



The European Union's Phare Programme for Lithuania

Strengthening the Administrative and Technical Capacity of the FCIS
while implementing effective money laundering prevention measures

Final Report

Draft version - 10th of February 2005



The project is financed by
the European Union



The project is implemented by
European Consultants Organisation

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2. Report on Activity 2, “Recommendations and guidelines concerning money laundering prevention for leasing companies and professionals”, 30th of November 2004. English and Lithuanian version.
3. Report on Activity 3, “Co-operation between FCIS and other Money Laundering Prevention Institutions”, 3rd of December 2004. English and Lithuanian version.
4. Report on Activity 4. “Annual Statistical Bulletin on Money Laundering Prevention Situation in Lithuania”, 20th of November 2004. English version.
5. Report on Activity 5, “Material of the training Modules”, January 2005. English and Lithuanian version.
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1. Introduction

This Final Report (FR) covers the period from the 11th of February 2004 until the 17th of January 2005.

This FR has a layout that follows the Activities mentioned in the Terms of Reference (ToR) and the Inception Report; the same model as was used in the various Monthly Reports and the 1st, 2nd and 3rd Quarterly Report.

This EU Phare project has been carried out as a technical assistance project as a part of an “overall” project aiming at the strengthening of the administrative and technical capacity of the Financial Crime Investigation Service (FCIS). This larger project also involves the supply and installation of equipment, development of data bases and investment components.

The actual work on the project started at the 11th of February 2004 with the arrival of the Team Leader Mr Harrie VAN BOXMEER in Vilnius. Throughout the project the Team Leader has been assisted by Mrs Austė SAVICKIENĖ.

The project has been very much supported by the Beneficiary (Money Laundering Prevention Division of FCIS) and more in particular by the Project Officer (PO) Mr Igoris KRZECKOVSKIS and his deputy Mrs Jolanta VIZINIENE.

In conformity with the ToR seven main specific activities have been identified.

1. Legal basis revision; “to revise the legal basis related to money laundering prevention and prepare recommendations for its improvement”
2. Methods & guidelines for leasing companies & professionals; “to develop the methodical recommendations and guidelines concerning money laundering prevention for leasing companies and professionals”.
3. Facilitate & improve co-operation; “to facilitate and improve co-operation between different institutions responsible for money laundering prevention, including credit and financial institutions.
4. Statistical bulletin; “*To support in preparation of annual statistical bulletin on money laundering prevention in Lithuania*”.
5. Training Courses; “to prepare the new training modules (TM) for Financial Intelligence Unit (FCIS) and other related institutions officials’ qualification improvement and deliver training”
6. Study Visits, “to a selected EU Member State or Candidate Country will provide the opportunity for a selected group (total 20 persons) to learn and apply the EU’s best anti-money laundering practices in Lithuania”.
7. Preparation of Tender documents, “to assist the Beneficiary in the preparation of the tender documents for the investment component related to the works contract”.

For each of the above mentioned activities reports have been drafted. The reports have been sent for discussion to the Beneficiary and other Members of the Steering Committee. Those reports represent the core of the work executed in this project.

On a regular basis the Team Leader has informed the Beneficiary, The Contracting Authority (CPMA) and the EC Delegation¹⁾.

¹⁾ Since 1st of May 2004 this is referred to as EC Representation.



Steering Committee Meetings have been held to discuss the Inception Report and the Quarterly Reports.

During the project execution the following reports have been produced by the Project Team:

- | | |
|-------------------|---|
| Inception Report | <ul style="list-style-type: none">• Final Version, 17th of March 2004 |
| Monthly Reports | <ul style="list-style-type: none">• Mar/Apr, 9th of April 2004• Apr/May, 13th of May 2004• May/Jun, 11th of June 2004• Jun/Jul/Aug, 11th of August 2004• Aug/Sep, 11th of September 2004• Sep/Oct, 11th of October 2004• Oct/Nov, 15th of November 2004• Nov/Dec, 11th of December 2004• Dec/Jan, 12th of January 2005 |
| Quarterly Reports | <ul style="list-style-type: none">• Final Version 1st QR, 4th of June 2004• Final Version 2nd QR, 31st of August 2004• Final Version 3rd QR, 3rd of December 2004 |
| Final Report | <ul style="list-style-type: none">• Draft version 10th of February 2005 |

During the execution of the project a number of experts have contributed to the various project activities and training modules. The experts that were involved in the project execution are listed in the table below.

All available expert days have been used by the experts. International experts used 166 days and the local experts used 65 days in total.



Table 1. List of experts

Name of the expert:	Position of expert:	Contributed to:
Mr Anders CEDHAGEN	Key expert, legal specialist	Activity 1, 2. TM 7,9, Rep
Mr James O'CONNELL	Key expert, prevention specialist	Activity 2, 3. TM1, 2, 4, 5, 6, 8, 10, Rep
Mr Alan HEDLEY	Key expert, investigation specialist	Activity 2, 3, 6. TM 2, 3, 5, 8, 10
Mr Jean-Francois DE CLERCK	Key expert, publication and reporting specialist	Activity 2, 4. TM 4, 6, 8, Rep
Mr Pierre BOULANGER	Key expert, trainer	TM 10
Mrs Dominique JACQUES	Non-key expert , legal specialist and trainer	Activity 1, 2, 3. TM 10
Mr Jean-Pierre DE CLERCK	Non-key expert, IT and database specialist	Activity 4
Mr Martynas VAINAUSKAS	Local expert, banking specialist	TM-bank
Mr Rimgaudas ČERNIUS	Local expert, banking specialist	TM-bank
Mr Vytautas POLUJANSKAS	Local expert, banking specialist	TM-bank
Mr Vytautas ZIEMYS	Local expert, banking specialist	TM-bank
Mr Remigijus SKORUPSKAS	Local expert, banking specialist	TM-bank
Mr Olegas RUBCOVAS	Local expert, banking specialist	TM-bank
Mr Ramunas KAKLAUSKAS	Local expert, securities specialist	TM-SC
Mrs Jolanta KAIRIENE	Local expert, securities specialist	TM-SCc
Mr Kestutis TUMONIS	Local expert, IT-specialist	Activity 4
Mr Algimantas CEPAS	Local expert, legal specialist	Activity 1, 2, 3

2. Activities carried out during the Project

2.1. Activity 1: Legal basis revision

In this Activity 1 both local and international experts have been involved. The expert team consists of Mrs Dominique JACQUES, Mr Anders CEDHAGEN and Mr Algimantas CEPAS.

The team's mission was to execute Activity 1. In the Terms of Reference (ToR) of the project Activity 1 is referred to as follows:

- *To revise the legal basis related to money laundering prevention and prepare recommendations for its improvement.*



From other statements in the ToR and discussion with the Beneficiary it became clear the recommendations should very much take into account the European Union (EU) requirements.

At the start of this project the Law amending the Law on the Prevention of Money Laundering (November 25, 2003 # IX-1842) came into force. During the revision various governmental decisions such as:

- resolution of the Government of the Republic of Lithuania on amendment of the resolution of the Government of the Republic of Lithuania no 1409 on 6 September 2002 concerning the rules to arrange the register of the monetary operations and transactions conducted by the client, *22 July 2004 no 931 Vilnius*,
- resolution of the Government of the Republic of Lithuania on amendment of the resolution of the Government of the Republic of Lithuania no 1331 on 3 December 1997 concerning client's identification and the order of furnishing information on monetary operations *22 July 2004, no 930. Vilnius*,
- resolution of the Government of the Republic of Lithuania on amendment of the resolution of the Government of the Republic of Lithuania no 1411 on 6 September 2002 'concerning the approval of criteria in observance whereof a monetary operation is considered suspicious' *22 July 2004, no 929 Vilnius*,
- Resolution of the Government of the Republic of Lithuania on the approval of the rules to suspend suspicious monetary transactions and to furnish information to the Financial Crime Investigation Service 15 November 2004, No 1441 Vilnius

were drafted and became operational.

The detailed findings and clarifications of the experts can be found in the Report on Activity 1. This report is added as annex 1 to this Final Report.

General

Lithuania's anti-money laundering (AML) framework is based on the Law on the Prevention of Money Laundering (the Law), which has been regularly updated, as well as on various resolutions of the Government addressing specific issues in the Law (e.g. on the procedure of client identification and submission of information on monetary operations, the criteria for identifying suspicious transactions, keeping of a register of monetary transactions, etc.), and Methodological Recommendations of the Board of the Bank of Lithuania, which also are regularly updated and provided to credit institutions with the aim of assisting them in properly implementing legal requirements for the prevention of money laundering in their operations.

The second EU Directive for the prevention of money laundering²⁾ (the second Directive) was implemented by amendments of the Law on 25 November 2003. The amendments entered into force on 1 January 2004.

The report compares the Lithuanian AML legal framework with the second EU Directive on money laundering as well as with the proposal from the Commission on a third EU

²⁾ Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering.



Directive concerning prevention of money laundering³⁾ (the third Directive). The Commission's proposal to a third Directive is just a proposal but as it, in most respect, closely follows the revised FATF 40 Recommendations it is most likely that it will be adopted by the Parliament and the Council, with only minor amendments. Moreover Lithuanian law is compared with the FATF 40 Recommendations.

Recommendations

The experts have formulated 17 recommendations. The rationale of this advise is described in the Report on Activity 1.

It is recommended that:

- a) *the Law will be amended to include also terrorist financing as a part of the definition of money laundering.*
- b) *it will be made clear that the Law covers real estate agents in all cases and not only over a certain threshold.*
- c) *the definitions of insurance intermediary, terrorism, beneficial owner, trust and company service providers, political exposed persons, business relationship and shell banks are included in the Law, in the case that it is deemed to be necessary.*
- d) *the Law will be amended to include a requirement to identify the customer wherever there is a suspicion of money laundering irrespective of the amount of the transaction.*
- e) *there will be regulations concerning non-face to face operations.*
- f) *the Law will be amended to include a customer identification requirement conducted on a risk sensitive basis.*
- g) *appropriate authorities consider how to fulfill the obligation for institutions to respond fully and rapidly on a request from the FIU.*
- h) *appropriate authorities examine how employees in the reporting entities can be protected from threats or hostile actions.*
- i) *reconsideration is made whether it is correct that lawyers should not be obliged to answer questions from the FIU.*
- j) *the Law will be amended to include the possibility for legal professionals to dissuade a client from engaging in illegal activity.*
- k) *the law will be amended to have one set of rules concerning record keeping for all entities covered by the Law as it seems that the record-keeping obligation is too narrow for some of them.*
- l) *the Law should be amended to include record keeping for cash payments and for branches and subsidiaries outside the EU.*
- m) *appropriate authorities establish a system to keep necessary statistics.*
- n) *it is made clear that the institutions have procedures for risk assessment and risk management.*
- o) *reconsideration is made whether it is correct that lawyers should have different obligations than other entities covered by the Law concerning internal procedure and training.*
- p) *all authorities establish systems to be able to give necessary feedback*
- q) *all exchange offices, trusts and company service providers have a licensing or registration requirement and that all casinos are licensed.*

³⁾ Proposal for a Directive of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering including terrorist financing.

These 'general' recommendations have also been described in terms of amendments to the existing Law on the Prevention of Money Laundering and can be found in the last section of the Report on Activity 1.

Comments from the Beneficiary

The (draft) report on revision of the ML prevention Law was sent to the Beneficiary in an earlier stage. The Money Laundering Prevention Division of FCIS reacted by a letter⁴⁾ "Concerning the improvement of the legal basis.

The current money laundering prevention legal basis is harmonized with the EU money laundering prevention directive. We agree with your recommendations concerning the amendment of the money laundering prevention legal basis but as the third directive is only being concerted and prepared for the enactment, we believe it is purposeless to amend the legal basis"

2.2. Activity 2: Methods & guidelines for leasing companies & professionals

The members of the expert team are Mr Algimantas ČEPAS, Mr Jean-Francois DE CLERCK, Mr Alan HEDLEY, Ms Dominique JACQUES and Mr James O'CONNELL.

The team's mission is to execute Activity 2.

In the Terms of Reference (ToR) of the project Activity 2 is referred to as follows:

- *To develop the methodical recommendations and guidelines concerning money laundering prevention for leasing companies and professionals.*

From other statements in the ToR and discussion with the Beneficiary it became clear that recommendations should be very much focused on the (financial) leasing companies.

Article 4 sub 6 of the Law amending the Law on the Prevention of Money Laundering (November 25, 2003 # IX-1842) provides as follows:

The Financial Crimes Investigation Service shall approve instructions for providers of financial leasing and other entities, with the exception of lawyers and lawyers' assistants, intended for prevention of money laundering.

Since the leasing companies in Lithuania are not really supervised it is not known how many companies provide financial leasing services. The Lithuanian Leasing Association (LLA) has the major leasing companies as members, the LLA is however not a supervising authority.

The full report on Activity 2 can be found as annex 2 to this Final Report.

Recommendations

Viewing the Lithuanian situation it is advised to provide a Regulatory Body with respect to the Leasing Industry. Such a regulatory body - attached to an existing structure or a new institution - could provide licenses to companies that want to operate in Lithuania.

⁴⁾ Letter # 25/10-1-4676, dd. 1-Oct-04.



This body would also be initiating AML measures and control schemes for the Leasing Industry.

It must be stressed that all the rules and regulations concerning Money Laundering prevention for the leasing Industry should coincide with all the measures taken for Credit Institutions. It could also be envisaged that the Leasing Industry would be put under the same regime as the banks, for example.

The experts also made specific recommendations on the draft Order of FCIS director with respect to financial leasing companies. These recommendations can be found in annex 2.

2.3. Activity 3: Facilitate & improve co-operation

Activity 3 has been carried out by a team of experts consisting of Ms Dominique JACQUES, Mr Alan HEDLEY, Mr James O'CONNELL and Mr Algimantas CEPAS.

The team's mission was to execute Activity 3. In the Terms of Reference (ToR) of the project, Activity 3 is referred to as follows:

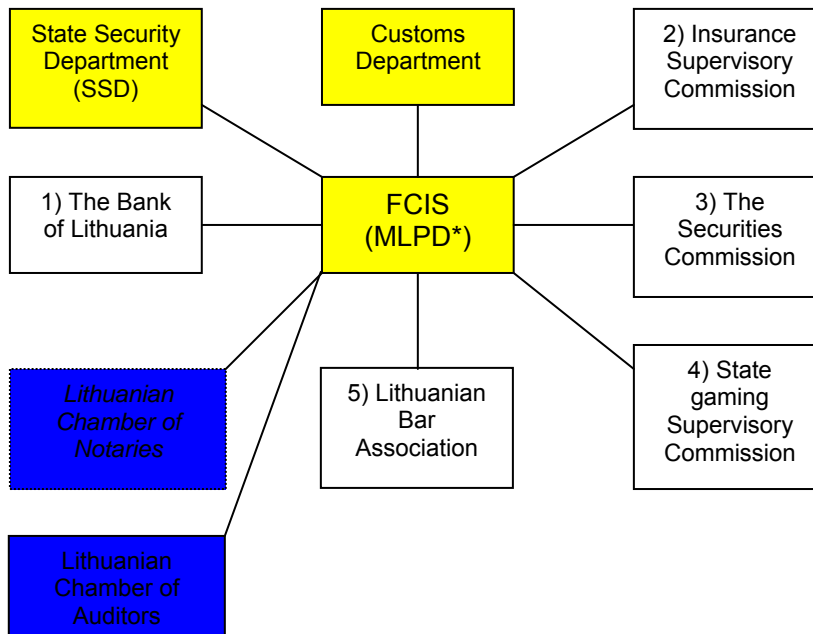
- *To facilitate and improve co-operation between different institutions responsible for money laundering prevention, including credit and financial institutions.*

In order to be able to tackle Activity 3 a close examination of the Law on prevention of Money Laundering (Nov 25, 2003 # IX-1842) was started.

Below the Money Laundering Prevention Institutions (MLPIs) as mentioned in the Law (Chapter 2, article 3) are schematically presented.

Scheme 1. MLPIs





*) Money Laundering Prevention Division

The Lithuanian Chamber of Notaries and the Lithuanian Chamber of Auditors are not quoted in the Law, but their members (professionals) are mentioned as important reporting entities (Chapter 1, article 2). The Chambers are mentioned because they could also play a role in the prevention of Money Laundering in co-operation with FCIS.

A special position is created for the State Security Department (SSD) (Chapter 2, article 6), they deal with money laundering as far as it has a connection with terrorism financing.

The State Security Department has the obligation to co-operate with FCIS concerning the implementation of the measures for the prevention of terrorism financing. In case of a financial transaction related to terrorism financing, FCIS must report to SSD according to the procedure prescribed by the Government.

Article 4 refers to the obligation of appointing a senior employee that maintains contact with FCIS. Customs, State Security Department do not have a special person responsible for maintaining communication with FCIS appointed yet.

A number of the interviews were held with key staff members from various parties operating in the field of money Laundering prevention such as:

- Customs Department,
- State Gambling Supervisory Commission,
- Insurance Supervisory Commission,
- Lithuanian Chamber of Notaries,
- State Security Department,
- Lithuanian Bar Association,



- The Bank of Lithuania,
- Lithuanian Securities Commission.

From the interviews some general statements have been drafted concerning the present Lithuanian situation. The expressed views are listed below.

Views expressed by the interviewees:

- The Working party on co-ordinating ML prevention⁵⁾ seems not to be very active,
- The concept of feed back is not very well developed,
- There is believed to be a lack of specific knowledge of the business characteristics of certain institutions.
- The reporting in general to FCIS has little or no value added. Most institutions have no idea on what happens with the reports and whether or not they were of any use.
- Inspections carried out by supervisory authorities are not very much focused on ML prevention or detection. Questions concerning Money Laundering play only a minor role.
- The co-operation between FCIS and SSD is not very well governed.
- The use of various existing databases for avoiding duplication of work is underdeveloped.
- It is suspected that the provision made in the Law concerning the reporting of advocates via the Bar Association will not be effective, although there is no experience in this field yet.

More details concerning the interviews can be found in annex 3, Report on co-operation.

Recommendations

Both from the interviews, international “best practice” and the findings of the experts a number of recommendations have been drafted by the experts.

Task Force

A suggested national initiative in the fight against money laundering in Lithuania is the establishment of a small Task Force comprising public and private sector representatives to be accountable for the delivery of the aims of the anti money laundering regime, to ensure a “joined up” approach across the various stakeholders.

The Task Force should be chaired by a senior government official, and report to a Government Minister to ensure ownership by a single lead Government department. It should comprise individuals with sufficient authority to implement necessary changes. It should promote the successes of the anti money laundering regime, encourage collaboration between stakeholders, and also monitor and respond to resource needs.

The Task Force should be action-focused; pro-active in carrying out change and pre-emptive in anticipating and dealing with issues. It should operate until the current issues in the anti money laundering regime have been addressed.

⁵⁾ Created on the basis of the Prime Minister’s decree dated 27th of May 2004 # 113 as a replacement of the old Working party created 6th of December 1999 # 548



A key role for the Task Force in addressing the current issues of the anti money laundering regime will be to conduct regular reviews of the regime as a whole to ensure that its component elements are kept up to date with emerging trends and current criminal activities. Responsibilities will include periodic reviews of the ongoing validity and appropriateness of the aims of the regime.

Specifically, in order to meet its objective of delivering measurable progress against the aims of the regime, the Task Force should carry out the following functions:

- Produce an initial anticipated budget for the changed resources required in relation to those recommendations which it believes should be adopted.
- Promote the successes of the anti money laundering regime in tackling money laundering, predicate offences and the proceeds of crime.
- Encourage greater degrees of collaboration between the different stakeholders.
- Give support and guidance to stakeholders.
- Monitor financial resources, human resources and Information Technology needs and recommend changes when issues arise.
- Provide input to Lithuania's overall anti money laundering strategy.
- Assess developments overseas and determine whether additional or different steps should be taken to meet new threats or take account of advances made by overseas regulators, Financial Investigation Units and Law Enforcement Agencies.

Centre of Excellence

The Financial Crime Investigation Service could seek to become a Centre of Excellence. Among other things, it could be the focal point of training for *all* financial investigators, including those permanently attached to other Law Enforcement Agencies. This would add value to investigations throughout Lithuania.

In summary, a Centre of Excellence would:

- Provide training to Law Enforcement Agencies. Training modules for both FIU and non-FIU officers could be established, making use of the skills of the FCIS and the experience of all other Law Enforcement Agencies
- Provide expert financial investigators to assist in major investigations being carried out by external Law Enforcement Agencies
- Be a repository for intelligence other than that obtained from financial service providers. It could hold relevant information gathered by other Law Enforcement Agencies
- Develop guidance on best practice for investigators of all agencies handling Suspicious Financial Transaction Reports.

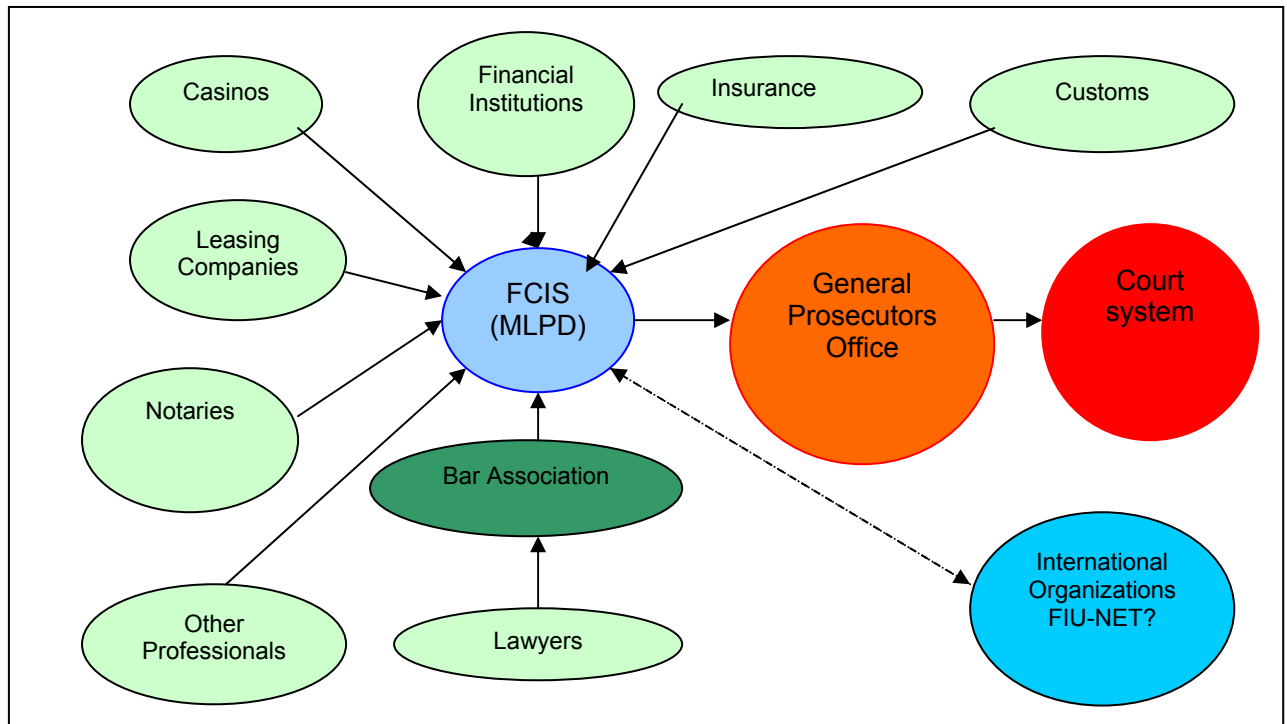
Provision of feedback

There is currently very little feedback provided to disclosing entities by the FCIS and other Law Enforcement Agencies, in relation to the quality and/or results from specific Suspicious Financial Transaction Reports.

In scheme 2 the central position of the FIU is displayed. In order to become more effective in the fight against Money Laundering all shown arrows should become bi-directional. Here lies a great opportunity in the further development of feedback procedures both for the Beneficiary and the Reporting Entities as well as the Prosecutors Office.



Scheme 2. Position of FIU



It is recommended that measures are taken to improve the feedback to all actors involved in combating money laundering in Lithuania.

The understanding of the business the various actors are in is the first condition that needs to be met. TM-bank and TM-SC can be seen as a step towards this goal.

Organization of FIU

To improve the efficiency of the handling of STRs, and to create the organizational environment to cope with the increasing volume of reports in the future, it is suggested to develop a FIU comprising three distinct units.

These units are:

- A Data Management Centre: equipped to carry out rapid and efficient data processing, staffed by data entry personnel to input and check Suspicious Financial Transaction Reports and to search core databases. It should also carry out initial allocation of Suspicious Financial Transaction Reports to Law Enforcement Agencies and act as the repository for the intelligence contained in those Suspicious Financial Transaction Reports that are not investigated by Law Enforcement Agencies.
- A Liaison Unit: to act as the focal point for the anti money laundering regime, between the disclosing entities and the Law Enforcement Agencies. It should act as the public face of the Financial Investigation Unit and the conduit for communicating Law Enforcement Agency requirements to the private sector. It should review and allocate all Suspicious Financial Transaction Reports within the reporting system and recommend which Suspicious Financial Transaction Reports should be developed further. The Liaison Unit should also be the focal point of

partnership initiatives and provide education and feedback to reporting entities. There should be a fast track method of liaising with other Law Enforcement Agencies in cases where urgent co-operation is required. There should also be feedback between Law Enforcement Agencies to enable measurement and evaluation of the integrated investigation process.

- An Intelligence Development Unit: to develop intelligence packages for Law Enforcement Agencies - with high quality information. It should carry out tactical analysis of the Financial Investigation Unit database and provide strategic analysis to support the national approach to anti-money laundering measures.

2.4. Activity 4: Annual statistical bulletin for FCIS

Activity 4 has been carried out by a team of experts consisting of Mr Jean Francois DE CLERCK, Mr Jean Pierre DE CLERCK and Mr Kestutis TUMONIS.

With respect to Activity 4 the ToR states the objective of the activities as follows: *To support in preparation of annual statistical bulletin on money laundering prevention in Lithuania. This bulletin will describe, with particular reference to Lithuania, how money laundering operations are carried out, what types of suspicious transactions have been reported and what action has been taken on such reports. More over, it will focus on the impact of the latest technologies.*

The bulletin made by the experts has to be regarded as a dummy version. It is an (internal) example of a possible annual report from FCIS on the Money Laundering Phenomenon in Lithuania. It shows what data can be presented and how it can be shaped to give the reader an idea what Money Laundering prevention is all about in Lithuania. See annex 4 for the full version of this dummy.

The experts made no policy decisions towards the content of an annual report for FCIS. This was left to the discretion of the FCIS management and more specific its Director, Mr R. BOREIKA.

On the basis of the dummy the FCIS has developed further and has created an annual report. This annual report will be published in due course both in Lithuania and English.

2.5. Activity 5: Training courses

The Training Courses form the major part of the project. Twelve Modules⁶⁾ have been prepared and executed, so an average of one TM per month.

Almost all experts have been involved in the development and execution of the various training courses.

With respect to Activity 5, the ToR states the objective of the activities as follows: “to prepare the new Training Modules (TM) for Financial Intelligence Unit (FCIS) and other related institutions officials’ qualification improvement and deliver training”.

⁶⁾ TM 1 was divided in 3 sub-modules. TM3 was divided in two sub-modules.



The curricula of the various Training Modules have been developed taking into account the recent developments in the field of the fight against money laundering as well as the specific requests from the Beneficiary and other institution during the course of the project. As a consequence some of the original TMs were combined, adjusted and two new TMs were added. The following TM were delivered:

- TM 1, Suspicious Activity Reports, Identity Fraud and Data Protection in the EU
- TM 2, Money Laundering Methods and Trends
- TM 3, Investigation Process of Money Laundering Crimes
- TM 4 & 6, Exchange of Information and Co-operation. Terrorism Financing and Risk to Financial Institutions
- TM 5, Terrorism Financing Prevention
- TM 7 & 9, Drug Based Money Laundering. EU, its institutions and its legal system focusing on legal acts related to the field of money laundering prevention.
- TM 8, Effective use of reporting system.
- TM 10, Train-the-Trainer course.
- TM 10-rep, Train-the-Trainer course.
- TM-REP, General replication course “Money Laundering in a broader perspective”.
- TM-banks, Financial Institutions and their services
- TM-SC, Regulatory environment of the Securities Market.

All courses have been provided with interpretation facilities. All course documentation such as hand-outs, slide shows, etc. has been translated into Lithuanian.

A full set of all TM documentation can be found as annex 5, “Material of the Training Modules, both in English and Lithuanian.

Staff members from a number of organizations have attended the above mentioned courses. Three major categories of participants are distinguished.

1. Law Enforcement Agencies (LEAs);
 - Financial Crime Investigation Service
 - Customs Department
 - Police Department
 - State Border Guard
 - Prosecutors Office
 - Special Investigation Service
 - State Security Department
2. Money laundering Prevention Institutions (MLPIs), not also being LEAs;
 - Bank of Lithuania
 - State Insurance Supervisory Authority
 - Lithuanian Securities Commission
 - State Gaming Control Authority
3. Money Laundering Reporting Entities (MLREs)
 - Insurance Companies
 - Credit Institutions
 - Banks
 - Financial Lease Companies
 - Management Companies
 - Accounting Undertakings
 - Notaries
 - Auditors



- Lawyers
- Postal service
- Lithuanian Assay Office⁷⁾

During the project a total of 329 persons⁸⁾ have attended the various courses. This figure is almost 100% above the number of trainees set as a goal in the ToR. In the table below the breakdown of the attendees in relevant categories is displayed.

Table 2. Break down of TM attendees in various categories.

Category	Goal in ToR	Realized	Achievement index
LEAs	110	195	177
MLPIs (not being LEAs)	10	40	400
MLREs	35	78	223
Tax Administration	10	16	160
Total number of attendees	165	329	199

From the table it can be derived that in all categories the mobilization of a significant number of staff on top of the set goals has been realized. The achievement index shows the ratio of the number of attendees present compared to the set goal.

For almost all organizations mentioned in the ToR a large participation of staff members was achieved. No participants came from the Management Companies and from the Notaries.

More detailed figures can be found in annex 6.

⁷⁾ Not really a reporting entity, but invited because of its close relation with the precious metal traders.

⁸⁾ In some cases the same person has attended various courses



Table 3. Course evaluation overview.

EVALUATION	TM1 *)			TM2	TM5	TM10	TM3		TM7&9	TM-SC	TM-Bank	TM10-REP	TM4&6	TM8	TM-REP	Average
Category/Course	TM1A	TM1B	TM1C				LEA	FCIS								
Duration	vg	g	vg	vg	Vg	vg	ex	g	Vg	vg	vg	vg	vg	vg	g	vg
Relevance	s	s	s	s	S	mts	s	s	S	mts	g	g	mts	s	s	mts
Understanding	mts	mts	mts	mts	G	vg	mts	s	Mts	g	g	vg	mts	mts	g	mts
Content	g	g	ex	g	Vg	vg	vg	vg	Vg	g	g	g	mts	mts	vg	g
Written material	mts	mts	s	mts	Mts	mts	mts	g	Mts	g	g	g	g	mts	g	mts
Interpretation	g	mts	mts	mts	Vg	g	g	vg	G	n.a	n.a	vg	vg	g	g	g
Catering	g	vg	g	g	Vg	vg	vg	vg	Vg	vg	vg	g	vg	vg	vg	vg
Average:	mts	mts	g	mts	G	g	g	g	g	g	g	vg	g	mts	g	g
Anders									vg						g	g
Alan	g	vg		g			vg	vg				vg				vg
Dominique			vg			vg										vg
James	g	vg			G				vg			vg	vg	g	vg	vg
Jean-Francois						vg								g	vg	g
Pierre			vg			vg										vg
Jolanta																vg
Kaklauskas																vg
Team of bankers											vg					vg
Team of lawyers											vg					vg
Average:	g	vg	vg	g	G	vg	vg	vg	vg	vg	vg	vg	vg	g	vg	vg
Course average	g	g	g	g	G	vg	g	g	g	vg	g	vg	vg	g	g	g

of forms filled in 46 12 5 30 14 9 16 17 22 13 11 8 14 24 17 17

ex=excellent vg= very good g=good
mts=more than satisfactory s=satisfactory



Table 3 displays Indicators concerning the quality of courses. More details are to be found in various evaluation reports in the annex 6, “Overview of the Evaluations of Training Modules”.

On average, all TMs were evaluated as good (11 cases) or very good (4 cases). Looking at the trainers that executed the Training Modules we find 4 times a judgment good and 11 times very good.

A setback in the execution of the planned courses has been the inability of the project office to organize the foreseen amount of replication courses. The project office has misjudged the availability of local trainers. A possible cause might be found in the regulation not allowing payment to Lithuanian civil servants for their extra work from Phare funds.

Since no local trainers (coming from the train-the-trainer course) were available for the execution of the replication, the project office could not organize the planned replication courses.

Still it was regarded as useful to provide the opportunity to obtain the information from the earlier executed TMs. In consultation with the PO it has been decided to provide a replication of all major issues in a two-day Replication Course executed by international experts. This replication course was aiming at the staff of the various institutions not able to follow the earlier executed TMs.

2.6. Activity 6: organization and conduct of study visits

Money Laundering is a crime requiring joint international efforts to combat it effectively. One of the prerequisites of international co-operation is the knowledge of the methods and procedures used by colleagues in other Member States. An other important element is the personal relation. In order to learn and apply best practice four Study visits were prepared by the Project Team.

Four study visits to (old) Member States have been carried out. The selection of the participants was carried out by the Beneficiary. Delegations from the Beneficiary visited Italy, Finland, Ireland and the United Kingdom. Each visit lasted five days and in each of the countries a number of Institutions working in the field of Money Laundering prevention were visited.



Table 4. Study visit overview.

	Italy	Finland	Ireland	United Kingdom
Dates:	2 - 6 Nov 04	8 - 12 Nov 04	22 - 26 Nov 04	10 - 14 Jan 05
Institutions:	<ul style="list-style-type: none"> • Guardia di Finanza, anti- mafia and customs • Ministry of Justice • Prosecutors Office • Ufficio Italiano dei Cambi 	<ul style="list-style-type: none"> • Money Laundering Clearing House • Ministry of Justice • General Prosecutors Office • Customs • Financial Supervisory Authority 	<ul style="list-style-type: none"> • Bureau of Fraud Investigation • Irish FIU • Criminal Assets Bureau • First Bank of Ireland, STR office 	<ul style="list-style-type: none"> • Asset Recovery Agency • Fidelity Investments • London Metropolitan Police Fraud Squad • OCRA
Participants from FCIS	8	7	8	4

The delegations encountered hospitable staff and management and they were informed on the local situation and state of affairs in each country in a very professional way.

The study visits made it possible to meet the colleagues face-to-face and therefore provided more efficient future co-operation.

In total 27 staff members of the Beneficiary have attended the study visits. This number is 35% higher than originally anticipated in the ToR.

2.7. Preparation of tender document for Works Tender (service sub-contract)

The project team has, in co-operation with the Beneficiary and the CPMA, concluded a (restricted) tender for a sub contractor using the PRAG-rules (before 1st of May 2004 still valid).

The chosen sub-contractor prepared the technical annex and other necessary tender documents for a works tender taking into account change of rules caused by the accession of Lithuania into the European Union.

The works tender has been launched under the National Procurement Rules
The winning construction company has started its renovation works of a part of the FCIS building in October 2004. These works are still going on.

3. Addenda to the contract.

The first Addendum concerning the extension of the Contract duration by 2 months was requested by the Contractor and has been accepted by all parties. The terms of the Contract have been changed accordingly.

A second Addendum was requested by the Beneficiary and agreed upon by all parties. A change was made with respect to the allocation of the incidental expenditures. An





amount of 2,200 Euro has been made available for covering the publication costs of the annual report on Money Laundering Prevention from the budget.

4. Financial overview

The final invoice and the final financial report accompanied by an audit certificate will be submitted to the CPMA separately.

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