numerous projects, both training (inter alia, in the area of tactical and strategic analysis and tasks associated with the control over obligated institutions) and typological (in particular, dedicated to problems of combating so-called Islamic State and foreign fighters). It developed the next document of the series devoted to issues of safe FIU operation. The Egmont Group analysed the operability of member FIUs and their compliance with the EG standards as well as operability of units applying for membership.

6.6. 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.

GIFI representatives, as members of the MONEYVAL delegation, participated in meetings of working groups and plenary FATF meetings held three times last year. This enabled the participation in the work concerning evaluation reports of FATF member states, adjustment of evaluation procedures, created a possibility to issue opinions on the amendments to individual Recommendation and the FATF Methodology.

It should be noted that in the previous year FATF focused in two particular areas - the implementation of the action plan and the strategy in the scope of combating terrorist financing and issues related to the beneficial owner. Consequently, many projects implemented by the FATF were dedicated to those issues. Member States indicated the necessity to intensify the activities in the scope of combating terrorist financing. They found documents prepared by the FATF useful for the international community (inter alia, a guide concerning freezing of terrorist assets and indicators of risk associated with terrorism financing). The organisation has undertaken work on the consecutive reports in this area (inter alia, on recruitment of terrorist fighters). The FATF decided on strengthening of the cooperation with the Global Forum and G20 in the scope of defining joint standards for the exchange of information on beneficial owners.

During the Korean presidency, the FATF decided to establish a training centre for member states in the area of combating money laundering and terrorist financing - TRAIN FATF, which was created in Busan, South Korea.

In 2016, the GIFI continued the endeavours for the membership in the FATF, with a considerable support from the Ministry of Foreign Affairs and the Polish Financial Supervision Authority. Poland expressed once again its intention to join the FATF. In February 2016, the intention to join the FATF was confirmed by the GIFI requests submitted to Mr Je-Yoon Shin – the FATF President and Mr David Lewis – the FATF Executive Secretary, and letters of the Permanent Representative of Poland to the OECD sent to the aforementioned FATF representatives and diplomatic missions of South Korea, then holding presidency in the organisation, and Spain which took over the presidency in July 2016.

In the framework of enlargement activities the FATF granted the member status to Malaysia and the observer status was awarded to Saudi Arabia and Israel. Nigeria, selected during the works on the selection of new members, is still subject to the review and adjustment procedure.

The GIFI regularly informed the public administration bodies, the supervisory authorities, industry associations and societies, and placed information on its website concerning the statements adopted by the FATF in 2016 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. Moreover, on the secure website of the GIFI, the FATF report was posted concerning indicators associated with terrorist financing in order to raise the awareness of the obligated institutions in the area of combating this type of crime.

6.7. 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 (EAG). In 2016 the Group continued its works in working groups: for typology, for technical assistance, for legal issues and mutual assessments, for counteracting drug business financing, for crime and terrorism and for risk and oversight.

Poland participated in the EAG activities, inter alia, through the participation of the GIFI representative and the KNF representative in plenary meetings and working group meetings held in Astana and Delhi and participation in typological studies.

In 2016 the EAG continued works aimed at strengthening of its role as a regional organisation, inter alia, through increasing cooperation with international organisations from the Eurasia region (Asian Development Bank, Counter-Terrorist Centre of Commonwealth of Independent States, Eurasian Development Bank, European Bank for Reconstruction and Development, Eurasian Economic Commission) as well as the Organisation for Security and Cooperation in Europe, the United Nations Counter-Terrorism Committee, the United Nations Office for Drugs and Crime and the Shanghai Cooperation Organisation.

EAG actively cooperated with other FATF-style regional bodies (MONEYVAL, APG, MENAFATF), engaging them in typological studies, organising joint seminars and workshops as well as participating in plenary meetings of those bodies.

In 2016 Iran and the Eurasian Economic Commission were admitted as observers of the Group. In December 2016 the EAG signed the agreement on cooperation with the United Nations Security Council Counter-Terrorism Committee,

The EAG also supported member states in activities aimed at their active participation in the global network for counteracting money laundering and terrorist financing. In the framework of its training activity the Group closely cooperated with the *International training and methodology center for financial monitoring* (ITMCFM) established by the Russian FIU.

The EAG also coordinated activities in the scope of technical assistance provided to member states by observers. In this area, the contribution of Poland should be also noted. In October

2016, representatives of the Polish FIU, National Bank of Poland and Polish Financial Supervisory Authority took part in the expert mission in Belarus organised under the TAIEX programme. During the mission, representatives of public administration and the National Bank of Belarus were provided with information concerning international AML/CFT standards, in particular, in relation to the national risk assessment, experience of Polish experts in activities within the MONEYVAL Committee in the scope of assessment of reports under the 5th evaluation round, supervision of the Polish Financial Supervisory Authority and The National Bank of Poland over the obligated institutions in terms of their compliance with the Polish AML/CFT regulations.

In 2016 the EAG completed the works (by drafting the typological reports) on projects related to: money laundering using the pyramid scheme, laundering money originating from corruption, illegal export of credit institutions' assets. Moreover, parallel to the "Guide on requesting freezing by FATF member states" prepared by the FATF, within the EAG, a report entitled "Guidelines concerning the cooperation between EAG member states in implementing mechanisms of freezing terrorist assets" was prepared.

EAG member states continued mutual assessments of their systems of counteracting money laundering and terrorist financing under the first evaluation round. As a result of demonstrated progress in implementation of evaluators' recommendations, the following countries were removed from the EAG follow-up procedure: Kazakhstan, Uzbekistan, Belarus.

6.8. TASK FORCE TO COUNTER MECHANISMS OF FINANCING THE SO-CALLED ISLAMIC STATE

The GIFI continued works within the Counter ISIL Finance Group (CIFG). In 2016 the Group met twice - in Rome (April) and in Kuwait (October). During the meetings, trends in the financial and economic activity of the *Daesh* were discussed (exploitation of natural resources on the territory controlled by the ISIL, financing the activity by income originating from crime, financing from legal sources used by fighters to cover costs of subsistence and travel, new forms of *Daesh* activity in view of coalition successes, financing terrorist organisations associated with *Daesh*), ISIL losses in Iraq and Syria, measures against the exploitation of the banking sector of the Arab states by ISIL (Iraq, Lebanon, Jordan), cooperation with the private sector (inter alia, raising awareness concerning threats associated with financing and assistance in identification of reporting of potential *Daesh* activity to competent authorities) and the formula of future activities of the Global Coalition to Counter the Islamic State in order to combat illegal financing of *Daesh*. The Group has also prepared a preliminary report on cross-border financial flows susceptible to exploitation by ISIL.

6.9. BILATERAL COOPERATION

6.9.1. MEMORANDA OF UNDERSTANDING

In 2016, the GIFI continued assessing the needs to conclude bilateral agreements allowing for the acquisition of financial information from abroad within bilateral relationships with partner FIUs. Bilateral Memoranda of Understanding in the scope of exchange of financial information related to counteracting money laundering and terrorist financing remained the core instrument of international cooperation of the GIFI. Such cooperation within the

relationships with the EU Members States is also governed by the *EU Council Decision 2000/642/JHA of 17 October 2000 concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information*. The MoUs and the cooperation based thereon comply with the provisions of the *Convention of the Council of Europe on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism* (CETS 198).

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

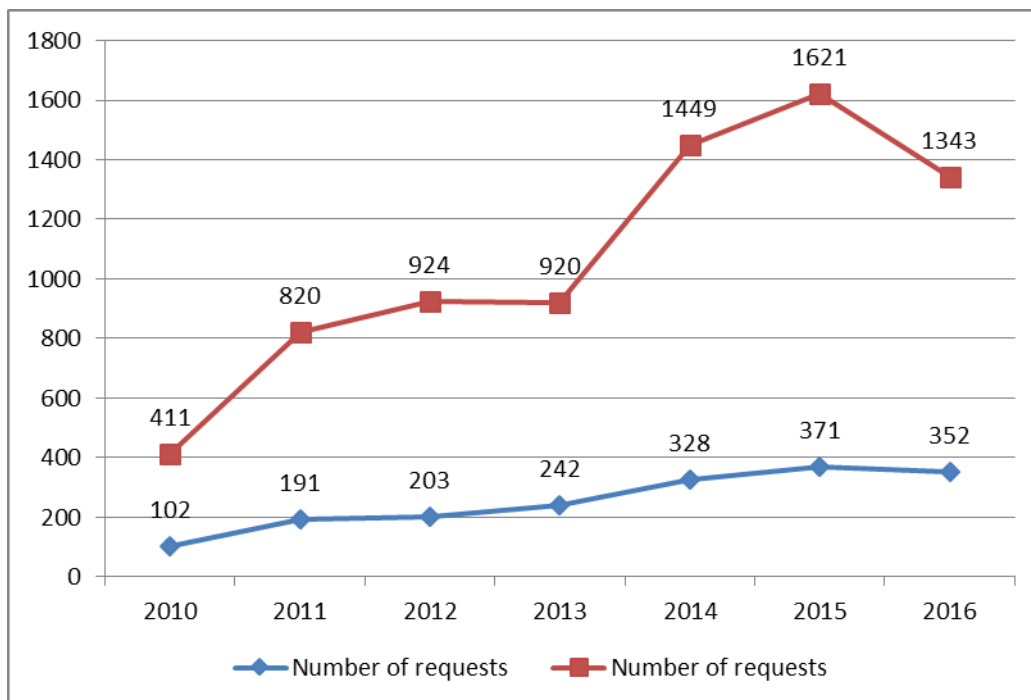
As a result of the completed negotiations, in 2016 the GIFI signed the MoUs concerning the exchange of information in the field of counteracting money laundering and terrorist financing with the FIUs from Bahrain, Kazakhstan, Lebanon and Uzbekistan. Thus, the number of FIUs with which the GIFI exchanges information related to money laundering or terrorist financing under bilateral agreements, increased to 86.

Moreover, the negotiation process concerning the provisions of bilateral agreements with the FIUs from Bangladesh, Belarus, Nigeria and Tanzania was completed.

6.9.2. THE EXCHANGE OF INFORMATION WITH FOREIGN FIUs

In 2016 the GIFI received 352 requests from foreign FIUs. The number of requests was lower than in the previous year by 5%. The requests for information referred to 1,343 entities. 2016 was the first year when the number of requests for information has slightly decreased as compared to the previous year, which is shown in Chart no. 19 below.

Chart 17 – Number of requests received from foreign FIUs



The requests received by the GIFI may be divided into two main groups, according to the sender of a query. The first group comprises requests coming from analytical units of the European Union Member States whereas the second group - those from the non-EU Member States. *The Council Decision of 17 October 2000 concerning Arrangements for Cooperation between Financial Intelligence Units of the Member States in respect of Exchanging Information* (OJ EU L 271 of 24.10.2000) provides legal basis for cooperation between the FIUs of EU Member States . Its provisions are significant for effective handling of cases which more and more often concern financial flows between various countries. Bilateral agreements signed by the GIFI with its foreign counterparts provide basis for the cooperation between the GIFI and entities from non-EU countries. The lack of the said agreement results in the necessity to refuse providing information. In 2016, such information occurred 18 times (which referred to approx. 5% of all requests received).

Among all requests received in 2016, the FIUs from EU Member States sent over 69% of queries and almost 31% of requests were received from entities representing external countries.

Chart 20 – Specification of EU Member States from which foreign FIUs sent the largest number of queries in 2016

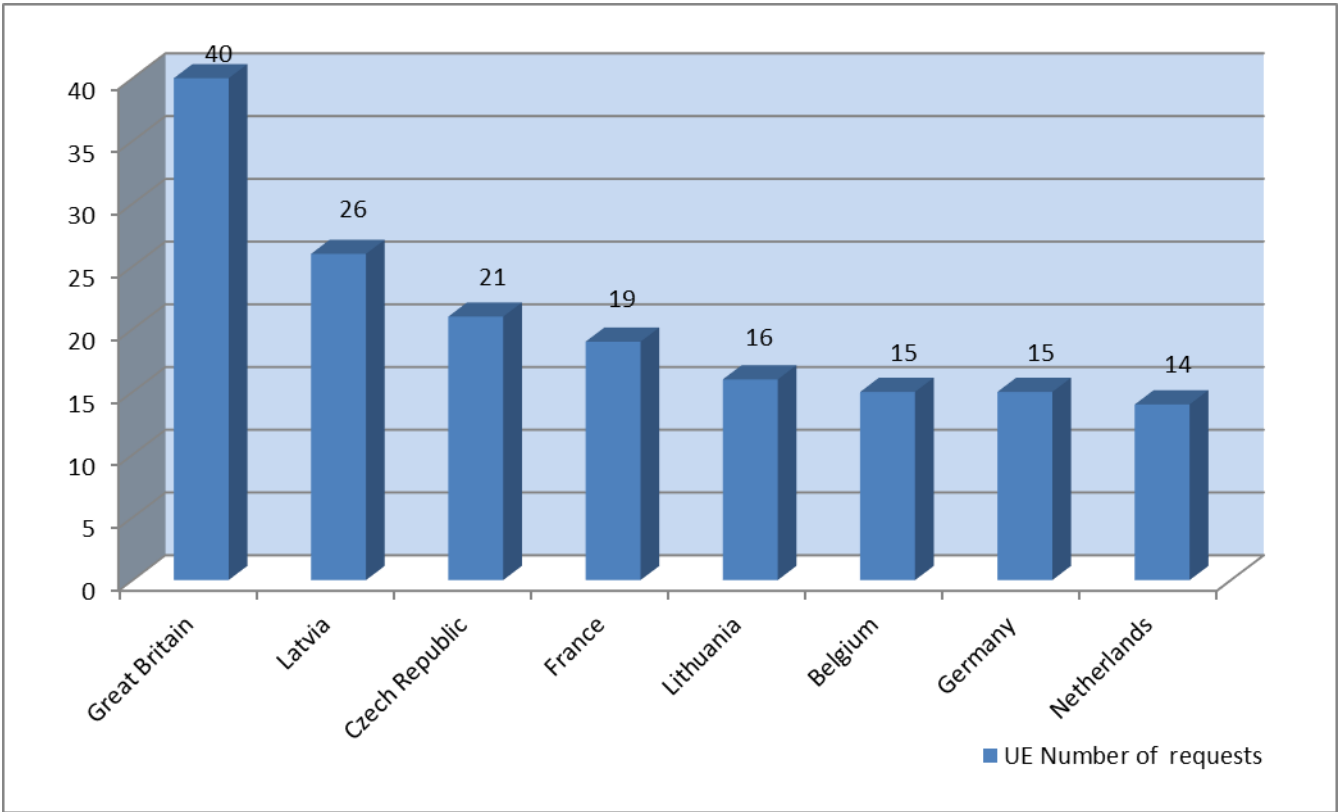
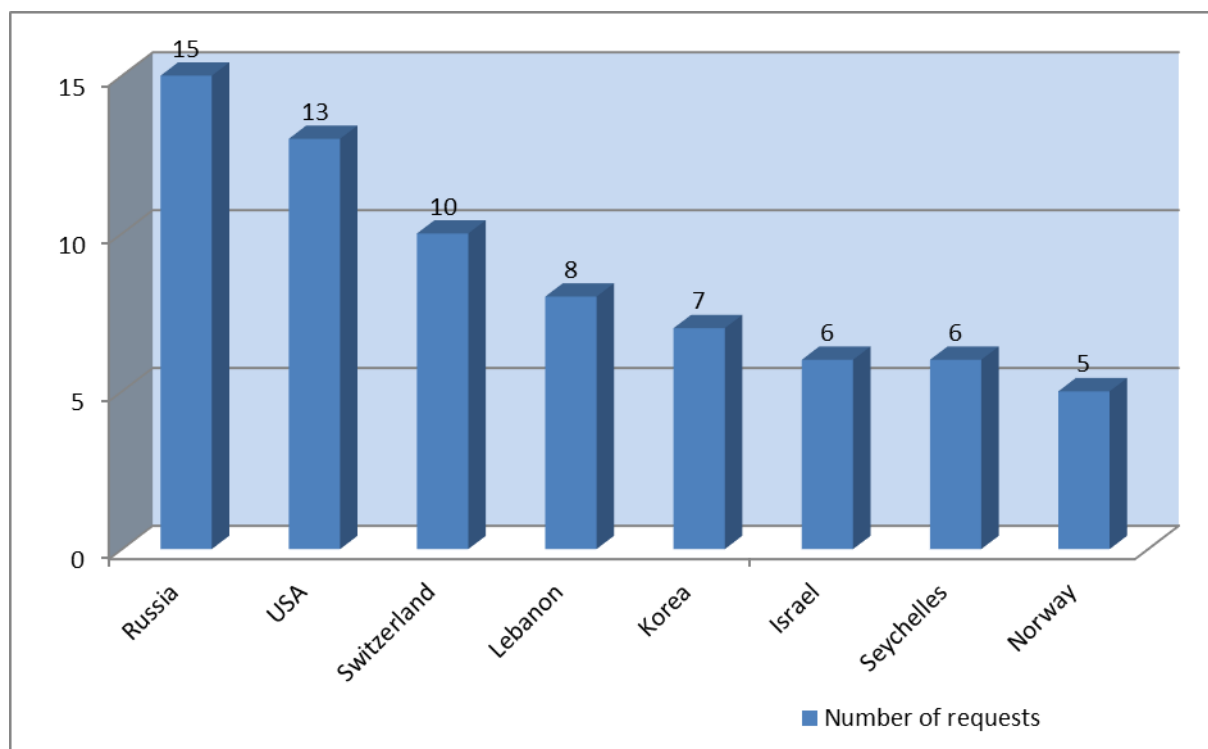


Chart 21 – Specification of non-EU Member States from which foreign FIUs sent the largest number of queries in 2016



From the GIIF's perspective, the FIU from Great Britain is the most active unit of the European Union Member State, which submitted 40 requests for information in 2016. Almost twice less queries were sent from the Latvian FIU – 26. The subsequent units indicated above submitted queries regarding a similar number of cases, i.e. from 14 to 21 requests. Among non-EU countries, the FIUs from Russia and the United States are most active (15 and 13 requests, respectively). In 2016, the GIFI also cooperated with units from such countries as: the Bahamas, Bahrain, Mauritius and Vatican.

In addition to the requests, the foreign FIUs also submit so-called ad hoc information to the GIFI concerning Polish entities, or asset values transferred to/from the territory of Poland. The said information concerned predicate offences or constituted the results of analyses which indicated a possible connection of the described transactions with laundering money originating from financial fraud or fiscal offence, or with terrorist financing. In 2016 the GIFI received 461 pieces of information, concerning 3,935 entities, as compared to 204 in the previous year. The largest amount of information was provided by entities from the following countries:

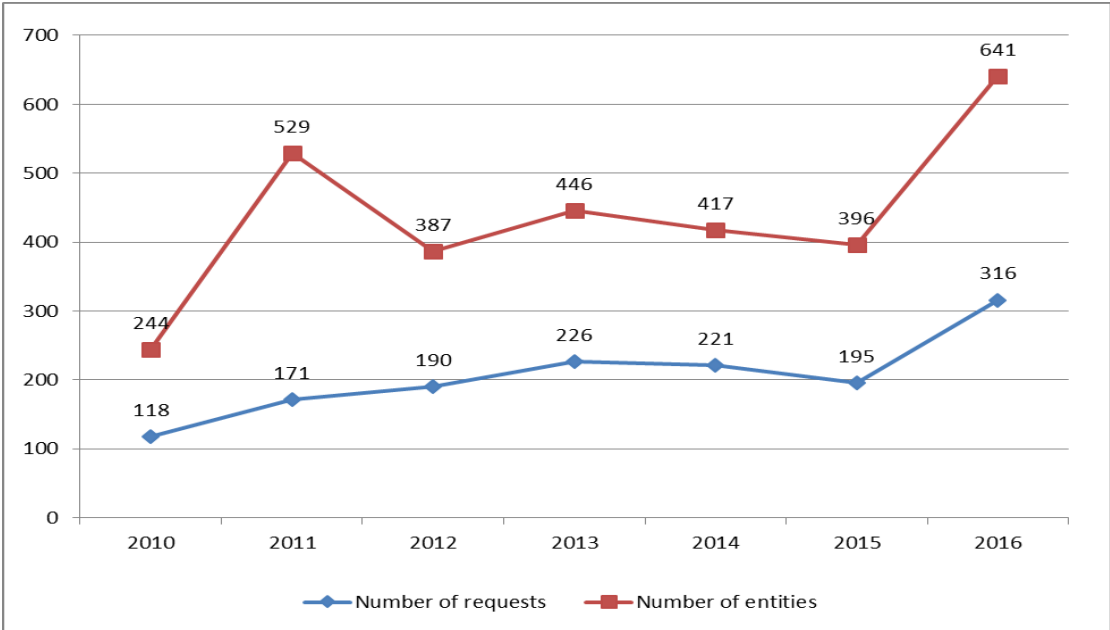
- Luxembourg - 255,
- United States - 105,
- Czech Republic - 46,
- Slovakia - 17.

Information received from the Czech and Slovak units was mainly related to the flow of funds probably originating from malpractice associated with the value added tax.

Reports represent a special type of ad hoc information. Reports of the unit from Luxembourg, amounting to 247, were related to suspicions of various offences and associated financial flows on accounts operated by the “PayPal” company and using the accounts opened in the “Amazon” transaction service . In the latter case, the flow of funds was associated with illegal activity consisting in online sale of counterfeit clothing, cosmetic products or sale of pharmaceutical products prohibited on the territory of UE Member States. In 2016, the FIU from the United States submitted 102 reports indicating the potential relationship of transactions described - mainly cash transfers processed with the use of Western Union - with terrorist financing.

In 2016 the GIFI conducted 163 analytical proceedings under which it requested foreign FIUs to submit information. In the scope of those requests the GIFI submitted the total of 316 requests for information concerning 641 entities. The number of requests was higher by approx. 62% than in the previous year.

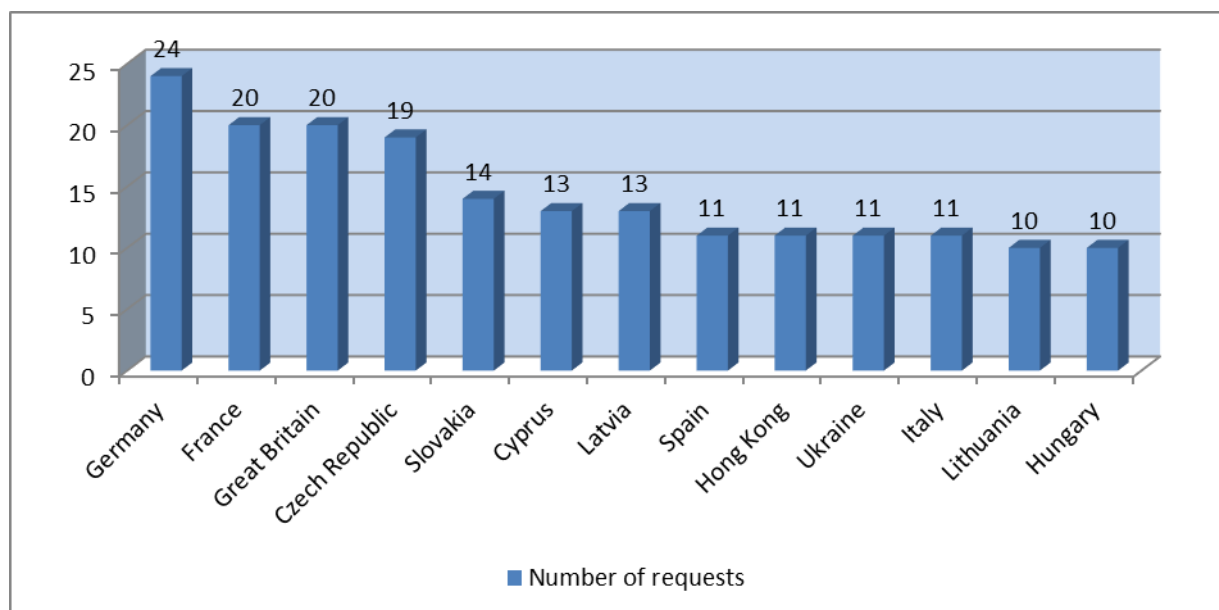
Chart 22 – Number of requests submitted to foreign FIUs in the years 2010-2016



A significant growth in the number of foreign entities within the area of the GIFI’s interest resulted mainly from the verification of information received by the GIFI in connection with the so-called “Panama Papers Leaks”. Under this case, 13 requests for information concerning 137 entities (i.e. 21% of all entities) were submitted to foreign FIUs.

In connection with pending analytical cases, the GIFI most commonly cooperated with the FIUs from Germany, France and Great Britain.

Chart 23 – Specification of foreign FIUs to which the GIFI addressed the highest number of requests in 2016



The largest amount of information was acquired from the FIUs in the European Union Member States, to which the GIFI submitted almost 70% of all requests, as compared to 78% in 2015. The GIFI acquires information on transactions and entities from its counterparts in the non-EU states under bilateral agreements. In addition to Ukraine, in 2016 the GIFI availed itself of such a possibility applying to the FIUs representing, inter alia, such countries and territories as: Belize, Brazil, British Virgin Islands, Hong Kong, Israel, Kazakhstan, Panama, the Seychelles or the United Arab Emirates.

Information derived from abroad is primarily used to verify whether the entities involved in transactions, deemed suspicious by the obligated institutions and cooperating units, are known to the foreign unit in connection with suspected money laundering, terrorist financing or participating in other 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 provided in notifications submitted to prosecution offices or to other law enforcement authorities.

6.10. OTHER ISSUES

6.10.1. ASSISTANCE PROJECT FOR THE FIU IN UKRAINE

In 2016 the GIFI participated for the second time in the implementation of the *Plan of Developmental Cooperation 2016*, preparing technical assistance for the FIU of Ukraine under the project on *Strengthening the Ukrainian System for Combating Money Laundering and Terrorist Financing*. The assistance funded from the earmarked reserve for the

Implementation of the Polish Programme of Cooperation for Development consisted in the organisation of study visits for Ukrainian officials in Poland and workshops conducted by representatives of the Polish FIU in Ukraine. During the study visit to Warsaw and the workshop in Lviv, the representatives of the Ukrainian FIU and other institutions involved in counteracting money laundering and terrorist financing received information concerning the structure of the Polish FIU and tasks implemented by individual departments, analytical tools used for transaction analysis, role of the Polish FIU in combating terrorist financing, control of obligated institutions submitting reports on transactions which may be related to money laundering or terrorist financing, cooperation between the FIUs and the cooperation units, cooperation between the FIUs in the scope of exchange of information.

The tasks and role of other entities involved in combating money laundering and terrorist financing in Poland were presented by representatives of the Polish Financial Supervision Authority, the Central Anti-Corruption Bureau and Bank Gospodarstwa Krajowego, on examples of their institutions.

The study visit of the Ukrainian officials in Poland was attended by 10 representatives of the Ukrainian FIU. The meetings of representatives of the Polish FIU in Lviv were attended by approx. 30 persons from the Ukrainian part (mainly representatives of the FIU, representatives of the state administration: the Central Bank of Ukraine, the National Anti-Corruption Bureau, the Border Guard, fiscal control bodies, customs authorities, the Financial Market Supervisory Authority, the National Commission of Exchange and Securities, as well as representatives of Ukrainian obligated institutions dedicated to tasks of those institutions in the scope of counteracting money laundering and terrorist financing). Both activities implemented under the programme were very positively evaluated by the Ukrainian party.

6.10.2. OTHER INTERNATIONAL INITIATIVES

On 15-16 March 2016 in Bosnia and Herzegovina (Banja Luka), GIF I representatives participated in the workshop on the European strategy for combating terrorism, terrorist financing and the role of the Polish FIU in combating terrorism in Poland. GIF I representatives participated in the meeting as lecturers. The workshop was organised for representatives of institutions and services of Bosnia and Herzegovina involved in terrorist financing issues under the TAIEX programme. The principal objective of the activity was to provide expert support to administration of Bosnia and Herzegovina in adjustment of the national legislation to the EU legislation in the scope of money laundering and terrorist financing.

On 23 May 2016 GIF I representatives, on invitation of the Ministry of Foreign Affairs, participated in the meeting with the delegation of representatives of Nigerian administration dealing, inter alia, with combating corruption and financial crime in this country. During the meeting information illustrating obligations and measures undertaken by the Polish FIU with the purpose of effective combating money laundering and terrorist financing was presented. The delegation listened to examples of analytical cases handled by the Polish FIU with great interest.

On 1-3 June 2016 in Odessa (Ukraine) Mr Wiesław Jasiński, the General Inspector of Financial Information, on invitation of Mr Igora Cherkaski, the Head of the Ukrainian FIU, took part in the international seminar organised in cooperation with the OSCE, devoted to

collaboration in the area of combating money laundering and corruption. The GIFI shared Polish experience in combating this type of crime with representatives of Ukrainian administrative bodies, heads of services dealing with combating money laundering and terrorist financing and the Police, as well as exchanged comments concerning international activities, inter alia, in the area of prosecution of this type of crime committed by politically exposed persons.

During bilateral talks, the GIFI also summarised the effects of the hitherto cooperation with the Ukrainian FIU, inter alia, in the scope of technical assistance granted to the Ukrainian party by the Polish FIU in the area of combating money laundering and terrorist financing.

On 3 September 2016 the GIFI hosted the delegation of the Chinese FIU (CAMLMAC) at the Ministry of Finance. The GIFI signed a bilateral agreement with the Chinese partner in June 2015. The aim of the visit was to discuss practical aspects of the cooperation, i.e. precise defining of the channels for financial information exchange between the units, based on mutual agreement, due to the fact that the Chinese FIU is not a member of the Egmont Group and does not have access to the *Egmont Secure Web*. The meeting provided the opportunity for the exchange of experience related to the cooperation and development of recommendations for the obligated institutions.

On 13 September 2016, at the Ministry of Finance, the GIFI hosted the delegation of Macedonia composed of representatives of institutions dealing with prevention and combating corruption, under the implementation of the twinning project on the “Support to efficient prevention and fight against corruption”. The meeting provided the opportunity for the exchange of experience and best practice in the scope of counteracting and combating laundering of money originating from corruption.

On 11-12 October 2016, the General Inspector of Financial Information, Mr Wiesław Jasiński, together with representatives of Financial Information and Tax Control Departments paid a working visit to France (Paris), where he met his French counterpart – Mr Bruno Dalles, Director of the French FIU (TRACFIN). The objective of the visit was to learn French experience in areas of current special interest of the GIFI in connection with the ongoing works on draft acts of law adjusting the Polish legislation to the new international requirements - in particular, the EU requirements - in the AML/CFT area. The Polish delegation was introduced to the activities and tasks of TRACFIN, its experience in combating the crime of money laundering and terrorist financing and tax crime as well as the opportunities provided to the French unit by the use of the central register of bank accounts – FICOBA, operating in France within the Ministry of Finance and Economics since the 1970s.

On 12 October 2016 the meeting of Mr Wiesław Jasiński, as the General Inspector of Tax Control with senior representatives of Directorate General for Public Finance within the French Ministry of Finance and Economics took place, devoted to the issued of tax crime combating.

On 25 October 2016 GIFI representatives participated in the meeting organised at the Ministry of Finance for representatives of the Albanian administration within a study visit organised by the Supreme Audit Office. The aim of the meeting was to present issues related to functioning of the Polish money laundering and terrorist financing counteracting system to the Albanian party.

On 3 November 2016 the GIF I hosted representatives of the Korean FIU. The visit was organised in cooperation with the UNODC (*United Nations Office on Drugs and Crime*). Its aim was to present the functioning of the Polish money laundering and terrorist financing counteracting system to representatives of the Korean unit, with special emphasis on the GIF I tasks in the area of control of obligated institutions.

On 16 November 2016, the representative of the GIF I participated as a lecturer in the training organised by the Ministry of Foreign Affairs and Lech Kaczyński National School of Public Administration within the Academy of Public Administration of the Eastern Partnership for Ukrainian officials representing the National Anti-Corruption Bureau of Ukraine and the National Commission for Corruption Prevention of Ukraine. The GIF I representative presented the role and tasks of the Polish FIU in combating corruption and counteracting money laundering and terrorist financing.

On 22-23 November 2016, at the Ministry of Finance, the GIF I hosted representatives of the Serbian FIU at a workshop organised under the TAIEX programme. The aforementioned meeting enabled the exchange of experience between both FIUs as well as the presentation of legal and organisational solutions used by the GIF I in the area of combating money laundering and terrorist financing.

7. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES

7.1. PARTICIPATION IN THE LEGISLATIVE WORK

The General Inspector carried out legislative works aiming at amendments to chapter 5a (entitled: Specific restrictive measures against persons, groups and entities) of the *Act on Counteracting Money Laundering and Terrorist Financing*. The objective of the works was to regulate the issue related to the application of specific restrictive measures against persons associated with terrorism in the manner enabling their effective use. The GIFI prepared draft regulations, which were preliminarily consulted with members of the Inter-ministerial Financial Security Committee. The project includes, in particular, the obligations arising from international agreements concluded by Poland and international standards in the scope of counteracting money laundering and terrorist financing (in particular, Recommendation 6 of the FATF): the obligation to freeze all asset values, filling the time gap between the publication of the UN SC resolution and the announcement of the relevant EU Council Regulation, defining the procedure related to the exchange with other countries of the claims for freezing the asset values, defining the procedure of permission for the use of asset values subject to freezing and protection of interests of third persons acting in good faith.

Moreover, the GIFI participated in the analysis and preparation of positions concerning the materials examined during meetings of the Working Party of Foreign Relations Counsellors (RELEX). The object of the analysis and positions of the GIFI were documents related to counteracting terrorism financing through the application of specific restrictive measures consisting in freezing funds as well as draft legal instruments providing for the introduction of new, or modification or repealing of binding restrictive measures with regard to persons, groups or entities in connection with the situation in Ukraine, Syria, the Central African Republic, the Republic of Burundi, the Islamic Republic of Iran and the Democratic People's Republic of Korea, 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. INTERMINISTERIAL FINANCIAL SECURITY COMMITTEE

Due to the growing threat of terrorist attacks, increasing hazard posed by foreign fighters as well as escalating phenomenon of activities of terrorist nature, in 2016 the works of the Inter-ministerial Financial Security Committee, operating at the GIFI pursuant to the *Act on Counteracting Money Laundering and Terrorist Financing*. In 2016 the Committee met twice

- in June and in December. Additionally, two meetings of the working group supporting the works of the Committee were held (in July and in October).

The meetings focused on the arrangements related to the new formula of the Committee's work (its by-laws were adopted, the opinion was issued on the preliminary draft of the provisions of the *Act on Counteracting Money Laundering and Terrorist Financing*, referring to the future formula and tasks of the Committee).

At the meetings, security issues during the July NATO Summit in Warsaw and the World Youth Day in Cracow organised by Poland, were discussed.

Members of the Committee were introduced to the works carried out by the GIFI concerning the national risk assessment of money laundering and terrorist financing, as well as initiatives undertaken by international groups to increase the effectiveness of combating terrorist financing (in particular, the Action Plan for strengthening the fight against terrorist financing and the draft *Directive of the European Parliament and of the Council amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending 2009/101/EC*).

During the meetings, the amendment to Article 165a of the *Penal Code* was also discussed, which is necessary, inter alia, due to the obligation of Poland to implement international commitments in the scope of penalising terrorist financing (in particular, introduction of the criminal liability for financing of an individual terrorist in case the funds are made available to him to satisfy needs which are not associated with the planned terrorist offence).

At the forum of the Committee, the need for amendments to the current provisions of chapter 5a of the *Act on Counteracting Money Laundering and Terrorist Financing* was also discussed. Members of the Committee issued a preliminary opinion on the draft amendments to the provisions in this scope, prepared by the GIFI.

7.3. OTHER ISSUES

In 2016, the GIFI did not receive any requests for authorisation of transactions from the obligated institutions, pursuant to Article 30a of the *Council Regulation (EU) No. 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No. 961/2010* (OJ EU L, No. 88, p. 1). Due to the agreement on the Iranian nuclear programme concluded on 14 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 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 January 2016.

In 2016 the GIFI received only one piece of information concerning freezing of asset values by the obligated institution.

8. NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING

Due to the fact that money laundering and terrorist financing is a complex process comprising many various areas of financial and economic activity which undergoes continuous development, Poland must undertake constant efforts in order to recognise threats associated with such offences and be able to identify potential weaknesses of the national money laundering and terrorist financing counteracting system which should be eliminated.

The need to undertake such measures also arises from FATF recommendation no. 1 which commits each country to identify, assess and understand money laundering and terrorist financing risk occurring in a given country and undertake measures which would mitigate such risks. Article 7 of Directive 2015/849 also commits UE Member States to undertake the appropriate measures to that end.

In 2016 – simultaneously drafting the provisions of the new *Act on Counteracting Money Laundering and Terrorist Financing*, implementing Directive 2015/849 – the GIFI commenced the works related to the preparation to the first national money laundering and terrorist financing risk assessment. The works were based on earlier activities undertaken already in 2012 under the project on *Preliminary National Risk Assessment* (PNRA) in cooperation with the International Monetary Fund (IMF). Owing to this experience as well as based on the experience gained during the works on the *EU supranational risk assessment* (SNRA), carried out by the European Commission since 2015, the preliminary draft of risk assessment methodology for terrorist financing was prepared last year. It was subject to discussions and consultations within the Inter-ministerial Financial Security Committee.

Based on results of the aforementioned activities, at the turn of 2016 and 2017 the draft of risk assessment methodology for money laundering and terrorist financing was prepared. It stipulates that the risk assessment of money laundering and terrorist financing will be divided into two parts: assessment of the “underlying risk” level and assessment of the “residual risk” level. The assessment of the “underlying risk” will be, in particular, based on:

- reports concerning profit generating crime, terrorist threat,
- information concerning functioning of bodies included in the national system of counteracting money laundering and terrorist financing,
- statistical data concerning the activities of the aforementioned bodies,
- legal regulations and their application,
- estimated funds subject to money laundering and terrorist financing,
- information from the obligated institutions and cooperating units concerning their assessment of the national level of money laundering and terrorist financing risk.

The assessment of the “residual risk” will be based on the *modi operandi* list containing concise descriptions of money laundering and terrorist financing methods, compiled on the basis of both national and international experience. The *modi operandi* list related to terrorist

financing was also subject to discussions and consultations within the works of the Inter-ministerial Financial Security Committee.

Based on the assessment of the “residual risk” and the “underlying risk”, the level of overall money laundering and terrorist financing risk will be estimated.

The outcome of the risk assessment conducted will be a report comprising information taken into account while performing this assessment and estimating its level.

The national assessment of money laundering and terrorist financing risk will result in the development of a strategy containing the action plan aimed at elimination or mitigation of identified gaps in the national system of counteracting such offences.

9. LEGAL ACTIVITY

9.1. LEGISLATIVE WORKS

In 2016 the Financial Information Department implementing the tasks of the GIFI carried out legislative works concerning drafts of two acts of law, i.e. the draft *Act on the Central Base of Accounts* and the draft *Act on Counteracting Money Laundering and Terrorist Financing* .

The objective of the Act on the Central Base of Accounts is to collect information concerning accounts in a single centralised database, owing to which localising of asset values originating from crime will be facilitated and bailiffs and enforcement bodies will be able to receive fast and full information on potential places of asset storage by debtors. Information on accounts collected in the base will be used by bodies strictly defined in the Act, in connection with statutory tasks they implement.

In December 2016 the draft of the aforementioned Act was submitted to inter-ministerial consultations and opinion.

In the 3rd quarter of 2016 the Financial Information Department commenced works on the draft *Act on Counteracting Money Laundering and Terrorist Financing* in order to implement *Directive of the European Parliament and of the Council (EU) no. 2015/849 of 20 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* .

Parallel to the works on the aforementioned draft acts of law, activities were in progress concerning the amendment to the *Regulation of the Prime Minister amending the regulation concerning the procedure and conditions related to assignment of the Internal Security Agency officers to work in the organisational unit of the General Inspector of Financial Information* and issuing the new *Regulation of the Minister of Development and Finance concerning the form and procedure of providing information to the General Inspector of Financial Information by the Border Guard and National Revenue Administration authorities*. The necessity to undertake legislative works in the above mentioned areas was driven by the

adoption of the *Act of 16 November 2016 - regulations introducing the Act on the National Revenue Administration* (Journal of Laws item 1948 as amended) and the resulting amendments to the authorising regulations, based on which the aforementioned regulations were issued. The basic form of both acts of law remained unchanged, and the corrections of the Acts were mainly related to the adjustment of the competence of the bodies to the organizational structure of the National Revenue Administration.

Moreover, the Financial Information Department participated in issuing positions on other draft acts of law, inter alia, the draft *Act - regulations introducing the Act on the National Revenue Administration* and the draft *Act on exchange of tax information with other countries*.

9.2 ISSUING POSITIONS IN THE SCOPE OF APPLICATION OF LEGAL REGULATIONS

In the framework of implementation of its current tasks, the Department of Financial Institutions, on behalf of the GIFI issued written interpretations concerning the provisions of the *Act on Counteracting Money Laundering and Terrorist Financing* for the obligated institutions, including banks, credit unions (SKOK), economic operators accepting cash as a payment for goods in the amount equal to or exceeding EUR 15,000, entities providing payment services, investment fund management companies, civil law notaries. The number of interpretations issued remained at a level comparable to previous years.

In addition, the obligated institutions were provided with explanations and interpretations in the scope of application of the provisions of the aforementioned act also in the telephone information form.

10. OTHER ISSUES

10.1. CELEBRATION OF THE 15TH ANNIVERSARY OF ESTABLISHMENT OF THE POLISH FIU

Last year was the year of the 15th Anniversary of establishment of the Polish FIU at the Ministry of Finance. The first Polish act of law which comprehensively regulated the money laundering problem is the *Act of 16 November 2000 on Counteracting Money Laundering and Terrorist Financing*. It provided basis for the appointment of the General Inspector of Financial Information and the establishment of the Polish FIU structure in 2001.

Within the celebrations of the anniversary, on 17 June 2016 a scientific conference on “Virtual currencies - threats and challenges” was held. Its mission statement was the strengthening and facilitating of the cooperation between the public sector and the private sector in this area. At the same time, it constituted a platform within which representatives of administration, entrepreneurs, the scientific community and foreign experts exchanged their international and national experience in the scope of virtual currencies. Experience of the conference was used during works on the amendment to the *Act on Counteracting Money Laundering and Terrorist Financing*.

Representatives of public institutions, private sector and the world of science met at the Ministry of Finance for the second time on 19 September 2016 when the main ceremony of the celebrations of the 15th Anniversary of the Polish FIU establishment took place. Mr Paweł Szalamacha, the Minister of Finance opening the ceremony emphasised that the discussion concerning combating money laundering and terrorist financing had become particularly dynamic in the recent time, which is reflected by the topics discussed at the ECOFIN Council meetings. It has been augmented by various events at an international level, in particular, by the terrorist acts worldwide, especially on the territory of the European Union and the activity of so-called Islamic State and the related problem of financing terrorism and so-called foreign fighters. It was also triggered by so-called Panama Papers disclosed in the first half of 2016, revealing the backstage of tax haven functioning, using them for money laundering and circumvention of tax regulations binding in countries of the capital origin by private entities. Minister Szalamacha indicated that one of the priorities of the Polish internal

policy is to ensure public security, including financial security. According to his assessment, the legislative activities undertaken in 2000, in particular, the appointment of the General Inspector of Financial Information including its supporting unit, enabled the process of creating a consistent and coherent system of combating money laundering and terrorist financing in Poland. Moreover, they adjusted the Polish law to international standards applicable in this field at that time.

The opening lecture was delivered by Professor Ewa Gruza, PhD DSc, who observed that crime undergoes dynamic transformation, both in the scope of the object of action and applied methods of crime commitment. Therefore - in her opinion - changes are required which will ensure the improvement of the GIFI effectiveness. In her lecture she indicated that obtaining of the support of scientific centres dealing with crime analysis would be also a significant element for the future.

The General Inspector of Financial Information stressed that 15 years of the GIFI activity is not only the opportunity to look backward but mainly to discuss the future of the system for counteracting money laundering and terrorist financing in Poland. He paid attention to the challenges the Polish FIU had to face, in particular, the need to elaborate a new act of law in the area of counteracting money laundering and terrorist financing and implementation of the provisions of Directive 2015/849. He also indicated the need for cooperation between actors of the national system in the area of development of new solutions in this scope as well as the importance of joint activities at an international level.

During the discussions concerning the 15th anniversary of functioning of the Polish FIU, its role and tasks as well as cooperation from the perspective of other bodies and institutions, including international institutions, the following persons also spoke: the first General Inspector of Financial Information (holding this position in 2001) – Mr Ireneusz Wilk, the attorney at law; the 1st Deputy of the Prosecutor General – Mr Bogdan Świączkowski, National Prosecutor; acting Deputy Commander of CBŚP - Mr Adam Cieślak, junior inspector; the Chairman of the Polish Financial Supervision Authority - Mr Andrzej Jakubiak; the President of the Polish Bank Association – Mr Krzysztof Pietraszkiewicz and foreign guests: Chairman of the MONEYVAL Committee of the Council of Europe, Head of the FIU from Liechtenstein – Mr Daniel Thelesklaf; the representative of Egmont Group, Head of the FIU from Hungary – Gabor Simonka and representatives of the Polish FIU.

During the celebration persons who contributed to the development of the Polish FIU were distinguished with medals. On the occasion of the anniversary, employees of the Polish FIU prepared the anniversary publication devoted to the most significant achievements of 15 years of its functioning.

10.2. MONDAYS WITH THE GENERAL INSPECTOR OF FINANCIAL INFORMATION

On 23 May 2016 Mr Wiesław Jasiński, the General Inspector of Financial Information initiated a cycle of meetings at the Ministry of Finance concerning counteracting money laundering and terrorist financing. The objective of this initiative was to present the most important global problems and trends as well as rules and legal tools in the area of combating money laundering, terrorist financing and predicate offence to cooperating units, obligated institutions, scientific and academic communities as well as social partners.

The topics presented during the cyclical meetings comprised, inter alia:

- combating terrorist financing (presentation of indicators and typology as well as historic aspects and new trends associated with this area);
- methods used by perpetrators of money laundering offence;
- combating crime associated with trade in national heritage section, in conjunction with money laundering and terrorist financing;
- strengthening of banks' cooperation with the GIFI and the tax bodies in the area of identification of transactions associated with the fuel market and use of intra-Community trade for VAT fraud and money laundering;
- combating carousel crime;
- new initiatives of the Ministry of Finance in the area of combating carousel crime;
- combating fraud and tax optimisation in the light of the so-called Panama Papers scandal;
- money laundering and concealing assets with the use of entities from tax havens;
- Panama Papers - how to use effectively the data from tax havens disclosed to public in the form of data leakage;
- issues related to so-called criminal financial engineering;
- tasks of the obligated institutions in the area of money laundering and terrorist financing and their implementation from the perspective of civil law notaries;
- money laundering and terrorist financing risk assessment in the banking area;
- cooperation of the General Inspector of Financial Information with the cooperating units;
- control of the obligated institutions;
- politically exposed persons;
- counterfeiting of trademarks;
- Solutions related to money laundering and terrorist financing problems in countries of the Eurasian Group.

It should be stressed that the aforementioned problems were presented not only by the GIFI and the division subordinate to it but also by representatives of the Ministry of Finance, cooperating units, obligated institutions as well as scientific communities and the consulting sector.

By the end of 2016, 19 such meetings were held, dedicated to the aforementioned entities, jointly attended by 845 persons representing public administration bodies and the private sector. Moreover, the meetings provided for an excellent training platform for employees of the Polish FIU who participated in each lecture delivered at the Ministry of Finance.

The "Mondays with the General Inspector of Financial Information" received with great interest, introduced public administration and social partners into activities carried out in Poland in the area of combating money laundering, terrorist financing and predicate offence,

in particular, tax offences. The meetings also constituted a forum for discussions concerning strengthening of Polish legal and organisational solutions in the area of combating money laundering and terrorist financing. As of January this year, the GIFI has been continuing this activity whose underlying goal is to introduce the widest possible circle of institutions to the aforementioned problems as well as to raise institutional awareness with respect to threats associated with such crime.

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General Inspector of Financial Information