

# MONEYVAL: Fifth-Round Evaluation Report on Latvia



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**News**

On 23 August 2018, MONEYVAL published its [fifth-round evaluation report on Latvia](#). This evaluation round builds on previous MONEYVAL assessments by strengthening the examination of how effectively Member States prevent and combat ML, terrorism financing (TF), and proliferation (see also [euclid 1/2016, p. 23](#); [2/2016, pp. 83-84](#); [4/2016, p. 169](#); [1/2017, p. 23](#); [3/2017 p. 123](#); [4/2017 p. 181](#); [1/2018, pp. 40-41](#)).

MONEYVAL identified the country's key ML risk factors: large financial flows when servicing foreign customers (mainly from the Commonwealth of Independent States countries) and vulnerability to international organized crime, on the one hand, and Latvia's own level of corruption and significant shadow economy, on the other.

The report states that the overall appreciation of ML and FT risk in the financial sector is not commensurate with the factual exposure of financial institutions to the risk of misuse for ML and FT. Moreover, the general understanding of ML/FT risks is limited to those relevant for the respective businesses and professions, without amounting to an appropriate perception of risks in general.

A significant number of Latvian legal persons and foreign legal entities are very likely involved in ML/FT schemes. As a result of recent legislative amendments, the Enterprise Register (ER) will include information obtained from all legal entities on ultimate beneficial owners. This was not yet up and running at the time of the visit.

The report states that, until recently, ML was not investigated and prosecuted in line with the country's risk profile as a regional financial center. Prosecutors still relied on the existence of a predicate offence to meet the prerequisite of proving that the accused had knowledge of the illegal origin of the laundered property. Additionally, sanctions for natural persons appear neither dissuasive nor proportionate. Lately, this appears to have changed to a certain extent, with some large-scale ML investigations currently underway and with a number of ML convictions in the last five years. Additionally, non-conviction based confiscation has also brought about initial results, allowing Latvian authorities to confiscate considerable amounts in both domestic and international cases.

Ultimately, the report praises Latvia for its international cooperation in the field, especially the country's AML/CFT system. Latvia cooperates proactively with foreign counterparts, effectively providing and seeking both mutual legal assistance and financial intelligence, and engages in joint investigations and cooperation meetings.

MONEYVAL also published a [summary of the report](#) and outlined the main findings in a [press release](#).

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