



ANNUAL REPORT 2023

Cyprus Financial Intelligence Unit -
MOKAS

July 2024



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Statement by the Head of The Unit

Without a doubt, the collaboration between the Public and Private sectors under the well-known model of 'Public Private Partnership', over and above the submission of suspicious transaction reports by the regulated sector, for the early detection, prosecution and combating of financial crime, is one of the initiatives that have been developed by the Unit during the year 2023, in the context of modernizing the procedures and improving the overall results, currently in the form of typologies on a voluntary basis, between the Unit, the Law Enforcement Authorities and the domestic banks, under the coordination of MOKAS, in order to detect high-risk Money Laundering (ML) practices.

It would also be an omission not to mention the continuously evolving methods of money laundering and newly emerging threats, such as, for example, the use of products of digital technology, new technologies and cryptocurrency assets. These are reflected in the ever-increasing number of reports of suspicious transactions that are submitted to the Unit by reporting entities, whereby, during the year 2023, a significant increase was recorded in the percentage of reports that were submitted by financial technology companies (Fintech), indicative of the global tendency, of the use of new technology in the financial market. This fact has led, during the year 2023, to the creation, within the Unit, of a new specialised subsector for the analysis and evaluation of reports related to virtual assets and other investment products, as well as procedures concerning possible freezing of related proceeds of crime identified in criminal cases.

In general, based on the statistical analysis of the reports of suspicious activities and transactions that were submitted to MOKAS by national reporting entities during the year 2023, a significant percentage increase of 26% is observed.

In order to deal with the high volume of reports, bearing in mind the human resources currently available, we proceeded, in 2023, with the operation of a new «integrity and triage » subsector, for the reports, whereby a standardized categorisation process, based on priority criteria, is now followed, aiming at the early analysis of reports that are categorised as being of priority. The analysis, based on priorities, in combination with the anticipated improvement of the quality of reports submitted by reporting entities has started to produce tangible results, as evidenced by the increase, during 2023, in the number of cases of possible criminal activity that were identified by the Unit and forwarded to the Police, for criminal investigation or for intelligence purposes.

During 2023 we were able to generate 113 disseminations, financial information and financial analysis, to the Police, for the initiation of investigations or in support of on-going criminal investigations and proceedings. We have exchanged with counterpart FIUs information on 653 instances and sent spontaneous disclosure reports on 139 instances. Disclosures were also provided to other governmental departments and supervisory authorities for matters related to their activities.

What also stands out during the year 2023, is the publication, for the first time, of a detailed Strategic Analysis Report in regards to incoming reports, aiming to provide Law



Enforcement Authorities, as well as Supervisory Authorities and reporting entities, with information regarding red flags, based on thematic categorization of offenses, in relation to the tendencies and methods that are used for ML/FT.

This Report, which constitutes an important tool, knowledge and information in relation to the evaluation of risks, the detection of suspicious transactions and the targeted allocation of existing resources and personnel, both for the Unit, the Law Enforcement Authorities, as well as for the regulated sector, is published in the Unit's new updated website, which was created in 2023.

At the same time, however, it would be remiss not to emphasize the major effort undertaken, which began in September 2023 and which continues today, to improve the effectiveness of the Law Enforcement and Prosecuting Authorities for increasing the number of frozen assets and confiscations in criminal cases that are being investigated by the Police. In this context, the publication of a detailed manual by MOKAS consisting of guidelines, an analysis of the legislation and of the legislative powers for the attainment of this goal is of essential importance.

It is understood that MOKAS constitutes part of the overall system for combating ML/TF, having, in this context, its own specific role, as this is determined and delimited by national legislation and the European Directives. We aim during 2024 to further improve results via the collective effort of all the competent bodies, authorities and entities responsible for the combatting of ML/FT. At the same time, we aim at the more effective implementation of the framework for the recovery of proceeds and assets emanating from illegal activities, via freezing and confiscation for the final deprivation of criminals of their proceeds which stem from illegal activities, thus safeguarding that crime does not pay.

Finally, I would like to thank all the personnel of MOKAS for their work and the significant effort which they have undertaken for the attainment of the Unit's goals, for the effective performance of the duties and responsibilities which have been assigned to this Unit, as well as for all the efforts undertaken over the past year, towards modernizing our approaches, programs and technologies, aiming towards an overall improvement.

Maria Kyrmizi Antoniou,
Senior Counsel of the Republic
Head of the Financial Intelligence Unit
(MOKAS)



Year 2023 in figures



2396 Reports from Obligated Entities

1883 Suspicious Activity Reports
513 Suspicious Transaction Reports



168 Disseminations of Information

67% Cyprus Police
10% Tax Department



Major Reporting Sectors

986 Cross Border Reports from EU FIUs
471 From Banking Institutions
320 From Investment Companies



Indicators for Report Submission

- Fraud
- Insufficient Justification
- Negative information

International Cooperation



326 Incoming Requests from foreign FIUs

Top 3 countries



Malta



Ukraine



United Kingdom

244 Spontaneous Disseminations from foreign FIU's

327 Outbound Requests to Foreign FIUs

Top 3 countries



United Kingdom



Spain

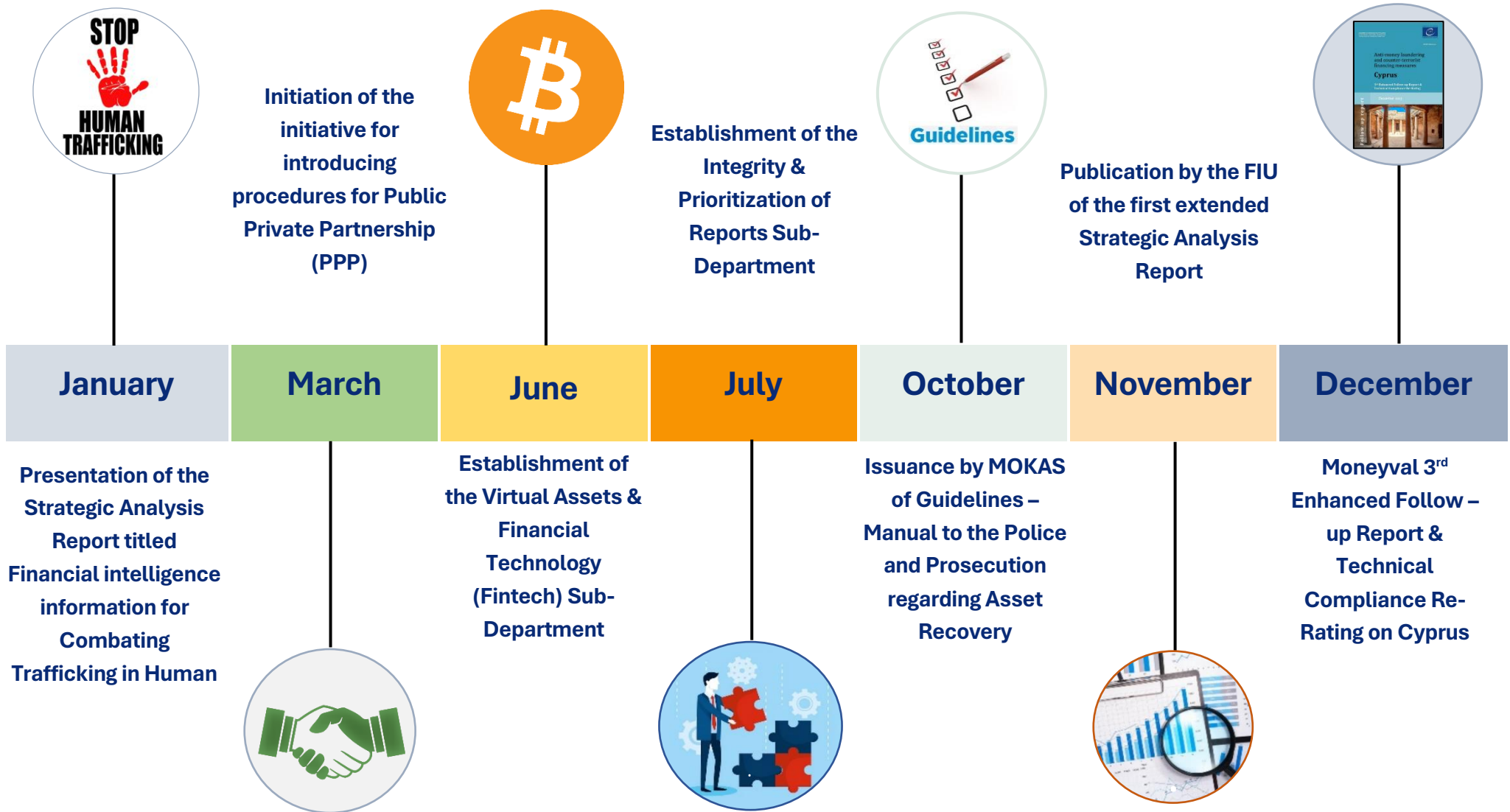


Italy

285 Cross Border Disseminations sent to EU FIUs, on the basis of Article 53, of Directive 2015/849

139 Spontaneous Reports sent to foreign FIUs

2023 Timeline

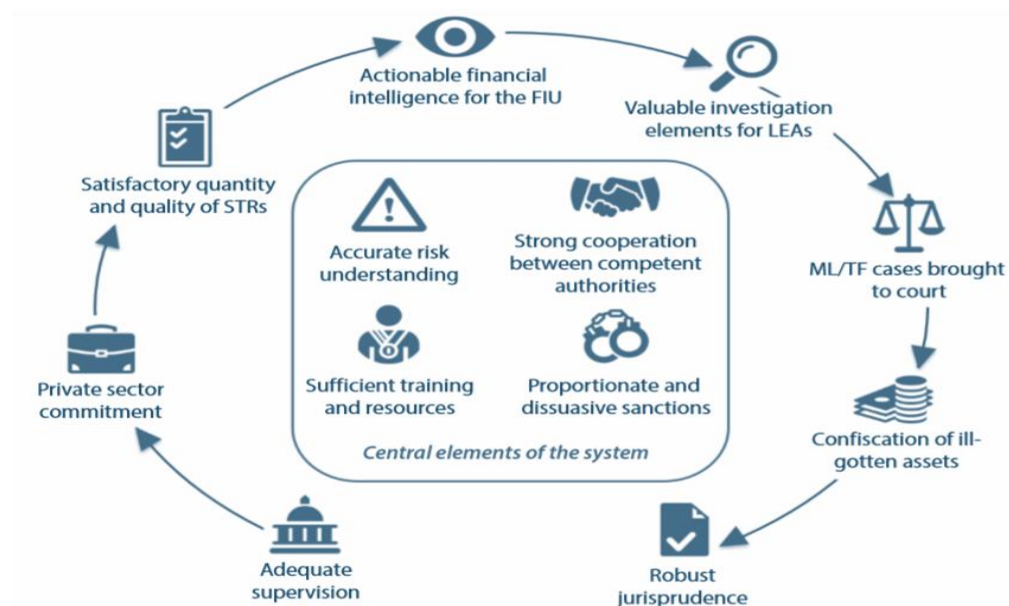


Introduction

Combating money laundering and terrorist financing is a priority of the European Union and the international community, as it contributes to the reduction of crime, the protection and stability of the global economy, the sustainable development, and the international safety.

The responsibility of achieving this goal lies with various departments and agencies within each country.

This is the reason why the FATF (Financial Action Task Force) Recommendations, the EU Directives and the International Conventions establish requirements for law enforcement, judiciary, financial intelligence units (FIUs), such as MOKAS, private sector and its supervisors. According to the Council of Europe's Moneyval Committee Annual Report for 2020, the effectiveness of the anti-money laundering and countering the financing of terrorism system, depends on the implementation of all measures, legislative and practical, by all relevant bodies, as shown in the effectiveness cycle of AML/CFT measures:



Source: Annual Report of Committee Moneyval 2020

Each stage of the System is vital to the achievement of the desired outcome/results, with first and foremost the adequate supervision of Reporting Entities by the relevant Supervisory Authorities.



Mokas Mandate

The Financial Intelligence Unit (MOKAS), became operational in January 1997 and hierarchically, it functions under the auspices of the Attorney General of the Republic as an autonomous, independently operating Unit [section 55(1)].

The Unit, receives and analyses suspicious transaction reports and suspicious activity reports which are submitted by Obligated Entities.

The information which is contained in the reports, as well as any additional information which results from the examination of the reports is properly analysed and utilised so that the outcome of the analysis will add value to the initial information submitted to the Unit.

Following the submission of the reports and the financial analysis performed, if there are reasonable suspicions that a money laundering offence, a related predicate offence or a terrorist financing offence has been committed, the results of the analyses are forwarded by MOKAS to the Police for the commencement of investigations or for information purposes. When deemed necessary, information is disseminated by MOKAS to other Government Departments (such as the Tax Department and the Customs Department) and to Supervisory Authorities. The Unit does not conduct investigations in relation to possible commission of criminal offences.

Therefore, the suspicious transaction reports and the suspicious activity reports, provided that they are submitted correctly and comprehensively, constitute a basic tool for the effectiveness of the system of Cyprus towards the combating of money laundering and terrorist financing since they may contain vital information which can assist the Law Enforcement Authorities (Police) in the fight against money laundering from related predicate offences and from terrorist financing offences.

The cooperation of the Unit with the Supervisory Authorities, the Law Enforcement Authorities and the private sector is particularly close while the cooperation of the public and private sectors (Public private partnership - PPP) is strongly and consistently encouraged.

The cooperation of the public and private sector (Public Private partnership- PPP), is a measure which is promoted internationally from the Financial Action Task Force (FATF) as well as from the European Commission, as it is deemed to be a highly useful and progressive tool, aiming towards the improvement of the countries' ability to combat financial crime.

In order for the country to implement and benefit from the collaboration of the public and the private sector, during 2023 technical support was given from the Government of the United Kingdom, in relation to the possibility to establish in Cyprus, on a voluntary basis, a Public Private Partnership, between the Law Enforcement and the Supervised Financial Sector, commencing with a pilot project involving initially the Banking Institutions. The overall coordination of the project lies with the Financial Intelligence Unit - MOKAS.

Apart from its duties on a national level, the Unit also plays an important role internationally. Members of the Unit participate in international organisations which deal with issues regarding money laundering, freezing and confiscation of illegal proceeds and international cooperation concerning these matters.

Cooperation and exchange of information with other FIUs and the execution of Requests for Mutual Judicial Assistance submitted by foreign Authorities, in the area of freezing and confiscation of criminal proceeds, is also in the scope of the activities of MOKAS.



In addition, MOKAS was appointed as the National Asset Recovery Office, responsible for the tracing and recovery of illegal proceeds, in cooperation with the counterpart offices of the EU member states. In order to carry out its duties the Unit must be provided with the necessary economic, technical and human resources. During 2023 the personnel of MOKAS was increased by 2 new lawyers. Also 2 officers of the Department of Information Technology Services were seconded to the Unit.

The Unit, so as to carry out its functions, is divided into two Departments. The Analysis Department and the Department of International Cooperation and Police and Customs Cooperation. Furthermore, it is supported by a team of Lawyers, seconded to the FIU.



Analysis Department

Reports from Obligated Entities

As already mentioned, MOKAS is solely responsible for receiving and analysing all suspicious transaction or activity reports submitted from obliged entities, containing suspicions that funds constitute or may constitute proceeds from illegal activities or are related in any way to Terrorist Financing. This important function was assigned to the Analysis Department.

The mission of the Analysis Department, is the analysis of suspicious transactions and relevant information and the identification of links between suspicious transactions and related criminal activities.

The types of reports submitted are categorized as follows:

- a) Suspicious Activity Reports – SARs
- b) Suspicious Transaction Reports - STRs
- c) Additional Information File AIF-S or AIF-T

Suspicious Activity Reports - SARs	Suspicious Transaction Reports – STRs	Additional Information File AIF-S ή AIF-T
<ul style="list-style-type: none">• Suspicious Activity Reports contain general suspicions raised from the overall behavior of the reported persons. This behavior creates the knowledge or the suspicion that they may be involved in criminal activities which generate proceeds.	<ul style="list-style-type: none">• Suspicious Transaction Reports - STRs, being much more targeted, comprise of suspicions based on specific suspicious transactions, which generate the knowledge or the suspicion that a person may be involved in criminal activities from which illegal proceeds were derived.	<ul style="list-style-type: none">• Additional Information File - AIF, submitted as supplementary to a report already submitted in relation to an individual or legal entity, or due to its relation to a previous report submitted by the same Obligated Entity.

The analysis of the reports is carried out by specialized personnel with the use of analytical tools and computer software systems. The analysis is comprised of operational and strategic analysis.

Operational Analysis

Operational analysis, focus on individual cases and specific targets. It uses available and obtainable information and follows the trail of particular transactions or activity with the objective of identifying possible links with possible proceeds of crime, money laundering and/or terrorist financing.

When such links are identified, the results of the operational analysis are disseminated to the Cyprus Police for investigation and/or intelligence purposes. Disseminations can also be made to other competent authorities.



Graphic representation of Operational Analysis

Strategic Analysis

Strategic Analysis is wider in concept. It is conducted on a macro level and it aims to analyse and decode the available data, in order to identify trends, patterns and emerging money laundering and terrorist financing techniques.

The objective of Strategic Analysis is to provide information in regards to money laundering and terrorist financing related threats and vulnerabilities, to assist in setting operational priorities and to provide input for policy and legislative formulation. Therefore, such strategic analysis reports are shared with all the stakeholders involved, both in the public and private sector.

In 2023, FIU Cyprus, published its first extended Strategic Analysis Report which includes important information regarding the trends, typologies and red flag indicators identified in regards to Money Laundering and Terrorism Financing, which have emerged from the analysis of STRs and SARs submitted by the Obligated Entities during the years 2020-2022.



Guidelines To Reporting Entities on Submitting Suspicious Transaction Reports (STRs) And Suspicious Activity Reports (SARs)

In April 2018, the Analysis Department, issued the “Guidelines to Reporting Entities on submitting Suspicious Transaction Reports (STRs) and Suspicious Activity Reports (SARs)”, which were circulated to all the Reporting Entities.

The document aimed to provide reporting entities with guidance on how to submit quality Reports to MOKAS.

Since then, officers of the Department, continue to guide and advise the Reporting Entities, seeking the continuous improvement of the quality of the Reports submitted to the Unit.

From 2023 and onwards, this duty has been assigned to the Integrity and Prioritization of Reports sub-department.

Establishment of the Integrity and Prioritization of Reports sub-department.

During 2023, the Integrity and Prioritization of Reports sub-department was established, which hierarchically functions under the Analysis Department.

The sub-department’s main duty, is the screening of the reports to ensure their quality and comprehensiveness, prior to their acceptance into the electronic GoAML reporting system of the FIU, as well as to categorize and prioritize the reports, on the basis of predetermined risk criteria and finally to assign the reports to the financial analysts for further analysis.

Furthermore, it provides support to the Obligated Entities, during all stages of the preparation and the submission of the reports.

The establishment of this sub-department, is of great importance as it aims towards a more efficient use of the Unit’s human resources, resulting in the subsequent increase of productivity.

Despite the fact that it is has only been in operation for a few months, it has yielded tangible results and has contributed enormously towards the improvement of the operation of the Analysis Department.

Establishment of Virtual Assets & Financial Technology (FinTech) sub-department

The transformation of the financial sector landscape and the use of technological innovation in the financial services industry, has created new emerging threads in respect to the laundering of illegal proceeds and the financing of terrorism.

MOKAS, in order to respond effectively and proactively to these threats, has established a new specialized sub-department, under the Analysis Department, dedicated in tackling those threats.



The mandate of the Virtual Assets & Financial Technology (FinTech) sub-department, is to monitor the developments in this area and to analyze related suspicious transactions. It is expected that it will contribute considerably towards the timely identification and freezing of illegal virtual assets for future confiscation.

Statistics on Reports per year during the period 2015-2023

Table A

Year	Number of Reports	Percentage change
2015	938	-
2016	1623	73%
2017	1480	-9%
2018	1836	24%
2019	1763	-4%
2020	1626	-8%
2021	2499	54%
2022	1901	-24%
2023	2396	26%

During 2023 a total of 2396 Reports have been received, 513 Suspicious Transaction Reports (STRs) and 1883 Suspicious Activity Reports (SARs).

The following diagram illustrates the trend of the number of Reports submitted in the last 9 years.

Graph 1: Number of Reports for the years 2015-2023



Analysis of Reports per Sector

As evident, the total number of reports has increased in 2023 by 26%. Increase in the number of submitted reports, is recorded almost by all sectors, with the largest increase being recorded by the Gambling / Betting Services Providers and Electronic Money Institutions.

Table B

Reports per sector	2023	2022	
Cross-border reports from EU FIUs	986	803	↑
Banking Institutions	471	476	↓
Investment Firms	320	251	↑
Electronic Money Institutions	287	115	↑
Gambling / Betting Service Providers	117	44	↑
Money Services Business	116	112	↑
Company Service Providers	32	37	↓
Accountants / Auditors	27	21	↑
Lawyers	26	18	↑
Others	14	24	
Total	2396	1.901	

During 2023, the number of cross-border reports from EU FIUs continued to increase, as foreshadowed in 2022. In particular, 986 cross- border reports were submitted, recording a rise of 23%.

This category consists of reports submitted by Obligated Entities which are licensed in other EU Member States and stems from the Right of Establishment and the single market's freedom to provide financial services across the European Union ("passporting"), without the need for further authorization.

These reports are mainly submitted by Financial Technology Companies (Fintech) licensed by another Member State.

This increase is indicative of the transformation of the financial sector landscape which enables the use of technological innovation in the financial services industry.



Sanitized Case: Cross-Border Report

The Unit received a cross-border report, which was forwarded by an EU FIU on the suspicion that transactions may have been related to the purchase and sale of Child Sexual Abuse Material.

According to the report submitted by a Fintech company, a person residing in the Republic was transacting with counterparts who appeared to be selling Child Sexual Abuse Material.

The business relationship with the Fintech company was established from Cyprus, with a fake name and surname. From the enquiries of the Unit, the true identity of the owner of the account was discovered.

The transactional analysis revealed that the person under report, indeed made payments to individuals who were purportedly involved in the sale of Child Sexual Abuse Material.

The results of the analysis were forwarded to the police for investigation of possible criminal offences.

The banking sector, traditionally one of the largest submitters of reports, was second in 2023, in terms of submissions, with 471 reports, maintaining the same report levels as last year.

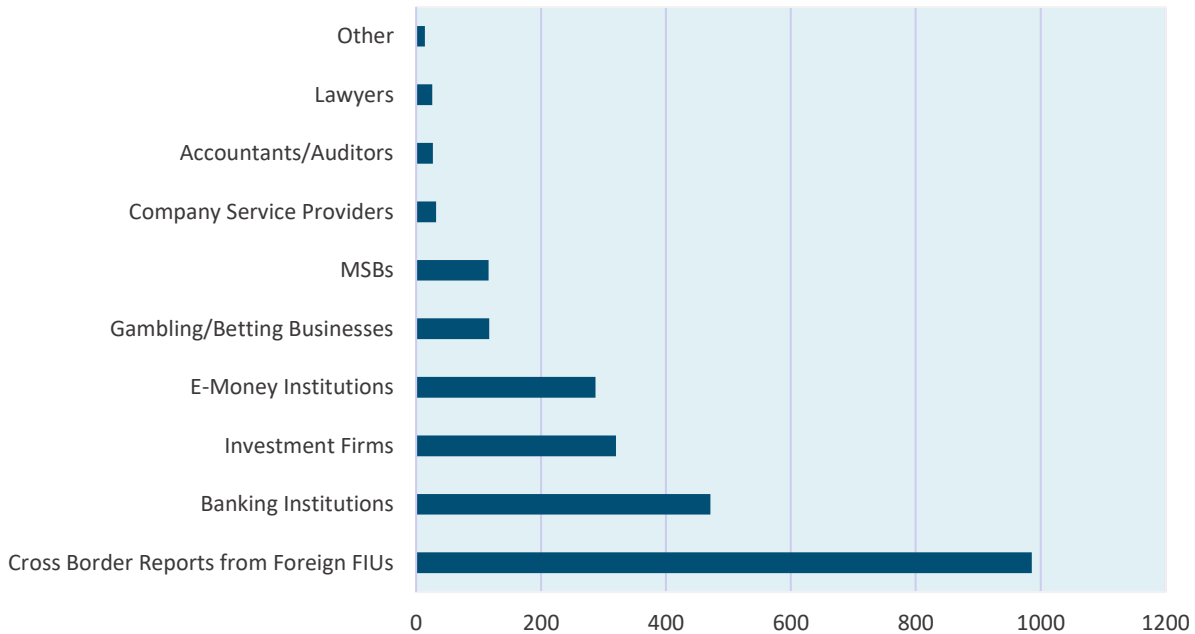
Investment Firms were third in rank with 320 reports, followed by Electronic Money Institutions with an absolute number of 287 reports, maintaining the increase that had already commenced in 2022.

The ascending trend in the number of reports submitted from Gambling / Betting Service Providers has continued in 2023, rendering the sector as the fifth larger submitter, with 117 reports and an increase of 166%.

Following the steep decline in the number of reports submitted in 2022 by Money Service Businesses (MSBs), the number of reports submitted in 2023, continues to remain at the same low levels, with the absolute number of reports being 116.

The reports submitted from Company Service Provides slightly decreased, while reports from accountants and lawyers despite the small increase recorded in 2023 still remain at low levels.

Graph 2: Number of Reports per sector 2023

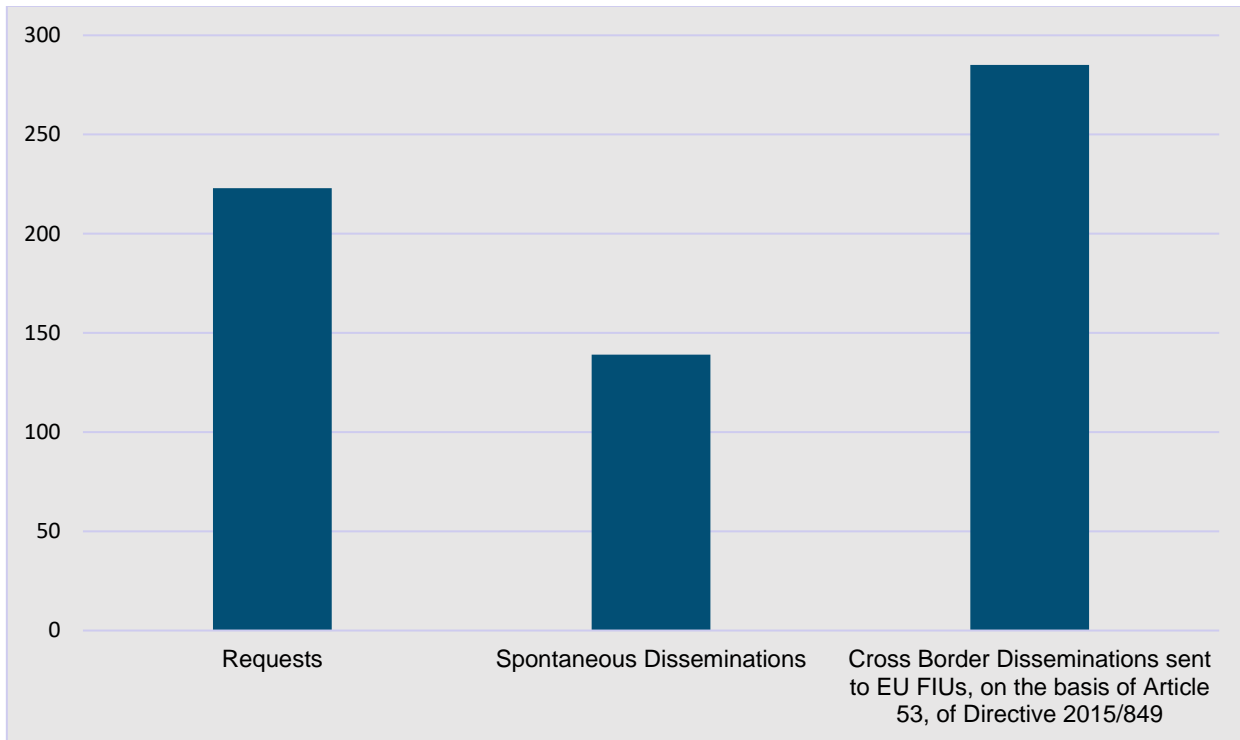


In the stage of the analysis, the Analysis Department gathers information from various sources such as counterpart FIUs, several information databases, the Tax Department, the Police, the Department of the Registrar of Companies etc.

In addition and when deemed necessary the members of the Analysis Department send spontaneous information/disclosures to counterpart FIUs.

Furthermore, on the basis of Article 53 of the Directive 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, the Unit has forwarded to the FIUs of other Member States, 285 reports, which contained information that concerned them.

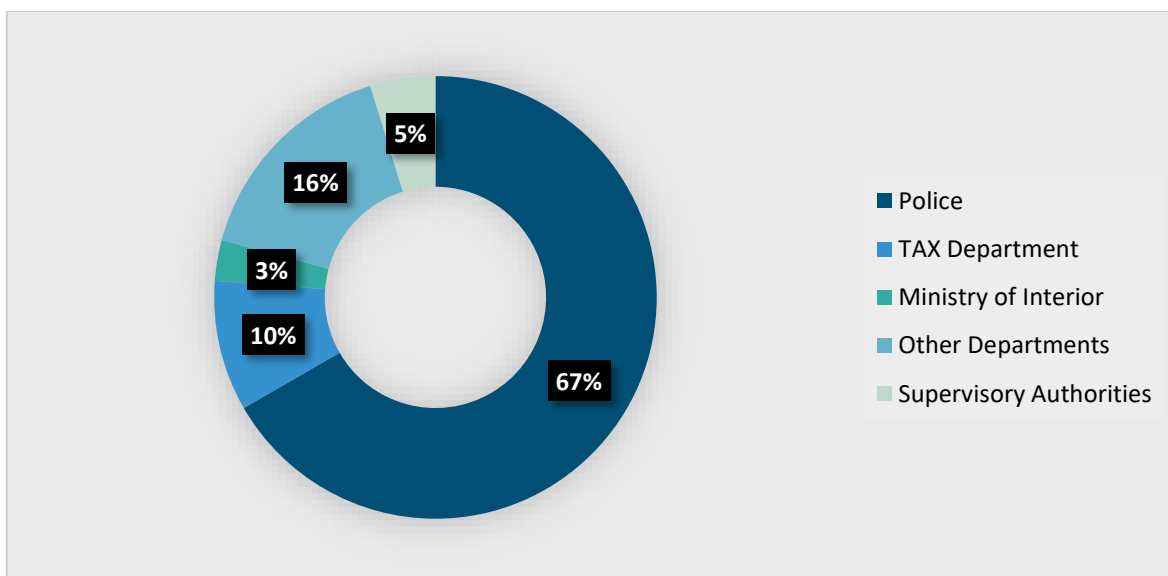
Graph 3: Number of Requests and Spontaneous reports sent by the Analysis Department in 2023



Lastly, as part of its duties and according to the provisions of the Law, the Unit disseminates information to other Government Departments.

In 2023, there were in total 168 disseminations, the majority of which were forwarded to the Cyprus Police (67%) either for intelligence or for investigation purposes, followed by the Tax Department (10%).

Graph 4: Number of Disseminations in 2023





Report Indicators

During the submission of the Reports, Reporting Entities select from a list, provided by the system, one or more indicators that raised suspicions and triggered the submission of the Report.

The indicators are revised periodically, in order to remain current and proactive, to reflect existing and emerging threats, as well as to capture the changes taking place.

During 2023, several new indicators have been added to the reporting system of the FIU, whilst others have been adjusted to remain up to date. Some of the indicators that were added were related to sanctions evasion and the trafficking of human beings.

The analysis of this data provides valuable insights in relation to new patterns, trends and money laundering techniques used by criminals in order to conceal the origin of their illegal proceeds and/or to finance terrorism.

In the following paragraphs, the 10 most selected indicators for the year 2023 are listed.

1. Fraud

Fraud is any act or omission intending to deceive/ misrepresent /mislead and/or defraud another person. It is a common predicate offence from which illegal proceeds are derived and thus very commonly selected by reporting entities. This indicator does not include Cyber fraud and VAT fraud.

2. Insufficient documentation

As part of the preventive measures for AML/CFT financial institutions require from their clients, to provide supportive documentation for executed/intended transactions. When customers fail to comply with this requirement this could be an indication of suspicious activity

3. Adverse Media

Reporting entities often discover negative information regarding their clients that is either publicly available or contained in internet databases. This negative information often leads to the submission of SARs/STRs.

4. Unusual Client Behavior

Vague business activity, reluctance to cooperate and refusal to furnish the Reporting Entity with supporting documentation usually constitute an indication of unusual behavior and in combination with other factors raise suspicions and may trigger the submission of a Report.

5. No economic rationale of activity

All businesses aim to profitability and all their economic decisions are made on this basis. In a number of occasions however, reporting entities detect transactions with no economic rationale. This can create suspicions for illegal activities and may trigger the submission of a SAR/STR.

6. Internet fraud

The widespread use of the internet has created fertile ground for new forms of fraud. Hacking email accounts, sending false or misleading emails, romance scams, fraudulent bank pages and stealing personal data are just some of the types of commonly used online fraud.

Sanitized Case: Online Fraud network and the use money mules – Dissemination to Police for Investigation Purposes

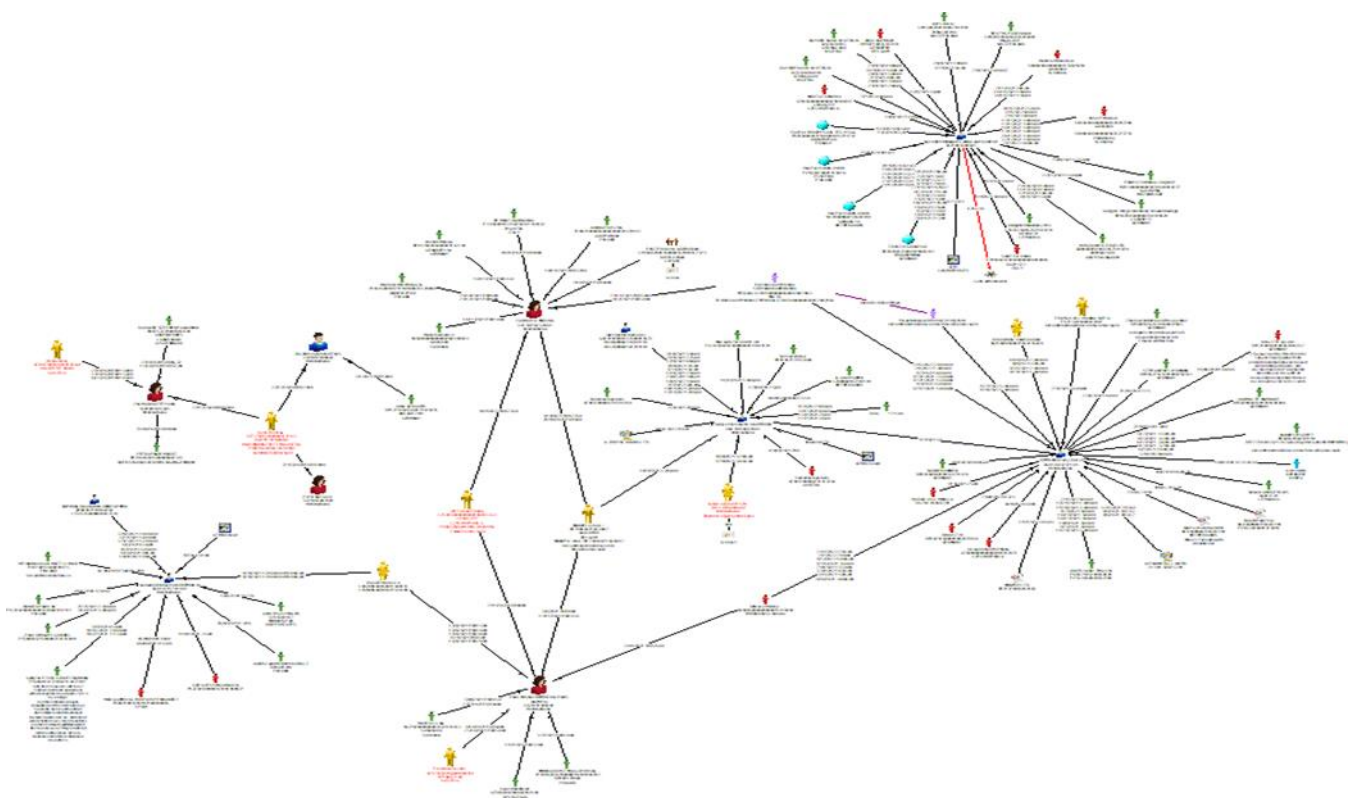
The Unit received 8 reports from banking institutions in relation to several seemingly unrelated individuals. Common denominator in all reports, were the recall requests received by counterpart banks claiming that the remitters of the funds, have been defrauded.

The transactional analysis performed by the Unit, revealed connections between the individuals and mapped out an entire network that was defrauding people via the internet and was using money mules to move and conceal the illicit origin of the funds.

During the analysis, multiple data was collected from domestic and international counterparts. From the exchange of information with counterpart FIUs, we were informed that several complainants had filed a report with their countries' respective Law Enforcement Authorities.

The types of fraud used varied from online sale of goods that were never shipped, to romance scams.

The results of the analysis were disseminated to the police for criminal investigation.





7. Transactions not in line with declared activity/ and/ or the client economic profile

This is another common suspicion indicator, which concerns entities carrying out transactions that are unrelated to their declared activities and/or normal economic profile. In such cases suspicions may be created regarding the legitimacy of these entities' actual activities.

8. Fake Documents

The provision of documentation which are suspected or proved to be fake is another common indicator for SAR/STR submission. In many cases this concerns documents which are presented to the reporting entity in order to justify a transaction, such as invoices and bill of lading

9. Law Enforcement Investigation

A number of SARs/STRs are submitted to the Unit when reporting entities find out that their clients are investigated by LEAs. This usually happens when the reporting entity is served with a court disclosure order by the police. Such information may of course come to the attention of reporting entities from other sources also, such as the local media.

10. Use of Strawmen/ False declaration of UBO

Another common indicator for SAR/STR submission in 2023 was the use of strawmen in order to disguise the true owners of the companies. This constitutes an offence punishable with imprisonment and/or monetary fine



Department of International Cooperation and Police and Customs Cooperation

Money Laundering and Terrorist Financing rarely take place on an entirely national level. Often, these offences entail cross border characteristics. Therefore, international cooperation is of utmost importance in combating such crimes, since its absence would definitely limit each country's results.

The Unit, in line with the European Directives and the FATF recommendations, promotes cross border cooperation to the greatest possible extent, on the principles of the Egmont Group which call for the exchange of information and the prompt and effective execution of counterpart FIUs Requests for Information.

This mandate has been assigned to the Department of International Cooperation and Police and Customs Cooperation.

Requests comprise of Requests for Information which are sent to MOKAS by counterpart FIUs, Mutual Legal Assistance Requests sent by the competent Authorities of foreign countries and forwarded to MOKAS, via the Ministry of Justice and Public Order, only when these contain requests for the freezing or confiscation of illegal proceeds and Requests which are sent to MOKAS from competent Judicial Authorities of EU member states which are forwarded to the Republic of Cyprus for registration and execution, on the basis of Directive (EU) 2018/1805 of the European Parliament and of the Council, in relation to mutual recognition of freezing or confiscation orders.

Additionally, the Department of International Cooperation is responsible for the execution of requests from Asset Recovery Offices (ARO) of EU member states. The Department also analyses spontaneous information reports received by counterpart FIUs and when necessary, it disseminates the result of the analysis to the Police or other government authorities.





Cooperation with Foreign Financial Intelligence Units

The Cyprus FIU (MO.K.AS) signed Memoranda of Understanding with the counterparts of the following countries:

- Belgium
- France
- Slovenia
- Czech Republic
- Israel
- Ireland
- Malta
- Australia
- Poland
- Ukraine
- Albania
- Bulgaria
- Canada
- Russian Federation
- South Africa
- USA
- Romania
- Chile
- Netherlands
- Antilles
- Korea
- Syria
- Georgia
- Moldova
- Aruba
- Serbia
- Jordan
- Japan
- Armenia
- Montenegro
- Kazakhstan
- Vatican City State
- Egypt
- Sint Maarten
- Norway
- Liechtenstein
- Republic of Kyrgyz
- United Arab Emirates
- Uzbekistan
- Bangladesh

Even in the absence of a signed Memorandum of Understanding (MOU) the Unit can still cooperate with foreign FIUs on the basis of the AML Law, which enables MOKAS to cooperate with foreign counterparts without the need of a Memorandum of Understanding.

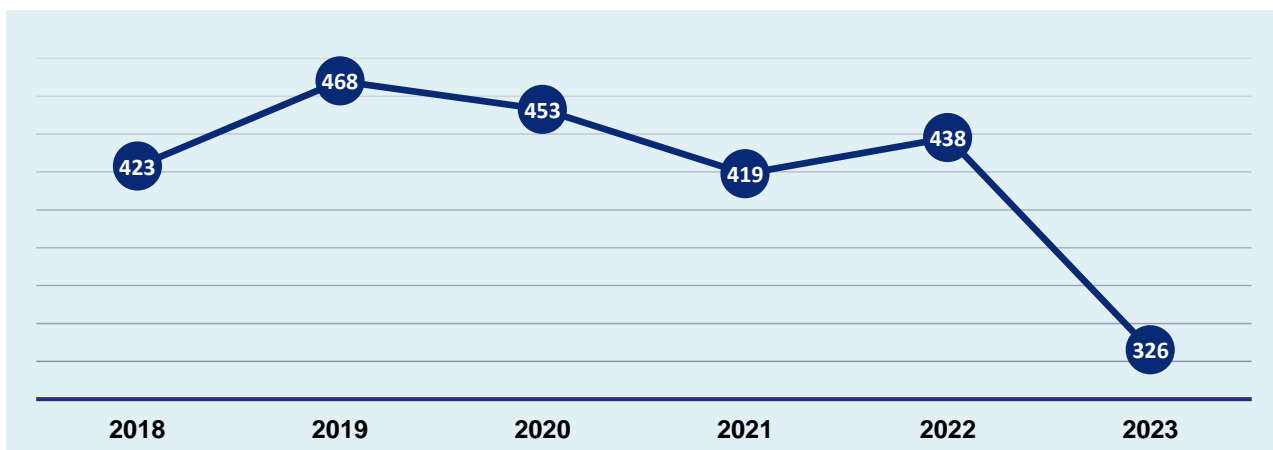
During 2023, the Department of International Cooperation and Cooperation with the Police and Customs executed 326 Requests from counterpart FIUs and 70 Requests from Asset Recover Offices.

Table C: Requests for information from Financial intelligence Units, EU Asset Recover Offices and spontaneous disseminations from counterpart FIUs for the year 2023

	2023
Requests for Information from foreign FIUs	326
Requests from E.U Asset Recovery Offices (AROs)	70
Spontaneous Information from counterpart FIUs	244

During 2023, the majority of the FIU requests were received from Malta, Ukraine and the United Kingdom.

Graph 5: Requests for Information during 2018-2023



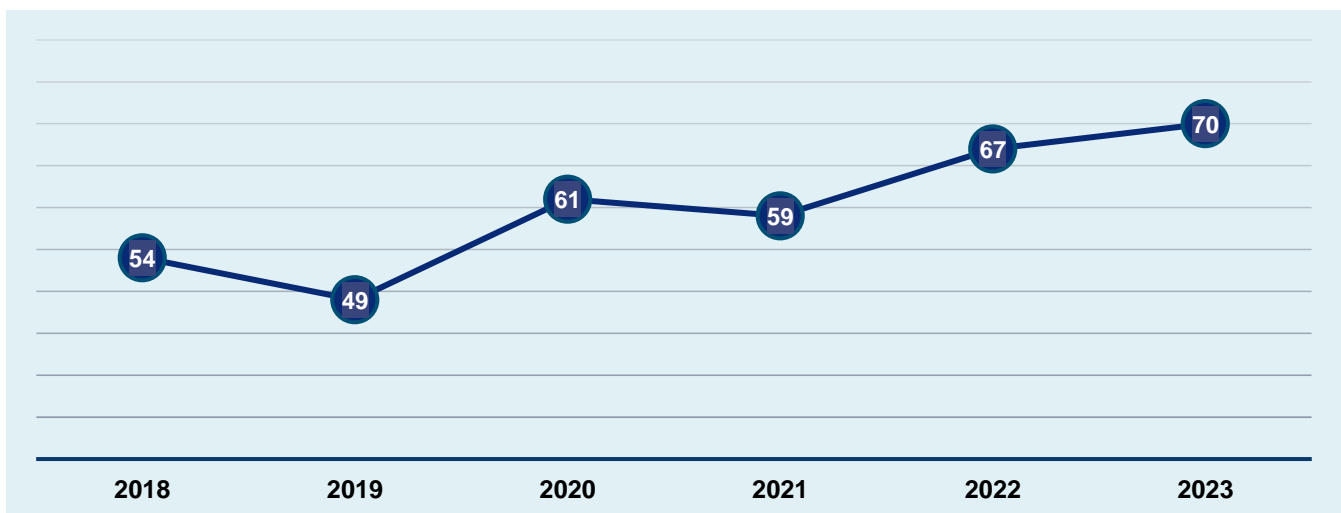
During the previous years, there was no significant fluctuation in the number of requests received. In 2023 a decrease was recorded, nevertheless the complexity and the level of demand increased.

FIU Cyprus, in accordance with the Egmont Principles, endeavors to cooperate with foreign FIUs to the greatest possible extent and to respond to counterpart FIU requests, within a reasonable period of time.

In order to perform their duties and respond to the requests, the members of the Department have access to databases, central registries (such as, Bank account Registry and Ultimate Beneficial Owner Registry) and they can make inquiries in order to collect information.

Additionally, they can issue an administrative order for the non-execution of a transaction, temporarily restraining in this way, funds that may have derived from illegal activities, until a Court Order is obtained or until the suspicious transaction is analysed.

Graph 6: Mutual Legal Assistance Requests for the Years 2018-2023



Execution Of Mutual Legal Assistance Requests relating to Freezing and Confiscation of illegal proceeds

As mentioned above, MOKAS is also responsible for the Execution of Mutual Legal Assistance (MLA) Requests, when this concern freezing and/or confiscation of assets.

The MLA requests are sent from the competent authorities of other countries, to the Ministry of Justice and Public Order, which is the central authority for international cooperation. They are then forwarded to MOKAS for execution.

Furthermore, MOKAS is the competent authority for the receipt of freezing and confiscation orders issued from the competent authorities of EU member states which are forwarded to Cyprus for recognition and execution according to EU Regulation 2018/1805 of the European Parliament and of the Council on the mutual recognition of freezing and confiscation orders.

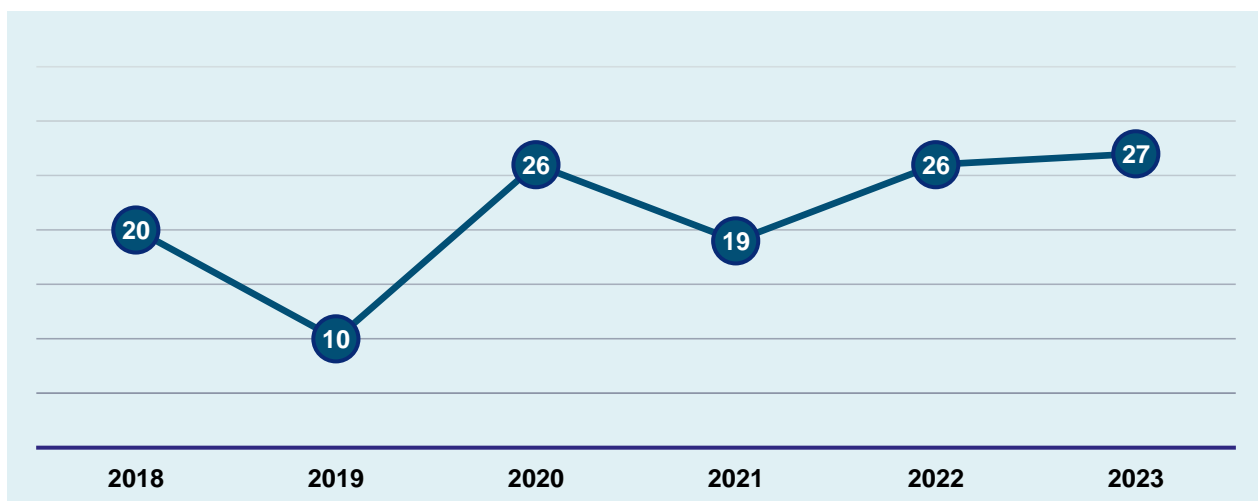


During 2023, the Unit executed 27 Requests

Table D: Number of official Requests per country 2023

Country	Number of Requests
German	5
Denmark	5
Switzerland	4
Latvia	3
Netherlands	3
Slovenia	2
Poland	2
Spain	1
Austria	1
France	1
Total	27

Mutual Legal Assistance Requests for the Years 2018- 2023



It has been observed that over the years the requests have become far more complex and demanding. New technologies, virtual assets and new investment products are used by the criminals in order to obscure the illegal origin of the funds.

Sanitized Case- Execution of a mutual legal assistance request and sharing of assets:

The Unit executed a Formal Request from a Foreign Authority regarding the freezing and confiscation of the assets of a person who was convicted by a Court in the foreign country, for evasion of duties and taxes related to cigarette importation and money laundering.

Part of the illegal proceeds was used for the purchase of immovable property in the Republic.



Following applications filed by the Unit, the Court issued Orders for the registration and enforcement in Cyprus of the foreign Freezing Order and afterwards of the foreign Confiscation Order.

The Official Receiver, was appointed to realize the properties for the execution of the Confiscation Order, which were sold on May 2023 for the total amount of €160.000 and the net proceeds were distributed among the competent authorities of the foreign country and the Republic of Cyprus.

The money that attributed to the Republic was deposited to the Budget of the Administration of the Ministry of Finance under the Article “Proceeds derived from illegal activities” and will be used for social purposes in accordance with the provision of Article 19 of the AML/CFT Law of 2006-2023.

It is worth noting that this was the first liquidation of property made upon enforcement of Confiscation Order issued by a Foreign Court.

Cooperation with the Police in relation to the freezing of illegal proceeds

The Department closely collaborates with the Police by collecting and disseminating information, as well as by providing assistance in regards to the tracing and freezing of illegal proceeds in cases under investigation by the Law Enforcement Authorities.

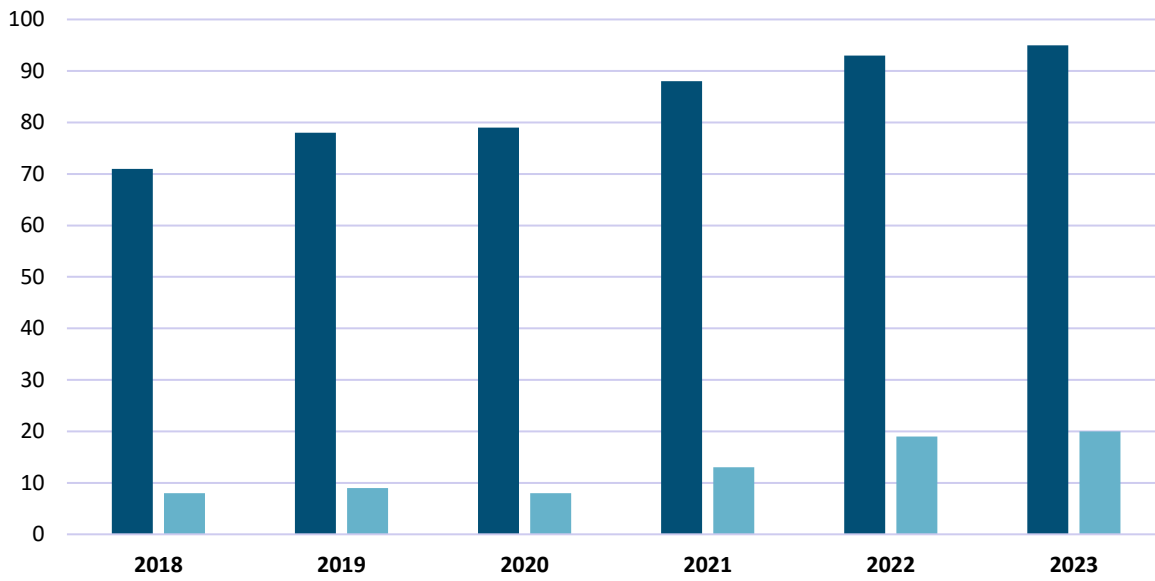
Using the communication channels available to FIUs, MOKAS collects financial intelligence and contributes to the investigation of the Police.

In addition, during the investigation of criminal cases by the Cyprus Police, the members of the Department, provide assistance in tracing illegal assets and freezing funds that may constitute proceeds of illegal activities.

Additionally, MOKAS’ members provide lectures, seminars and presentations at the Cyprus Police Academy.



Graph 8: Cooperation with the Cyprus Police and the Department of Customs during 2018-2023





Lawyers

As underlined in the EU strategy, the deprivation of criminals of their ill-gotten gains is a necessary prerequisite for the dismantling of activities by criminal groups and the prevention of their infiltration into the legal economy. Given that the major goal of crime is in most cases the economic gain, the recovery of assets is a very effective way to disrupt criminal activities and, in this way, ensure that crime does not pay.

Competences/ Tasks

The Unit, apart from its role as the Financial Intelligence Unit, it also has the powers which are vested to it, in accordance with article 55 of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (188(I)/2007), presently referred to as the «Law».

Therefore, the lawyers who are designated to the Unit always act on behalf of the Attorney General and are responsible, inter alia, for the following:

- Cooperate with the Police when the latter investigates offences committed in Cyprus which generated illegal proceeds, with the aim to file an application to the Court, on the basis of Articles 14 and 15 of the Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007 (188(I)/2007), for the issue of freezing and charging orders during the investigation process.
- Provide assistance, when needed, to the Prosecution during the legal proceedings relating to criminal offences, for obtaining confiscation orders following the conviction of the accused for of criminal offences and before the imposition of a sentence (articles 6(1) and 8).
- Submit applications to the court for the appointment of a receiver following the issue of a confiscation order (article 17 of the Law).
- Have the authority to examine Requests from foreign countries for registration and enforcement of foreign court orders for freezing and confiscation of illegal proceeds. When the request originates from an EU member state, Part IVB of the Law is relevant (cooperation with member states of the EU according to directive 2018/1805). When the request originates from a Third Country, Part IV of the Law is relevant (INTERNATIONAL COOPERATION)
- Execute Mutual Legal Assistance Requests (MLA) which are sent to the Unit via the Ministry of Justice and Public Order, only when this concern freezing or confiscation of Illegal proceeds located in Cyprus.
- Attend meetings of EU institutions or of the Council of Europe (MONEYVAL) when there are discussions on legal Instruments relating to AML /Asset Recovery and present views and comments.



- Attend meetings of the EU Asset Recovery Offices Platform, the EU FIU Platform as well as meetings concerning International Conventions in which Cyprus is a member and are used as a legal basis for the execution of MLA Requests relating to the freezing and confiscation of assets.
- Prepare legislation for the transposition of EU Legal Instruments into national law when there are matters within the mandate of MOKAS.
- Have an active role in the evaluation of Cyprus by the MONEYVAL Committee of the Council of Europe and had a decisive contribution in the positive Report which was approved and publicized by the Council of Europe MONEYVAL in February 2020.
- Issue administrative orders to the obliged entities for the postponement or the non-execution of a transaction in an account when there are reasonable suspicions that a transaction may be related with AML/TF, for the purpose of analysis or for the future issue or registration of a freezing or a confiscation order (article 55(1)(e)).
- Offer legal advice to the Analysis Department of MOKAS.



Freezing and Confiscation of Assets

Table E: Freezing Court Orders issued following MOKAS application (on behalf of the Attorney General) for the years 2022 - 2023

	Assets Frozen
Freezing Orders	EUR 8.265.339,19
Registration of foreign Freezing Court Orders	USD 34.959,82 GBP 15.413 Vehicles: 9 Property:1 Jewelry: 13 Virtual Assets: 90.000 Derivatives: USD 3.076,43

Table F: Confiscation Orders issued on the behalf of the attorney General for the years 2022 - 2023

	Assets Confiscated
Confiscation Orders	EUR 1.881.059,01
Registration of Foreign Court Orders	USD 180.657,80 Property: 1 Vehicles:1

Administrative Order: It is issued by the Unit for the postponement of transactions in bank or other accounts, when there is reasonable suspicion that a transaction is related to money laundering or terrorism financing. It is issued for financial analysis purposes or for the future issue of Freezing or Confiscation Orders. It is valid for 7 working days and can be renewed for a period not exceeding 30 working days in total.

Freezing Court Order: It is issued when “(a) criminal proceedings have been initiated and have not been concluded or are about to be instituted against a person for the commission of a predicate offence or (b) the Unit possesses information which creates a reasonable



suspicion that a person may be charged or has been charged with the commission of a laundering or a predicate offence and (c) the court is satisfied that there is reasonable ground to believe that the person has benefited from the commission of a of a laundering or a predicate offence”.

Confiscation Court Order: It is issued after the conviction of a person in relation to a prescribed offence (predicate or money laundering offence) and before the sentence is imposed and concerns, the illegal income, as it is calculated and verified in accordance with the Law.

Registration and Enforcement of Foreign Court Order: When a Competent Authority of a foreign country submits a request for the enforcement of a foreign freezing or confiscation court order, this court order can be registered before the Court in Cyprus and becomes enforceable as if the order had been issued by a competent court of Cyprus.



Participation in International Organisations

- Egmont Group

Egmont Group MOKAS is a member of the 'Egmont Group' since June 1998. The Egmont Group is an organisation that serves as an international network fostering improved communication and interaction among the Financial Intelligence Units. Its main goal is to provide a forum for FIUs around the world and to support governments in the fight against money laundering, terrorism financing and other financial crimes. The organisation includes now 166 countries worldwide.

- FIU Platform

MOKAS is also a member of the EU FIU Platform. This informal Platform, serves as a forum to cooperate with the European Commission on operational issues in the context of the functions performed by Financial Intelligence Units (FIUs), to facilitate cooperation among national FIUs and exchange views on cooperation related issues, such as effective international FIU cooperation, the identification of suspicious transactions with a cross-border dimension, the standardisation of reporting formats through the FIU.net network and the joint analysis of cross-border cases as well as trends and factors relevant to assessing money laundering and terrorist financing risks both on the national and international level.

- FIU.NET Task Force

Following the publication of Council Decision 2000/642/JHA of 17th October 2000 concerning arrangements for cooperation between FIUs of member states in respect of exchanging information, the EU Commission, through the DG Internal Market, launched the FIU.NET initiative, a fully decentralised EU wide system whereby EU FIUs join a computer network to exchange information in a secure environment.

- EU Asset Recover Offices Platform

The main motive of cross-border organised crime, is financial gain and the ultimate goal of the Law Enforcement agencies is to deprive criminals from the illegal proceeds.

Thus, the Law Enforcement Agencies should be in a position to rapidly exchange information that can lead to the tracing and seizure of proceeds from crime and other property belonging to criminals.

To that end, the Council adopted the Decision 2007/845/JHA of 06 December 2007 concerning cooperation between Asset Recovery Offices of EU Member States in the field of tracing and identification of proceeds from, or other property related to, crime and each Member State set up or designated a national Asset Recovery Office. 28 ANNUAL REPORT 2022 PARTICIPATION IN INTERNATIONAL ORGANIZATIONS MOKAS has been designated by the Council of Ministers as the National Asset Recovery Office of Cyprus, for the purposes of this EU Decision, for co-operation with counterpart AROs of EU member states. Under this capacity, MOKAS participates in the meetings of the European Union Asset Recovery Offices Platform which aim for the enhancement of cooperation between EU Member States in the area of tracing and confiscation of proceeds of crime and other crime related property and exchanges information with other AROs.



- The Camden Assets Recovery Inter-Agency Network (CARIN)

CARIN was established in The Hague in 2004 and it constitutes a global network of practitioners and experts with the intention of enhancing mutual knowledge on methods and techniques in the area of cross border identification, freezing, seizure and confiscation of the proceeds and other property related to crime. Members of MOKAS participate in this network since 2005.

- Council of Europe: Evaluation by the Committee of Experts of the Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

Cyprus is a member of the Moneyval Committee of the Council of Europe, since its establishment in 1997. This is a permanent Committee and it carries out the same tasks as the FATF, on mutual evaluation, with which it cooperates closely. The Head of the FIU is the Head of the Cyprus delegation, in which representatives of the Central Bank of Cyprus and the Cyprus Police participate as well.

The aim of Moneyval is to ensure that member states of the Council of Europe, which are not members of the FATF, have in place effective systems to counter money laundering and terrorism financing and comply with the relevant international standards in these fields. Where appropriate, the Committee makes recommendations to the evaluated countries, with a view to improve the efficiency of their anti-money laundering and countering terrorism financing measures and to furthering international cooperation.

The Committee has evaluated the Cyprus system 5 times. The last evaluation took place in May 2019 and the relevant report was published in February 2020. More details are given under the Heading “Evaluation by International Bodies”.

- The Conference of the Parties (COP) to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism

The main task of this Committee is the evaluation of the state parties regarding the implementation of the provisions of the Convention, with respect to areas not covered by other international instruments.

- EU Working Groups

MOKAS represents the Republic of Cyprus in the Working Party on Judicial Cooperation in Criminal Matters of the Council of the European Union (COPEN) during discussions on draft Directives and Regulations concerning the recovery of assets relating to freezing and confiscation. MOKAS also participates in the Working Party of the European Council on Financial Services during discussions on draft Directives and Regulations concerning FIUs.



MOKAS cooperation with Supervisory Authorities

The Supervisory Authorities of the Reporting Entities are the following:

- The Central Bank of Cyprus.
- The Securities and Exchange Commission
- The Commissioner of Insurance
- The Council of the Institute of Certified Public Accountants of Cyprus
- The Council of the Cyprus Bar Association
- The Council of Real Estate Agents
- The National Betting Authority
- The National Gaming and Casino Supervision Commission
- The Commissioner of Taxation
- Customs and Excise Department
- Any other Supervisory Authorities are appointed following a decision of the Council of Ministers

The above Supervisory Authorities are responsible for monitoring the compliance of the members falling under their supervision with regards to the provisions of the AML/CFT Law and the Directives they regularly issue for the better implementation of the Law.

The Supervisory Authorities may ask and collect from persons under their supervision any information necessary for the performance of their duties and request within a specified deadline the provision of relevant information, documents and data.

In order to verify the compliance of persons under their supervision, the Supervisory Authorities of the financial sector may carry out inspections, request and collect information, enter the premises of the supervised persons and inspect documents, records and accounts and any data stored in computers or other electronic means and receive copies or extracts of these data.

In case of non-compliance, each competent Supervisory Authority may impose administrative sanctions, including fines. In the case where a Supervisory Authority has information or believes that a person falling under its supervision is involved in the commission of a money laundering or financing of terrorism offence, it should disseminate the information to the Attorney General, as soon as possible. When the information concerns specific funds and there is reasonable suspicion that these funds constitute proceeds of illegal activities, or are related to terrorism financing, then the information is disseminated by the Supervisory Authority to MOKAS.

According to the Law, MOKAS and the Supervisory Authorities cooperate and exchange information within the context of meeting their obligations arising from the relevant law (188(I)/2007).



Advisory Authority for Combating Money Laundering and Terrorism Financing

This Authority is headed by a representative of the Ministry of Finance and a representative of the Ministry Justice and Public Order. Its functions are among others, the following:

- Informs the Council of Ministers of any measures taken and the general policy applied against money laundering and financing of terrorism offences;
- Advises the Council of Ministers about additional measures which, in its opinion, should be taken for the better implementation of the relevant legislation;
- Coordinates the competent Public Services and private Sector bodies in identifying, assessing, understanding and mitigating the risks of illicit activities and financing of terrorism, as well as updating the risk assessment, understanding and mitigation of the risks from illegal activities and terrorist financing, as well as the updating of the assessment of the said risks;
- Promotes the Republic internationally as a country, which complies with all the conventions, resolutions and decisions of international bodies in respect of combating laundering and financing of terrorism;
- Makes available to the Commission, the European Banking Authority and other Member States the results of the risk assessments including their updates, and a summary of that assessment shall be made public by posting it on the website of the Ministry of Finance without containing classified information;
- Issues and keep up to date a list specifying the precise tasks which are considered to be important public functions for the purposes of the definition of the term “politically exposed person”;
- Transmits to the Commission the list of Supervisory Authorities including their contact details, in order to facilitate and promote effective cooperation and in particular the exchange of information.

The Advisory Authority is composed of representatives of:

- | | |
|---|--|
| a) The FIU | m) The Cyprus Bar Association, the Institute of Certified Public Accountants of Cyprus and other professional bodies which the Council of Ministers may decide |
| b) The Central Bank of Cyprus | n) The Commissioner of Taxation |
| c) All other Supervisory Authorities | o) The National Betting Authority |
| d) The Ministry of Finance | p) The National Gaming and Casino Supervision Commission |
| e) The Ministry of Justice and Public Order | q) The Council of Real Estate Agents |
| f) The Law office of the Republic | r) The Ministry of Interior |
| g) The Ministry of Foreign Affairs | s) Any other Organization or Service the Council of Ministers may decide |
| h) The Customs and Excise Department | |
| i) The Cyprus Police | |
| j) The Department of the Registrar of Companies and Intellectual Property | |
| k) The Association of Cyprus Bank | |
| l) The Association of International Banks | |



Evaluation by International Bodies

Cyprus' anti-money laundering system was assessed five times by the Moneyval Committee of the Council of Europe, in April 1998, September 2001, April 2005, June 2010 and May 2019. The subsequent evaluation reports published in June 1998, June 2002, March 2006 and September 2011, respectively, concluded that Cyprus adopted measures in line with international standards and should be commended for the comprehensive legal framework put in place.

In May 2019, the 5th Cyprus Evaluation from the Moneyval Committee of the Council of Europe took place. The content of the evaluation report was thoroughly discussed, decided and approved in December 2019. The report was published on 12/02/2020. The report was fairly balanced, highlighting the positive aspects of the Cyprus system. As in all countries' evaluations, recommendations for further improvements in specific areas, were also contained in this report.

As far as the Unit is concerned, in the "Technical part" of the evaluation, received the highest score (Compliance - "C"). The Unit's work is positively recognized both in the area of international local level.

In December 2023, the 3rd Enhanced Follow-up Report & Technical Compliance Re-Rating was concluded by Moneyval Committee, according to which, Cyprus has improved its measures for tackling money laundering and combating financing of terrorism.

This follow-up report, found Cyprus to have improved its compliance with the FATF Recommendation 15 (New technologies), which has been upgraded from Partially Compliant to Largely Compliant.

The report also noted progress towards improving its level of compliance with Recommendation 8 (non-profit organisations), while the Recommendation 8 remains Partly Compliant.

Overall, it is mentioned that Cyprus has made progress in addressing most of the technical compliance shortcomings identified in its 2019 Mutual Evaluation Report.

Out of the 40 Recommendations, Cyprus currently has:

- 16 Recommendations rated Compliant
- 21 Recommendations rated Largely Compliant
- 3 Recommendations rated Partially Compliant



Training

- Training by MOKAS to Third Parties:

DATE	ORGANISER	LOCATION	SUBJECT
6/3/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws.
14/3/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws.
21/4/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws
25/5/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws
26/5/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws
8/6/2023	Police Academy	Police Academy	The prevention and suppression of Money Laundering and Terrorist Financing Laws
17/10/2023	Police Academy	Police Academy	Presentation of the Guidelines to Police and Prosecution regarding Asset Recovery
18/10/2023	Police Academy	Police Academy	Presentation of the Guidelines to Police and Prosecution regarding Asset Recovery
6/12/2023	Law Office of the Republic	Academy of the Law Office of the Republic	Presentation of the Guidelines to Police and Prosecution regarding Asset Recovery



- Training Provided to MOKAS staff

Date	Organiser	Location	Subject
6/2/2023	FATF	Online	The suspension of transactions power
01-03/02/2023	Cyprus Police Academy	Sub-Division of Police Cyber Security	Cryptocurrencies
22/2/2023	ICPAC	Online	Direct Tax Updates
24/2/2023	ICPAC	Online	Digital Assets and Combatting Money Laundering
31/3/2023	ICPAC / SHASAT CONSULTING UK	Online	Preventing Terrorist and Proliferation Financing: Essential Training for Accountants, Auditors and ASPs
25-26/4/2023	ECOFEL	Online	Increasing Suspicious Transactions Report Quality
25/4/2023	RUSI -Royal United Services Institute	Hilton Cyprus	Project CRAAFT Workshop: FinTech-Enabled Terrorism Financing: Lessons for Cyprus
29-31/05/2023	ICPA	Kleopatra Hotel	Training on Virtual Assets, Terrorist Financing and Proliferation Financing for TCSPs
20-21/06/2023	MOKAS	MOKAS	Introduction to Cryptocurrencies / Analysis of Reports/Requests involved Crypto Cryptocurrencies and Blockchain: A Journey from Anonymity to Transparency
10/7/2023	US Embassy	Hilton Cyprus	The Money Laundering, Cryptocurrency and Digital Evidence Workshop
27/7/2023	Canada CFIU	Online	No Survivor Left Behind: Opportunities and Challenges in Eradicating Labour Trafficking in Canada
22/11/2023	Cyprus Bar Association	Kleopatra Hotel	Sanctions Compliance: Critical Considerations - A Case Studies Approach
8/12/2023	MOKAS	MOKAS	AML & Sanctions – Critical Considerations