

FATF



# Anti-money laundering and counter-terrorist financing measures

## Greece

Mutual Evaluation Report

September 2019





The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CTF) standard.

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## Executive Summary

1. This report summarises the AML/CFT measures in place in Greece as at the date of the on-site visit (30 October to 16 November 2018). It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Greece's AML/CFT system, and it provides recommendations on how the system could be strengthened.

### Key Findings

- a) Greek authorities generally understand the ML/TF vulnerabilities and risks they face as presented in the NRA adopted in May 2018. Greece adopted a national AML/CFT Action Plan based on the findings of the NRA. Generally, the objectives of most Greek authorities are consistent with identified ML/TF risks and national AML/CFT policies. The National Strategy Committee plays a significant role in effective co-operation and co-ordination at the national policymaking levels in Greece. However, Greece had not yet finalised its national AML/CFT Strategy at the time of the on-site visit.
- b) Greek authorities effectively use financial intelligence and other information to develop evidence and trace proceeds in investigations for ML, TF, and associated predicate offences. Input from HFIU is regularly sought by LEAs in the course of their investigations.
- c) HFIU, SSFECU/SDOE and Greek LEAs actively investigate suspicions of ML and related predicate offences, including parallel financial investigations and complex investigations involving organised criminal groups and cross-border activities. However, once these cases are submitted to prosecutors and become subject to judicial process, cases encounter undue delays. The need, in practice, to prove a predicate offence beyond a reasonable doubt in order to demonstrate the illegal origin of funds limits the ability to detect, prosecute, and convict for different types of ML, particularly foreign predicates, professional money launderers, or money launderers who bear no relation to the underlying offence. Too little information regarding sanctions imposed upon conviction for ML was available to determine whether sanctions are proportionate and dissuasive.

- d) Greek authorities make effective use of tools for seizing and freezing assets, depriving criminals of illicit proceeds and preserving assets for future confiscation. However, delays in prosecution and appellate processes prevent effective confiscation in many cases, and lack of comprehensive statistics prevents Greece from demonstrating the degree to which criminals are permanently deprived of their assets. Sanctions for false or non-declaration of cash or BNI is not proportionate or dissuasive.
- e) In Greece, TF activities are effectively identified and investigated, counter-terrorism investigations all include a financial component and asset freezing is effectively used to disrupt financial flows, even in the absence of a TF conviction. Greek authorities have conducted a limited number of TF prosecutions but has obtained two convictions in the court of first instance. This is generally in line with Greece's context and TF risk profile. However, sanctions do not appear to be proportionate or dissuasive.
- f) Greece effectively deprives assets related to terrorism through domestic designations for the targeted financial sanctions (TFS) and has frozen a wide range of assets. However, limited understanding among certain DNFBPs and their supervisors hinders effective implementation. Greece has not yet conducted a comprehensive TF risk assessment to determine the vulnerability of NPO sectors. This results in a lack of risk-based supervision over NPOs.
- g) Greece has in place an adequate TFS regime to combat Proliferation Financing (PF), although no PF-related assets have yet been identified or frozen. Effective co-operation and co-ordination between Customs and law enforcement authorities domestically and internationally contributes to identifying smuggling of items related to proliferation.
- h) Financial institutions (FI) have a reasonably good understanding of their AML/CFT obligations and ML/TF risk. They adequately implement preventive measures in a risk-sensitive manner. On the other hand, understanding of ML/TF risks and the obligations is limited among DNFBPs, and therefore their implementation is not robust enough. This gap has been observed in the number of STR filing among the sectors: reports by the DNFBPs is very low in general.
- i) The supervisory authorities in the financial sector have a good understanding of the risks in the financial sector and in individual firms, and they apply a risk based approach to their supervision in general. However, a lack of adequate resources has hindered their capacity to use full range of supervisory tools, e.g. on-site inspection. There are gaps in the understanding of ML/TF risk among the DNFBP supervisors. Sanctions beyond fines are rarely imposed across the financial and non-financial sectors.
- j) Basic information on legal persons established in Greece is maintained mostly by the commercial registry, the General Electronic Commercial Registry (GEMI), and is publicly available. Greece is in the process of developing its central Beneficial Ownership Registry, to facilitate the authorities' swift access to beneficial ownership information. However, information on Greek registered shipping companies is maintained in a separate, paper-based registry. This impedes swift access to accurate and up-to-date information for this higher risk sector, which has frequent issuance of bearer shares and complex structures established in offshore locations. At the time of the onsite, there were over 10 000 *société anonyme* (SA) corporations (active and inactive) with bearer shares.

k) Generally, Greek authorities demonstrate a strong commitment to international co-operation and, on an operational level, HFIU and LEAs, particularly Customs, generally demonstrate effective co-operation with international partners. However, delays in judicial processes negatively impact Greece's ability to consistently provide or seek timely MLA and extradition. A lack of comprehensive statistics hinders Greece's ability to assess and improve its own effectiveness in relation to MLA, extradition and international co-operation.

## Risks and General Situation

2. Greece faced a severe financial crisis starting from 2009 in the immediate aftermath of the 2008-2009 worldwide financial crisis. The Greek crisis significantly affected its financial sector, resulting in shrinkage of the market and consolidation in the industry. Strict capital controls since 2015, including restriction on cross-border movement of capital also has had an impact on FIs in Greece.

3. The main ML risks include the laundering of proceeds from drug trafficking, corruption, tax offence, crime against property, financial crimes and smuggling of migrants and refugee. Due to its geographical position, Greece is a gateway to the EU for illegal goods, migrants and refugees. Misappropriation of public funds and corruption by civil servants have been investigated. Greece also set the fight against tax evasion as a top national priority during the financial crisis. Greece assesses its national ML risk as medium-high. Money or value transfer services (MVTs), the legal professions and real estate agents in particular are identified as high risk sector of ML.

4. TF risks are mainly derived from the domestic terrorist threat, particularly far left and anarchist extremist group. Their funds originate from illegal sources, most commonly obtained by theft or robbery. Greece identified the TF threat associated with the international terrorism as low. MVTs or informal money transfer, e.g. *hawala*, are identified as potential methods to transfer the funds. Overall, Greece assesses its national TF risk as medium-low.

## Overall Level of Compliance and Effectiveness

5. Greece has implemented an AML/CFT system that is effective in several areas. A substantial level of effectiveness has been achieved in the areas of understanding the ML/TF risks and the national co-ordination, collection and use of financial intelligence, investigation and prosecution of TF and the implementation of targeted financial sanctions related to proliferation. However, major improvements are needed to strengthen supervision and implementation of preventive measures, prosecution of ML, confiscation, preventing misuse of legal structures and the non-profit sector, and formal MLA and extradition. Generally speaking, Greece needs to enhance its collection and maintenance of comprehensive ML/TF-related statistics in order to better document the actions taken and the results achieved to demonstrate and assess whether the policies are successful and when improvements are needed.

6. In terms of technical compliance, the legal framework is particularly strong, with only some areas in need of significant improvement: measures related to preventing misuse of legal structures and the non-profit sector, correspondent banking and cash couriers.

***Assessment of risk, co-ordination and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)***

7. Greek authorities generally understand the ML/TF vulnerabilities and risks they face as presented in the NRA (May 2018). However, their understanding of ML/TF risk is often secondary to their understanding of the predicate offences. Limited engagement of the higher-risk sectors in developing the NRA and lack of AML/CFT supervision over them impede Greece's comprehensive ML/TF risk understanding in these sectors.

8. Greece adopted a national AML/CFT Action Plan based on the findings of the NRA. Generally, the objectives of most Greek authorities are consistent with identified ML/TF risks and national AML/CFT policies. However, objectives and activities of DNFBP supervisors and judicial authorities do not appear to align with those policies and risks. Greece had not yet finalised its national AML/CFT Strategy at the time of the on-site visit, and certain risks previously identified, such as informal funds transfer systems and NPOs, remain outstanding.

9. The NSC plays a significant role in effective co-operation and co-ordination at the national policymaking levels in Greece. At the operational levels, LEAs, HFIU and financial sector supervisors co-operate effectively; however, many DNFBP supervisors do not.

10. Greek authorities have made efforts to raise awareness of the NRA findings among obliged entities. However, some DNFBPs have a different view on their ML/TF risks from the NRA findings.

***Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.3, 4, 29–32)***

11. Financial intelligence along with other relevant information is used to a high extent in investigations to develop evidence and trace criminal proceeds related to ML, associated predicate offences and TF. However, strategic analysis could be developed further and Greece should encourage LEAs involved with border protection to further enhance their co-ordination and co-operation to develop more comprehensive financial intelligence on cross-border issues.

12. HFIU receives various reports, including STRs, from a wide range of public and private sector sources. Among the public sector, tax authorities, Customs and Hellenic Police provide the highest volume of reports, which is consistent with Greece's risk profile. The Greek financial sector provides the greatest number of STRs, which are generally clear and complete. However, some of the higher risk DNFBP sectors provide very low numbers of STRs, which negatively impacts the ability to effectively develop financial intelligence across all sectors.

13. HFIU's analysis and dissemination supports the operational needs of the competent authorities to a substantial extent. HFIU products are successfully utilised by all Greek LEAs for both starting new criminal investigations and supporting the ongoing cases. However, strategic analysis could be stronger. Both the Financial Police Division and Economic Crimes Prosecutors reported a high level of satisfaction with the information provided by HFIU, and HFIU co-operates and exchanges information regularly and effectively with domestic competent authorities.

14. Greece's ML investigations are generally in line with its ML threats and risks. Authorities do conduct complex investigations involving organised criminal groups and significant amounts of laundered proceeds, with priority given to corruption, tax evasion, migrant trafficking and drug-related offences, consistently with the country's risk profile. However, ML cases are not frequently identified independently of the predicate offence and rarely involve facilitators or professional money launderers.

15. Prosecution of ML cases are less effective. The need, in practice, to prove a predicate offence beyond a reasonable doubt to demonstrate the illegal origin of funds limits the ability to prosecute and convict for different types of ML. Prosecutions are often subject to lengthy delays in the judicial process, and relatively few ML cases have been tried to their conclusion. In tax cases, Greek authorities successfully use mechanisms available under the Tax Procedure Code as an alternative to pursuing ML convictions. Limited anecdotal evidence shows use of proportionate and dissuasive sanctions, but in the absence of more information, the assessment team cannot determine whether sanctions are generally proportionate, dissuasive or effective.

16. Greece has developed an effective system to deprive criminals of assets, including provisional measures and mechanisms enabling voluntary forfeiture. Freezing and seizures measures are routinely used by the relevant authorities and significant amounts of money have been frozen, both in Greece and abroad. Assets frozen include amounts related to TF, as well as ML and related predicate offences, and are largely in line with Greece's ML/TF risks. Falsely or non-declared cross-border movements of currency are frequently detected and an administrative penalty is immediately imposed. However, the penalty, at 25% of the amount falsely or not declared, is not proportionate or dissuasive.

17. Delays in the judicial and appeals processes prevent effective confiscation in Greece. Very few irrevocable confiscation orders have been made to date, particularly in comparison with the value of assets that are frozen. Although criminals are deprived of assets and their operations are disrupted, it is not clear that such deprivation or disruption is permanent.

***Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)***

18. Greek authorities have a strong awareness of the different types of TF activity and how they are carried out in Greece. Although details remain classified in many cases, information reviewed by the assessment team indicates that the quality of investigations is generally high and based on a collaborative approach between relevant authorities, including co-operation with joint operational task force bodies at the regional and international level.

19. TF is part of every terrorism related investigation, but is not usually pursued as a distinct criminal activity. The AML/CFT Authority (which includes the HFIU) receives and disseminates intelligence related to TF at a level that is appropriate to Greece's risk profile. However, these disseminations have not yet resulted in criminal prosecutions. Of the TF prosecutions that have been initiated, there have been two convictions (one of which was overturned). Most of the cases presented to assessors are still pending before judicial authorities. Additional expertise specific to CFT is needed to better develop evidence related to TF, and delays in the judicial process should be addressed.

20. Greece makes effective use of mechanisms for designating suspected terrorists on domestic lists. Designation results in immediate freezing of assets and the prohibition of participating in any transaction with an obliged entity. Greek authorities have successfully used this mechanism for many years to disrupt financial flows and reduce the assets available for terrorist activities or support of terrorist groups and individual terrorists.

21. Greece implements TFS pursuant to UNSCR 1267 without delay through national measures, which compensate for shortcomings in the EU legal framework. Greece actively use its national TFS regime pursuant to UNSCR 1373 and has frozen a wide range of assets, including movable and immovable property. FIs understand and implement the freezing obligations with an IT screening system. However, limited understanding among certain DNFBBPs and their supervisors hinders effective implementation without delay in these sectors.

22. Greek authorities are aware of TF risks in the NPO sector to some extent, and Greece has undertaken initiatives to enhance oversight of NPOs particularly active in the field of migrants. However, Greece has not yet conducted any sort of comprehensive TF risk assessment to determine the vulnerability of NPO sectors. This results in a lack of focused supervision over NPOs in line with the TF risks.

23. Greece implements TFS relating to proliferation financing (PF) without delay through national measures, which compensate for shortcomings in the EU legal framework. However, the lack of awareness among certain DNFBBPs and their supervisors may hinder effective implementation without delay in those sectors.

24. Even though no PF cases have been identified, Greece has demonstrated effective co-operation and co-ordination between Customs and law enforcement authorities domestically and internationally. In certain instances, Customs has seized cargo transiting through Greece which has resulted in identifying illegal smuggling of items related to proliferation.

### *Preventive measures (Chapter 5; IO.4; R.9–23)*

25. FIs have a reasonably good understanding of their AML/CFT obligations and ML/TF risks, and have policies and internal controls to address their risks. DNFBBPs are subject to the same legal requirements as FIs under the Greek AML/CFT law. However, understanding of ML/TF risks and the obligations is limited among DNFBBPs not subject to regular reporting duties or active supervisory monitoring and guidance, particularly among lawyers and tax advisers who also provide company formation services.

26. Overall, FIs apply mitigating measures commensurate with their risks, while smaller FIs, particularly money and value transfer service providers (MVTs) and bureau de change (BCs) face a lack of resources to meet their AML/CFT obligations. Meanwhile, business practices posing risks, e.g. acceptance of unlimited amounts of cash by investment services companies, are observed in some securities firms. DNFBBPs other than the audit profession, particularly small firms, generally do not seem to apply such mitigating measures on a systematic basis.

27. FIs adequately implement preventive measures in general: customer due diligence (CDD) in a risk based manner, e.g. enhanced CDD to politically exposed persons (PEPs), and recordkeeping measures. Banks in particular are rigorous in their efforts to monitor customers and to determine the beneficial owner of funds. They use

sophisticated electronic systems to do this. DNFBPs also apply some elements of CDD; however, their efforts are not fully consistent with AML/CFT requirements in certain cases. Other than auditors and the legal profession, DNFBPs (e.g. real estate brokers) show weaknesses in establishing the beneficial owner.

28. The number of suspicious transaction reports (STRs) from FIs is reasonable. The quality of STRs has increased since 2016 due to feedback provided to FIs by the Bank of Greece and HFIU. In contrast, the number of STRs submitted by DNFBPs is very low, with the exception of auditors, and the gaming sector.

### *Supervision (Chapter 6; IO.3; R.26–28, 34, 35)*

29. Bank of Greece and HCMC have an effective licensing framework to ensure that criminals and their associates are not the beneficial owners or hold a controlling interest in FIs. Robust checks and controls ensure that only those deemed fit and proper are able to hold significant functions in organisations, and individuals have indeed been removed for licensing failures or weaknesses.

30. Bank of Greece and HCMC have a good understanding of the risks in the financial sector and the firms that operate within these sectors and apply a risk-based approach to supervision. Data and other compliance information provided by FIs to the Bank of Greece contribute to identifying risks and deficiencies. However, resource constraints resulting from the financial crisis has hindered their capacity to use full range of supervisory tools. This also has had a negative impact on their ability to carry out the overall risk assessment of individual firms.

31. Corrective actions by the Bank of Greece and HCMC are effective in ensuring that firms remedy identified failings. However, fines are the only enforcement tools used and are not seen as proportionate and dissuasive.

32. While the Bank of Greece has provided general AML/CFT guidance to the institutions under its supervision, detailed guidance specific to non-banking FIs has not yet been provided.

33. Licensing, registration and other controls implemented by supervisors or other authorities for DNFBPs are inconsistent and often inadequate among the various sectors. Entry control mechanisms are sometimes lowest in the sectors that carry the greatest degree of risk. There are a large number of unlicensed estate agents in Greece, which increases the risk that the property market could be used for ML.

34. DNFBP supervisors have an overall understanding of sector risk, while the understanding of individual firm risk across most sectors seems inadequate. In general, DNFBP supervisors do not apply a risk based approach to their supervision, partly due to lack of resources. While supervisors have identified deficiencies in some sectors, particularly in the accounting, legal, and real estate professions, they have not widely impose remedial actions for AML/CFT failings.

### *Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)*

35. The General Electronic Commercial Registry (GEMI) database contains comprehensive basic information on most legal persons established in Greece. Competent authorities have access this information through GEMI. The information in the database is consistently accurate, publicly available and accessible online in Greek.

Nevertheless, the authorities have not imposed any sanctions for failures to provide timely updates to information maintained in the GEMI database.

36. Greece has several other databases that can help in identifying certain aspects of beneficial ownership, including the bank account register (BAR). A comprehensive tax database (ELENXIS) is accessible to all competent authorities that carry out financial investigations. In addition, L.4557/2018 provides the legal basis for a central public registry to collect and maintain information on beneficial ownership of legal persons; however, this registry is not operational yet.

37. Beneficial ownership information on Greek registered shipping companies is maintained in a specific separate registry. The fact that this registry is entirely paper-based and thus requires manual consultation impedes swift access to accurate and up-to-date basic and beneficial ownership information in this sector. Furthermore, these companies have frequently issued bearer shares and used complex structures established in offshore locations, which poses higher ML/TF risks.

38. At the time of the onsite, there were over 10 000 *société anonyme* (SA) corporations (active and inactive) with bearer shares. Greece has recently enacted legislation to abolish bearer shares, although such instruments as a means of ownership will not completely disappear until January 2020.

#### ***International co-operation (Chapter 8; IO.2; R.36–40)***

39. Greek authorities co-operate routinely with their foreign counterparts as part of their normal course of operation. LEAs and HFIU both seek international co-operation to build their cases and share timely and accurate information, particularly within the EU legal framework. Co-operation is generally in line with Greece's geographic risk exposure, although Greece has participated in a limited number of Joint Investigative Teams (JITs). Bank of Greece, the main financial supervisor, actively engages with its counterparts for the supervision of EU countries financial institutions and groups.

40. In cases where judicial assistance is needed, i.e., formal MLA and extraditions, there is evidence of delays that negatively impact Greece's ability to consistently provide or seek timely MLA and extradition. Lack of statistics hinders Greece's ability to assess and improve its own effectiveness in relation to MLA and international co-operation and prevented assessors from comprehensively analysing the effectiveness of Greece's systems for seeking and requesting MLA and extradition.

## Priority Actions

- a) Greece should identify and fully understand ML/TF risks that arise independently from predicate offences, finalise and implement its National Strategy, including by taking the steps set out in its national Action Plan to address previously identified and emerging risks.
- b) Greece should examine the case management systems, prioritisation of tasks and allocation of resources among prosecutors and the judiciary and make such changes as are necessary to address delays in ML and TF prosecutions, obtaining irrevocable confiscation orders and in making and executing MLA and extradition requests. To that end, Greece should also implement revised criminal procedures, including measures to address the right to adjournment and to allow for extrajudicial resolution in appropriate cases.
- c) Greece should conduct a comprehensive domestic assessment over the NPO sector to identify the features and types of subset of NPOs that are particularly at TF risk, and implement focused supervision in consistent with the identified risks.
- d) Greece should take the necessary measures to ensure that, in practice, a predicate offence does not need to be proven beyond a reasonable doubt in order to prosecute and convict for ML. Greece should ensure that it can and does pursue ML prosecutions for the different types of ML consistent with Greece's risk profile – i.e. complex ML cases, professional money launderers, and ML related to foreign predicates.
- e) Greece should ensure that its beneficial ownership register is fully operational without delay and that information on shipping companies is integrated into the central electronic registry system.
- f) Greece should raise awareness of TFS obligations related to both TF and PF among obliged persons, particularly DNFBPs, and ensure that obliged persons implement TFS without delay by monitoring their compliance.
- g) Greece should ensure appropriate resources are available to supervisory authorities to allow them to apply a risk-based approach to their supervision, and it should make full use of the supervisory powers in sanctioning breaches.
- h) Greece should strengthen the understanding of AML/CFT risks and obligations among non-banking FIs and DNFBPs, particularly higher-risk sector, including by providing more sector-specific guidance and feedback.
- i) Greece should develop more comprehensive national statistics regarding ML/TF related issues, including prosecutions, convictions, MLA and international co-operation, and ensuring sufficient detail to enable Greece to evaluate their results, identify the difficulties and, if needed, make necessary improvements.
- j) Greece should review the level of sanctions that are applied upon conviction for ML and TF and for false or non-declaration of cross-border movement of cash and BNI to ensure that such sanctions are effective, proportionate and dissuasive.

*Effectiveness & Technical Compliance Ratings*  
*Effectiveness Ratings<sup>1</sup>*

|  |                                       |  |   |  |                                      |
|--|---------------------------------------|--|---|--|--------------------------------------|
| <b>IO.1</b> - Risk, policy and coordination  | <b>IO.2</b> International cooperation | <b>IO.3</b> - Supervision                    | <b>IO.4</b> - Preventive measures                           | <b>IO.5</b> - Legal persons and arrangements | <b>IO.6</b> - Financial intelligence |
| <b>Substantial</b>                           | <b>Substantial</b>                    | <b>Moderate</b>                              | <b>Moderate</b>   | <b>Moderate</b>                              | <b>Substantial</b>                   |
| <b>IO.7</b> - ML investigation & prosecution | <b>IO.8</b> - Confiscation            | <b>IO.9</b> - TF investigation & prosecution | <b>IO.10</b> - TF preventive measures & financial sanctions | <b>IO.11</b> - PF financial sanctions        |                                      |

**Moderate**      **Moderate**      **Substantial**      **Moderate**      **Substantial**

*Technical Compliance Ratings<sup>2</sup>*

|   |  |   |  |  |   |
|---|--|---|--|--|---|
| <b>R.1</b> - assessing risk & applying risk-based approach            | <b>R.2</b> - national cooperation and coordination                 | <b>R.3</b> - money laundering offence           | <b>R.4</b> - confiscation & provisional measures       | <b>R.5</b> - terrorist financing offence   | <b>R.6</b> - targeted financial sanctions – terrorism & terrorist financing     |
| <b>LC</b>   | <b>LC</b>  | <b>C</b>  | <b>LC</b>  | <b>LC</b>                                  | <b>LC</b>   |
| <b>R.7</b> - targeted financial sanctions - proliferation             | <b>R.8</b> - non-profit organisations                              | <b>R.9</b> – financial institution secrecy laws | <b>R.10</b> – Customer due diligence                   | <b>R.11</b> – Record keeping               | <b>R.12</b> – Politically exposed persons                                       |
| <b>LC</b>   | <b>PC</b>  | <b>C</b>  | <b>C</b>   | <b>C</b>                                   | <b>C</b>  |
| <b>R.13</b> – Correspondent banking                                   | <b>R.14</b> – Money or value transfer services                     | <b>R.15</b> – New technologies                  | <b>R.16</b> – Wire transfers                           | <b>R.17</b> – Reliance on third parties    | <b>R.18</b> – Internal controls and foreign branches and subsidiaries           |
| <b>PC</b>   | <b>C</b>   | <b>LC</b>                                       | <b>LC</b>  | <b>LC</b>                                  | <b>C</b>  |
| <b>R.19</b> – Higher-risk countries                                   | <b>R.20</b> – Reporting of suspicious transactions                 | <b>R.21</b> – Tipping-off and confidentiality   | <b>R.22</b> - DNFBPs: Customer due diligence           | <b>R.23</b> – DNFBPs: Other measures       | <b>R.24</b> – Transparency & BO of legal persons                                |
| <b>LC</b>   | <b>C</b>   | <b>C</b>  | <b>LC</b>  | <b>LC</b>                                  | <b>LC</b>   |
| <b>R.25</b> - Transparency & BO of legal arrangements                 | <b>R.26</b> – Regulation and supervision of financial institutions | <b>R.27</b> – Powers of supervision             | <b>R.28</b> – Regulation and supervision of DNFBPs     | <b>R.29</b> – Financial intelligence units | <b>R.30</b> – Responsibilities of law enforcement and investigative authorities |
| <b>LC</b>   | <b>LC</b>  | <b>C</b>  | <b>LC</b>  | <b>C</b>                                   | <b>C</b>  |
| <b>R.31</b> – Powers of law enforcement and investigative authorities | <b>R.32</b> – Cash couriers  | <b>R.33</b> – Statistics                        | <b>R.34</b> – Guidance and feedback                    | <b>R.35</b> – Sanctions                    | <b>R.36</b> – International instruments   |
| <b>C</b>  | <b>PC</b>  | <b>LC</b>                                       | <b>LC</b>  | <b>LC</b>                                  | <b>LC</b>   |
| <b>R.37</b> – Mutual legal assistance                                 | <b>R.38</b> – Mutual legal assistance: freezing and confiscation   | <b>R.39</b> – Extradition                       | <b>R.40</b> – Other forms of international cooperation |  |   |
| <b>LC</b>   | <b>C</b>   | <b>C</b>  | <b>LC</b>  |  |   |

<sup>1</sup> Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low – LE, level of effectiveness.

<sup>2</sup> Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non compliant.

## MUTUAL EVALUATION REPORT

### Preface

This report summarises the AML/CFT measures in place as at the date of the on-site visit. It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of the AML/CFT system, and recommends how the system could be strengthened.

This evaluation was based on the 2012 FATF Recommendations, and was prepared using the 2013 Methodology. The evaluation was based on information provided by the country, and information obtained by the evaluation team during its on-site visit to the country from 30 October 2018 to 16 November 2018.

The evaluation was conducted by an assessment team consisting of:

- Mr. Ben Aldersey, Financial Conduct Authority, United Kingdom (financial expert)
- Col. Elie Kallas, Internal Security Forces, Lebanon (FIU/Law enforcement expert)
- Ms. Virginia Di Marcoberardino, Federal Public Service Finance – Treasury, Belgium (legal expert)
- Ms. Karin Sigstedt, Swedish Economic Crime Authority (legal expert)
- Mr. Philipp Sudeck, Anti-Money Laundering Federal Financial Supervisory Authority, Germany (financial expert)

with the support from the FATF Secretariat of Mr. Vincent Schmoll, Ms. Kellie Bailey and Mr. Kota Ito. The report was reviewed by Thomas Blissenden, Department of Home Affairs of Australia; Cristina Ferreira, Legal Affairs Bureau of Macao, China; and Michelle Guiney, Central Bank of Ireland.

Greece previously underwent a FATF Mutual Evaluation in 2007, conducted according to the 2004 FATF Methodology. The 2007 evaluation and two follow-up reports have been published and are available at [www.fatf-gafi.org/countries/#Greece](http://www.fatf-gafi.org/countries/#Greece).

That Mutual Evaluation concluded that the country was compliant with 2 Recommendations; largely compliant with 9; partially compliant with 23; and non-compliant with 14. Greece was rated compliant or largely compliant with 3 of the 16 Core and Key Recommendations.

Greece was placed in the regular follow-up process immediately after the adoption of its 3<sup>rd</sup> round Mutual Evaluation Report, but was slow to address some of its critical deficiencies and was placed in enhanced follow-up. Later, Greece was publicly identified as having strategic AML/CFT deficiencies. After a high-level mission led by the FATF President and ten follow-up reports, Greece sufficiently completed its Action Plan to reach a satisfactory level of compliance at least equivalent to LC with all Core and Key Recommendations and was removed from targeted and enhanced follow-up in June 2011. Greece was removed from the regular follow-up process in October 2011.



## Chapter 1. ML/TF RISKS AND CONTEXT

41. Greece, officially known as the Hellenic Republic and historically known as Hellas, is a country in south-eastern Europe, situated on the southern end of the Balkan Peninsula. It is bordered by Albania, Bulgaria, Turkey, the Republic of North Macedonia as well as the Aegean Sea, Ionian Sea, the Sea of Crete and the Mediterranean Sea, with a total territory of 131 957 square kilometres. This includes over 4 000 islands, and a total coastline of 13,676 kilometres. Greece has a population of approximately 10.8 million having a mean age of 41.9. Athens (the capital), Thessaloniki, Patras and Heraklion are the country's major municipalities<sup>3</sup>. From January 2011, in accordance with the Kallikratis programme, the administrative system of Greece was completely reformed. The former system of 13 regions, 54 prefectures and 1 033 municipalities and communities was replaced by 7 decentralised administrations, 13 regions and 325 municipalities. Greece has one autonomous region, Mount Athos that borders the region of Central Macedonia and four Customs controlled free zones (Piraeus, Thessaloniki, Heraklion and Astakos). Foreign citizens constitute 8.4% of Greece's resident population; Albanians Bulgarians, Romanians and Pakistanis constitute the largest foreign communities.

42. Under the 1975 Constitution, Greece is a Parliamentary Republic. The President, elected by Parliament every five years, is Head of State. The Prime Minister is Head of Government. The Ministerial Council, consisting of the Prime Minister, Ministers, Deputy Ministers and Ministers without portfolio, is the collective decision-making body that constitutes the Government of Greece. Legislative power is exercised by Parliament and the President of the Republic. Executive power is exercised by the President of the Republic and the Government. General elections are normally held every four years unless the Parliament is dissolved earlier. The electorate consists of all Greek citizens who are 18 years of age. Each new Government, after a general election or after the previous government's resignation, has to appear before Parliament and request a vote of confidence.<sup>4</sup>

43. The constitutionally established Judicial system of Greece consists of two jurisdictions, the administrative and the civil/criminal, which are in turn organised in three instances: the courts of first instance (lower courts), the courts of appeals (higher, appellate courts) and the Supreme Courts. The Council of State (Symvoulío tis Epikrateias), comprises the Supreme Administrative Court of Greece, the Supreme Civil

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<sup>3</sup> Hellenic Statistical Authority, Demographic and social characteristics of the Resident Population of Greece according to the [2011 Population and Housing Census - revision of 20/3/2014](#).

<sup>4</sup> Greek Ministry of Foreign Affairs website, "Government and Politics", (retrieved December 2018): [www.mfa.gr/missionsabroad/en/about-greece/government-and-politics/judicial-power.html](http://www.mfa.gr/missionsabroad/en/about-greece/government-and-politics/judicial-power.html)

and Criminal Court (Areios Pagos), and the Court of Audit (Elegktiko Synedrio), which are the country's highest courts.<sup>5</sup>

44. Greece is a member of the EU, the Eurozone and the Schengen Area. Greece's GDP was EUR 180.2 billion for 2017 in value (EUR 187.2 billion in volume). The most important segments of the private sector of the economy include real estate activities (which comprise 15% of GDP), manufacturing, trade and tourism (9.4%, 9.2%, and approximately 7.2% of GDP, respectively).<sup>6</sup>

45. For almost ten years, Greece has faced financial crisis and was the beneficiary in three financial assistance programmes (2010, 2012, and 2015) agreed with the IMF, the European Commission, the European Central Bank and the ESM (European Stability Mechanism). During the first years of the economic crisis, Greek credit institutions (CIs) were cut off from international markets and, until June 2012, experienced an unprecedented outflow of deposits, equivalent to one third of their deposit base. The government and Bank of Greece took a number of actions to re-establish financial stability, including the dissolution of 12 weak CIs (and their Cypriot branches) and recapitalisation of Greece's 4 core CIs.<sup>7</sup>

46. During the first half of 2015, there was another significant outflow of deposits which resulted in the introduction of strict capital controls. These controls included a cap on daily and monthly cash withdrawals and credit transfers for individuals and enhanced CDD for commercial credit transfers abroad. Capital controls also had a significant impact on pre-paid instruments and e-money markets, which kept these markets from developing as they did throughout the rest of Europe. In early 2017, Greece prohibited the issuance of anonymous pre-paid payment instruments. The Greek authorities recognise that these capital control measures, which remain in place at the time of the on-site visit, have a mitigating effect in terms of ML/TF risk.<sup>8</sup>

47. Ramifications of the crisis also affected Greek policy and law enforcement initiatives; Greece committed a significant part of its policy making, investigative and prosecutorial resources on the financial crimes that contributed to the crisis and undermined Greece's efforts to recover from the crisis. To receive financial assistance, Greece was required, among other things, to develop and implement an anti-corruption strategy.<sup>9</sup> Government revenue had been diminished by high levels of tax evasion. Accordingly, Greek authorities prioritised efforts to reform tax laws, reduce tax evasion and recover money that had been wrongfully withheld from the state.

<sup>5</sup> Id., "Judicial Power": [www.mfa.gr/missionsabroad/en/about-greece/government-and-politics/judicial-power.html](http://www.mfa.gr/missionsabroad/en/about-greece/government-and-politics/judicial-power.html)

<sup>6</sup> Hellenic Statistical Authority, *Annual National Accounts (Provisional Data) (1995-2017) and MoF estimates*.

<sup>7</sup> NRA, p.

<sup>8</sup> NRA, p.78

<sup>9</sup> [Second Economic Adjustment Programme for Greece \(Fourth review April 2014\)](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp192_en.pdf), European Commission, 23 April 2014; [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/pdf/ocp192\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp192_en.pdf); retrieved 25 February 2019.

## ML/TF Risks and Scoping of Higher Risk Issues

### *Overview of ML/TF Risks*

48. The shadow economy in Greece has been steadily decreasing in estimated value since 2008. Greek authorities believe this is a result of the extensive reforms occasioned by the economic crisis. Greece estimates its shadow economy at just over 20% for 2017. Despite the downward trend, this figure remains high when compared to other EU member states.<sup>10</sup>

49. The Greek NRA indicates that the predicate offenses that present the highest ML threat include:

- Drug trafficking
- Corruption (including bribery, misappropriation, the abuse of functions and embezzlement)
- Crimes against property (robberies and thefts)
- Financial crimes (including fraud, forgery, smuggling of goods and black market)
- Smuggling of migrants and refugees
- Tax offenses

50. According to Greek authorities, organised criminal groups represent the majority of perpetrators in all but two of these categories of predicate offences (corruption and tax offences). The drug trade is one of the most lucrative illicit activities, with estimated proceeds (expected profit from the total quantities of drugs that were seized based on indicative trafficking prices) in the years 2014, 2015 and 2016 of EUR 188 000 000, EUR 62 000 000 and EUR 200 000 000, respectively. In these years, the trafficking of cocaine, heroin and cannabis in Greece by organised criminal groups reached 75%, 83%, and 35% respectively.<sup>11</sup>

51. According to the 2017 Transparency International, corruption perception index, Greece ranks 59<sup>th</sup> of 180 countries, up from 69<sup>th</sup> in 2016. Greece's General Secretariat for the Fight against Corruption (GSAC) indicates that criminal misappropriation of public funds results in the highest criminal prosecution rates. Significant cases relating to corruption by civil servants over the last 10-15 years have been investigated and referred to judicial authorities for trial. Money laundering in serious cases of corruption is mainly affected via accounts held at foreign banks that maintain the strictest bank secrecy laws, via international credit centres in the name of offshore companies and investments in the real estate market.<sup>12</sup> Some of these cases have resulted in confiscations with hundreds of millions of euros being returned to the Hellenic state.

52. Greek authorities note that property crimes, specifically robbery and theft, are particularly high in relation to public-order crimes committed. This is thought to be a result of the recent economic situation, which led many Greek citizens to hold cash and high value goods at home rather than banking them. This area is one in which criminal

<sup>10</sup> NRA, p.71.

<sup>11</sup> NRA, p.22.

<sup>12</sup> NRA, p.23.

organisations cause far greater losses than individual actors and represent over 40% of all investigated activities by criminal organisations. From 2014 to 2016, Greek authorities estimate that proceeds from these crimes grew from EUR 11 million to EUR 57.7 million.<sup>13</sup>

53. Fraud (including internet fraud) and forgery constitute the highest threats in terms of financial crimes. Fraud has always constituted a significant and profitable criminal activity both for the jurisdiction's sole perpetrators and for organised criminal groups. The Hellenic Police estimates that the overall detected profits reaped by the criminal groups from fraud was EUR 3 600 000 in 2015 and EUR 2 630 000 in 2016. Although the majority of fraud offences are committed by individuals targeting vulnerable victims (e.g. the elderly, people that purchase products and goods online), the proceeds from these are much lower than in cases involving criminal groups or where the victims are public sector agencies and/or companies.<sup>14</sup>

54. Due to its geographical position, Greece constitutes a gateway to the EU for illegal goods, migrants and refugees. As such, smuggling is a significant ML threat and lucrative activity for criminal groups. The primary goods being smuggled are tobacco products, alcohol and fuel. Greek authorities report that tobacco products and particularly cigarettes, have steadily constituted the majority of all products that are smuggled in recent years. Consequently, the smuggling of tobacco products constitutes the one of the greatest threats of ML. The Greek General Directorate of Customs and Excise Duty indicates that a total of 2 546 033 977 illegal cigarettes were seized between 2012 and 2016, representing an estimated EUR 431 837 755 in unpaid taxes.<sup>15</sup>

55. The illicit smuggling of migrants is conducted via an illegal network of smugglers that conduct their business primarily outside the jurisdiction's borders. On a European level, the smugglers' revenue ranged between EUR 4.7 and 5.7 billion in 2015 and 2 billion EUR in 2016. With respect to the entry of migrants into Greece, as is the case throughout the EU, the greatest part of the criminal groups' proceeds was received prior to their entry into the jurisdiction.<sup>16</sup>

56. Facilitation of illegal departure from the jurisdiction is a very lucrative criminal activity and constitutes a significant ML threat. Based on data provided by the Hellenic Police Headquarters, such proceeds were estimated at about EUR 307 000 000 for 2015 and EUR 367 000 000 for 2016. The vast majority of smugglers that were arrested, 88% in 2015 and 78% in 2016, are third country nationals that live in Greece illegally. It is worth noting that 1501 and 950 smugglers were arrested in 2015 and 2016, respectively.<sup>17</sup>

57. The threat level for tax evasion was assessed to be high and the fight against tax evasion was established as a top national priority during the financial crisis. The majority of STRs submitted to the HFIU by the CIs concern transactions that may be related or linked with the tax evasion offense. In addition, the non-financial sectors

<sup>13</sup> NRA, p.24-25.

<sup>14</sup> NRA, p.26.

<sup>15</sup> NRA, p.27.

<sup>16</sup> NRA, p.28.

<sup>17</sup> Id.

encounter a high threat level since accountants, tax consultants, lawyers, notaries and real estate agents may act as tax evasion facilitators, especially with transactions that are associated with the buying and selling of property.<sup>18</sup> In Greece, the term “tax evasion”, which refers to a specific criminal offence, is distinguished from non-payment of debts to the State exceeding EUR 200 000 or offenses that can be resolved via out-of-court settlement.

58. Analysis of data on inbound and outbound capital flows in comparison with those expected based on trade relations, etc., did not reveal any inconsistencies. Greek authorities conclude that there are no indications of inherent risk arising in the banking sector, which administers the majority of these transactions. Data obtained from law enforcement, judicial and public prosecuting authorities reveals the participation of a large number of foreign nationals in criminal activities, a fact that increases the risk of these criminal proceeds being transferred to their country of origin. At the time the NRA was prepared, the physical transfer of cash outside Greece could not be verified by the Customs Authority’s data on cash movements. However, Customs data indicates that incoming cash movements are relatively low.<sup>19</sup>

59. TF risks are predominantly associated with the domestic terrorist threat, including far left and anarchist extremist groups. The funds for domestic terrorism generally originate from illegal sources, the most common of which are theft or robbery. Threat of international TF is low, consisting of occasional low-value transfers made using money or value transfer services (MVTs) and false identification documents.<sup>20</sup>

60. Greece assesses its national ML risk to be medium high. The highest risk levels arise in the non-financial sectors, including lawyers, notaries, accountants and real estate agents. In the financial sectors, MVTs are considered to pose a high level of ML risk, followed by the banking sector which presents a risk level of medium high. The remaining sectors present a lower risk level.<sup>21</sup>

### *Country’s Risk Assessment & Scoping of Higher Risk Issues*

61. Greek authorities understand to a large degree the ML/TF risks they face. Greece completed its national risk assessment (NRA) in May 2018. This represents Greece’s first comprehensive and collective consideration of risk at the national level. The exercise was co-ordinated by Greece’s Central Co-ordination Authority, under the approval of the National Strategy Committee (NSC), with the participation of a wide range of agencies and the involvement of the private sector. Greece used the World Bank risk assessment tool, and the work was influenced by the EU supra-national risk assessment.

62. The NRA covers both ML and TF and identifies major threats, ML/TF risk enhancing and reducing factors, and provides a final residual risk rating (i.e. taking into account AML/CFT measures in place) to financial and non-financial sectors operating in Greece. Although the published version of the NRA covers TF risk to limited extent,

<sup>18</sup> NRA, p.30

<sup>19</sup> NRA, p.30.

<sup>20</sup> NRA, p.197-198.

<sup>21</sup> NRA, p.20.

the TF Working Group of the NRA prepared a more comprehensive TF risk assessment, which is classified.

63. The NRA identifies six categories of offences as presenting the most significant threat of ML, including drug trafficking, financial crime, smuggling and tax evasion. See the above section on “Overall ML/TF risks” for additional information. The NRA notes that organised criminal groups (OCGs) are often the most frequent perpetrators, but that they are primarily domestic in nature, with few ties to OCGs in other countries. The notable exception to this is the OCGs that engage in migrant smuggling. Greece identified the retail banking, MVTS and bureau de change sectors as posing a higher risk for ML in the financial sector. In addition to the NRA, the Hellenic Police and Bank of Greece also undertake risk assessments on specific sectors. Further details of the NRA can be found under Immediate Outcome 1 and R. 1 in the TC annex.

64. In deciding what issues to prioritise during the on-site visit, the Assessment Team reviewed material provided by Greece on national ML/TF risks, and information from reliable third party sources (e.g., reports by other international organisations). The issues listed present not only potential areas of higher ML/TF risks (including threats and vulnerabilities), but also issues that were of concern to the Assessment Team or where more clarification was sought.

- *National co-ordination and allocation of resources:* Assessors sought additional information on the domestic co-ordination and policymaking mechanisms in place, the role that different agencies play in this co-ordination and the degree to which allocation of resources is consistent with identified AML/CFT risks.
- *AML/CFT obligations and supervision of high risk DNFBPs:* The NRA identifies lawyers, notaries, accountants (other than chartered accountants), real estate agents and high value goods dealers as higher-risk sectors that are particularly vulnerable to abuse for ML, but also noted that supervision in these sectors was insufficient. The Assessment Team sought to clarify the extent to which the competent authorities and the DNFBPs effectively understand the risks in these sectors and the steps that authorities are taking to mitigate these risks.
- *Misuse and transparency of corporate structures:* Greek authorities report that predicate offences and ML frequently involve the misuse of domestic and foreign corporate structures. The NRA also indicates that availability and access to beneficial ownership information may be an area of increased vulnerability for Greece. Therefore, assessors sought additional information to demonstrate access to basic and beneficial ownership information by competent authorities, measures in place to identify PEPs, and the extent to which the authorities are co-ordinating, both domestically and with foreign counterparts where necessary, to prevent the misuse of corporate structures.
- *Co-ordination and capacity among the law enforcement authorities in financial investigations and prosecutions:* Greece has several competent authorities responsible for financial crime investigations, with high potential for overlap and duplicated efforts. During the onsite visit, assessors sought clarification and received information regarding the organisational structures and assignment of responsibilities, the domestic co-operation and co-ordination in place between key agencies, the role that different agencies play in this co-operation and the extent to which lack of resources may affect financial investigations and prosecutions.

- *Vulnerabilities related to geographic characteristics:* Because of its geographical location and characteristics, Greek authorities report an increase in the flow of economic migrants and refugees to the country, including an increase in illegal migrant smuggling and related offences, such as forgery of official documents. Greek authorities also report significant threats arising from goods smuggling and black market activities. During the on-site visit, the assessors sought additional information on the authorities' understanding of the ML/TF risks that accompany these predicate offences and the extent to which mitigating measures are utilised, with specific focus on the controls carried out in Greece's free trade zones.
- *Cross-border currency flow and transparency of NGOs/NPOs:* The Assessment Team sought clarification of the authorities' understanding of the nature and origin of cash flows into and out of Greece, AML/CFT measures in place for bureaux de changes, and potential abuse of the NGO/NPO sector. Assessors explored the extent to which Greek authorities are taking steps to address transparency of NGO/NPOs, the increased challenges to border agencies, and are successfully detecting and analysing cross border movement of currency and Bearer Negotiable Instruments (BNI).
- Based on limited inherent and identified risks, low volume and small size of the sectors, the Assessment Team considered the following areas to represent lower risk and, therefore, were not of primary focus: life insurance activities, capital market sector, financial leasing and credit companies.

## Materiality

65. Greece's GDP in 2017 ranked as the 51st largest economy globally. Greece is an open economy, with trade in goods and services amounting to respectively 33% of GDP in 2017.<sup>22</sup> The shipping industry in Greece also plays a role in the economy, and the Greek-owned merchant shipping fleet has been continuously ranked in the top five largest in the world (based on cargo carrying capacity).<sup>23</sup>

66. The financial sector in Greece is relatively small and non-complex. It contracted significantly in the past decade as a result of the financial crisis. This is particularly evident in the wholesale banking/capital markets space. There are four significant CIs, which are subject to robust supervision, including the European Central Bank's Single Supervisory Mechanism and domestic oversight by the Bank of Greece. Furthermore, Greece has strict capital controls in place, since 2015, which restrict cross-border movement of capital and, since 2017, issuance of payment instruments. These have a great impact on the FI sector.

67. In addition to retail and wholesale banking, the financial sector consists of a number of insurers (covering retail and commercial insurance), payments institutions (e.g. remittance and money transfer), bureau de change and financial leasing companies. CIs are weighted as being moderately important in terms of context and risks in Greece. Greek banking is highly concentrated and the four biggest CIs receive the greatest degree of oversight from the regulator.

<sup>22</sup> <https://data.oecd.org/greece.htm>

<sup>23</sup> [Review of Maritime Transport - 2017](#)

68. The assessors weight MVTS, as one of the higher non-bank ML/TF risk sectors identified in the NRA. Although the sector is not large in terms of value, it is highly vulnerable to ML/TF because of its cross-border nature, high use of agents and the geographical characteristics of Greece (i.e. as a key destination for illegal migrants crossing the Mediterranean Sea). The assessment team acknowledges importance of the sector for the AML/CFT regime of Greece.

69. Significant risks are identified in accountants, lawyers and notaries, which have an important role in a range of activities including company formation and property purchase. The Greek authorities recognise the ML risks that these sectors pose due to their vulnerability to be misused for predicate offences of ML. The real estate sector is also important and is identified as a higher risk sector in the NRA. Real estate activities are one of the main industries in the Greece economy and can involve significant investment from foreign jurisdictions. Furthermore, there are a significant number of unauthorised agents operating in the sector. The assessment team was also concerned about the risks associated with pawnbrokers, whose supervision had just been transferred from the IAPR to the Economic Police and Cyber Crime Unit through the adoption of L.4557/2018. It was not clear to the assessment team whether pawnbrokers were aware of this change or whether the new supervisor had taken any steps to address these risks.

70. Considering the aforementioned materiality and level of ML risks of the sectors, the assessment team ranked them on the basis of their relative importance in the context of Greece: **most important** (banks, and MVTS), **highly important** (bureau de change, lawyers, notaries, accountants, and real estate agencies), **moderately important** (life insurance, e-money institutions, capital market sector, gambling sector, high value dealers and pawn brokers), and **less important** (leasing and factoring companies, auditors). This is generally consistent with the findings in Greece's NRA.

## Structural Elements

71. The key structural elements for effective AML/CFT control are generally present in Greece. Political and institutional stability, accountability, transparency and rule of law are all present. However, there appears to be a lack of clarity among some competent authorities in the DNFBP supervision: uncertainty in their roles in relation to the supervision of their profession and AML/CFT obligations. Furthermore, the assessment team has identified weakness in the judicial system, particularly in terms of understanding ML as a standalone offence and undue delay in prosecution and appeals processes.

## Background and Other Contextual Factors

### *AML/CFT strategy*

72. At the time of the on-site visit, Greece did not yet have a national AML/CFT Strategy, although its drafting by the Strategy Committee was almost complete, and it has since been approved. However, Greece does have a national AML/CFT Action Plan, which was adopted in October 2018, to address vulnerabilities in the AML/CFT regime, mainly based on the findings in the 2018 NRA. The Action Plan consists of four strategic goals in: 1) policy development and co-ordination; 2) AML/CFT mechanism; 3) human

resources; and 4) public awareness. All the items on the plan are to be completed by the end of 2021.

### *Legal & institutional framework*

73. The following are the main ministries and authorities responsible for formulating and implementing the government's AML/CFT and proliferation financing policies:

#### *Ministries, Interdepartmental Co-ordinating Bodies and Independent Public Authorities*

- **The Strategy Committee:** The Strategy Committee, established in accordance with L.4557/2018, is an interdepartmental body to set out the national strategy to address ML/TF and PF. The Committee consists of the 16 relevant ministries or agencies chaired by the General Secretary of Economic Policy of the MoF. The Committee is tasked to conduct a national risk assessment (NRA) and responsible to propose policies and specific measures to upgrade its national AML/CFT regime.
- **Ministry of Justice, Transparency and Human Rights (MoJ):** The MoJ has a duty of the management of judicial function. The MoJ supervises the administration of justice. The MoJ has the legislative initiative in important justice matters and carries out the procedure to harmonise the domestic law with the provisions of international and European law. It is also designated to the competent authority to supervise AML/CFT compliance of lawyers and notaries (see below).
- **General Secretariat against Corruption (GSAC):** The GSAC, established in 2015, is the competent authority that takes the necessary initiatives and performs the necessary actions to ensure the cohesion and the effectiveness of the national strategy against corruption in Greece.
- **Ministry of Finance (MoF):** The MoF is designated as the Central Co-ordinating Authority in implementing and assessing the measure under the national AML/CFT mechanism, and responsible to enhance the co-ordination among the competent authorities, including information exchanges. The General Secretariat for Economic Policy (GSEP) in particular is in charge of this co-ordination function.
- **Ministry of Foreign Affairs (MoFA):** The MoFA conducts the foreign policy of Greece, and represents the country before the international organisations, e.g. the UN or EU. In relation to the implementation of the TFS pursuant to the UNSCRs, the MoFA (or precisely, Greece's permanent mission to the UN) is responsible to convey relevant decisions or information between Greece and the UN.
- **Anti-Money Laundering Authority:** The Authority, an administratively and operationally independent agency, consists of three separate Units with distinct responsibilities, staff and infrastructure, under a joint President:
  - Hellenic Financial Intelligence Unit (HFIU): collection, investigation and evaluation of the STRs or information communicated by other public or private agencies or individuals;
  - Financial Sanctions Unit (FSU): implementation of the UN Security Council & EU Sanctions; and

- Source of Funds Investigation Unit (SFIU): prevention of illicit enrichment and conflict of interest for public officials.
- **The Independent Authority for Public Revenue (IAPR):** The IAPR safeguards public revenue, by promoting tax compliance and combating tax evasion and smuggling, while providing high quality services to citizens and businesses. Its regional services are provided by Tax Offices, Customs and Chemical Labs. The IAPR currently comprises the Central Services, the Special Decentralised Services under the Governor or under the General Directorates and the Regional services (Tax Offices, Customs and Chemical Labs). The IAPR is also the designated supervisor of certain DNFBP sectors (see below).

#### *Criminal justice and operational agencies*

- **Special Secretariat of Financial and Economic Crime Unit (SSFECU/SDOE):** SSFECU/SDOE is a law enforcement agency of the MoF. SSFECU/SDOE's mission is to research, identify and combat economic offences, such as economic fraud, against the interests of the Hellenic State and the EU and ML offences. SSFECU/SDOE's investigators are empowered to conduct investigations on company documentation and financial records, to investigate residencies (with assistance of public prosecutor), to interrogate and arrest offenders and have preliminary interrogative competence. SSFECU/SDOE can also freeze bank accounts or other assets in cases of significant economic offence or smuggling.
- **Centre for Security Studies (KEMEA):** The KEMEA is a scientific, research and consulting organization and the official think-tank of the Ministry of Citizen's Protection on security and anti-crime policy issues.
- **Hellenic Police:** The Hellenic Police is responsible for investigating cases of common and specific criminal law, and serious and organized crime such as terrorism. The Hellenic Police investigate predicate offences of money laundering in co-operation with other relevant authorities, especially with the HFIU. The Hellenic Police established new divisions in 2014: the Financial Police Division, which financial crimes against State's financial interests and the national economy; the Cybercrime Division, which is responsible for combating financial crimes committed in internet; and the Intelligence Division, which provides intelligence support and analysis of data deriving from preliminary judicial procedures ,as well as from criminal intelligence operations to all Hellenic Police Agencies as well as to other national security authorities, LEAs and judicial authorities. Fiscal, customs, banking, stock market and business secrecy are not applicable to investigations by the Financial Police Division.
- **Customs Service:** Customs controls import and export of items, and have law enforcement powers to prevent illegal trade activities, such as drug smuggling. Customs is also responsible for obtaining cross-border cash declaration and provide such information to HFIU for the purpose of developing financial intelligence.
- **Hellenic Coast Guard (HCG):** The HCG is responsible for prevention, confrontation and repression of smuggling or illicit import and export of goods and other products, and also illegal immigration. The HGC is

empowered to prosecute crimes related to drugs, smuggling and fiscal crime within its remit.

#### *Financial/DNFBP sector supervisors*

- **Bank of Greece:** The Bank of Greece is the supervisor and regulator for Credit Institutions (CIs) and other non-banking financial institutions except for the security sector. The Bank of Greece is responsible for both AML/CFT compliance and prudential compliance, including licensing of these institutions. Since the adoption of L.3867/2010, the Bank of Greece has also been the supervisor for the insurance companies.
- **Hellenic Capital Market Commission (HCMC):** The HCMC, established in 1991, has a role to ensure the protection and the orderly and efficient operation of the Greek capital market. The HCMC is designated to the competent authority to supervise AML/CFT compliance of the institutions operating in the securities sector.
- **Economic Police and Cyber Crime Unit:** The Unit is a sub-section under the Hellenic Police and is newly designated, under L.4557/2018. The Unit is the competent authority for the supervision of AML/CFT compliance by pawnbrokers; this was previously supervised by IAPR.
- **The Hellenic Accounting and Auditing Standards Oversight Board (HAASOB):** The HAASOB is the national supervisory body for the auditing-accounting profession. It oversees the quality of auditing services' and enhance financial information reliability and transparency. The HAASOB supervises the AML/CFT compliance of the Certified Auditors, Accountants (Certified Public Accountants) and the Audit Firms.
- **The Independent Authority for Public Revenue (IAPR):** The IAPR is designated to the competent authority responsible for supervising AML/CFT compliance of the following DNFBP sectors: external accountants and tax advisors, legal persons providing accounting and tax services; private auditors (as opposed to certified auditors and audit firms); real estate agents; auction houses; and dealers in high value goods. (See above regarding IAPR's law enforcement responsibilities.)
- **The Hellenic Gaming Commission (HGC):** The HGC, established in 2004, is the competent authority for regulating, supervising and controlling gambling in Greece. The HGC monitors the implementation of AML/CFT requirements by casinos, casinos on board under Greek flag, enterprises/businesses, organizations and agencies who organize and/or conduct gambling in Greece, and their land-based agencies.
- **Ministry of Justice, Transparency and Human Rights (MoJ):** Since passage of L.4557/2018, the MoJ is the competent authority responsible for supervising AML/CFT compliance of lawyers and notaries. (See above regarding MoJ's ministerial and co-ordination responsibilities.)

*Financial sector and DNFBPs***Table 1.1: Number and Size of Registered FIs and DNFBPs**

| Type of Obligated Persons   | No. of Registered Institutions<br>(as of 31.12.2017) | Total Assets<br>(EUR)                      |
|---|--|--|
| <b>FIs</b>  |  |  |
| Banks   | 40   | 309 550 125 548                            |
| Life Insurers   | 20 <sup>1</sup>                                      | 15 182 211 525                             |
| Payment Institutions  | 10 <sup>2</sup>                                      | 14 086 898                                 |
| E-money institutions  | 2  | 35 182 795                                 |
| Postal Companies<br>(payment services)  | 1  | 555 612 000                                |
| Leasing Companies   | 8  | 5 709 000 000                              |
| Factoring Companies   | 5  | 1 795 000 000                              |
| Credit Servicing Firms  | 10   | 27 500 000                                 |
| Bureau de Change  | 11   | 12 949 850                                 |
| Credit Companies  | 2  | 13 000 000                                 |
| Securities  | 108 <sup>3</sup>                                     |  |
| Type of Obligated Persons   | No. of Registered Institutions<br>(as of 31.12.2017) | Turnover <sup>5</sup><br>(in thousand EUR) |
| <b>DNFBPs</b>   |  |  |
| Land Based Gambling   | 12 <sup>4</sup>                                      | 5 576 836.122                              |
| On-line Gambling  | 24   | 5 025 242.93                               |
| Legal activities <sup>6</sup>   |  | 908 054.22                                 |
| Lawyers   | 42 001   |  |
| Notaries  | 3 072  |  |
| Accounting, bookkeeping and auditing activities; tax consultancy <sup>5</sup> |  | 966 230.78                                 |
| Audit Firms   | 48   |  |
| Certified Auditors, Accountants   | 1 272  |  |
| External Accountants/tax advisors (legal person)                              | 2 246  |  |
| External Accountants/tax advisors (natural person)                            | 18 000   |  |
| Precious Metal and Stone Dealers  | 800  | 377 711.80                                 |
| Real Estate Agents  | 4 000  | 69 395.94                                  |
| Pawnbrokers   | 437  | N/A  |
| Auction House   | 15   | N/A  |

*Notes:*

1. This figure corresponds to insurance companies providing life insurance services (not including insurance intermediaries).
2. Nine Greek payment institutions (8 out of which carry out money remittances, and 1 operating as an acquirer), and 1 branch of payment institution established in other European Union member state.
3. Fifty-nine investment Services Firms, 15 Fund and Asset Management Companies, 2 Portfolio Investment Companies, 32 Receival and Transmission Companies.
4. Nine of them are casinos.
5. Statistical Business Register for 2016, issued by the Hellenic Statistical Authority. The turnover includes the total number of transactions, and not only those for which AML legal framework applies (e.g. for Precious Metal and Stone Dealers turnover includes also transactions with a value of less than EUR 10 000). The figures here only cover legal entities (not natural persons). Data for the gambling sector was provided by the HGC.
6. Breakdown not available.

74. Over the past five years, the financial sector in Greece consolidated significantly. It is dominated by four significant CIs, those supervised directly by the European Central Bank in the context of Single Supervisory Mechanism, and several small rural banks, which accounted for approximately 90.5% of the financial system in 2017, with assets totalling EUR 332.3 billion. The capital market in Greece has also significantly reduced since the financial crisis. The value of shares traded in the Athens Stock Exchanges accounted for 7.1% of GDP in 2017. The life insurance sector is a large sector of private insurance activity, representing 50% of total insurance market in Greece, estimated at about 1% of GDP. The other parts of the financial services sector are much smaller, and each accounts for less than 1.0% of the financial services market.

75. DNFBP sectors are all covered by the AML/CFT regime under L.4557/2018. Greek Authorities do not recognise standalone TSCPs existing in Greece. These services are provided through legal professions, e.g. lawyers and notaries. The AML/CFT regime in Greece covers also pawnbrokers and auction houses.

### *Preventive measures*

76. The primary AML/CFT legislation across the sectors is Prevention and Suppression of the Legalisation of Proceeds of Crime and Terrorist Financing and Other Provisions (L.4557/2018), which came into effect on 30 July 2018. As the name suggests, L.4557/2018 aims at prevention and suppression of ML and TF, and protection of the financial system from those risks. It replaces L.3691/2008, and incorporates fully the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (4<sup>th</sup> AMLD) and partially incorporates the Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (5<sup>th</sup> AMLD). Art.6 of L.4557/2018 also requires supervisory authorities to set out their expectations and provide additional guidance on requirements for obliged entities.

77. Greece completed its first NRA in May 2018, and L.4557/2018 emphasises the risk-based approach in the preventive measures and supervisory actions. The Hellenic Gaming Commission (HGC) may exempt specific gambling services from all or some of the requirements of L.4557/2018, in accordance with the risks identified. The law allows the obliged persons to apply simplified due diligence when business relationship or transactions present a lower degree of risks (L.4557/2018, Art.15): however, because of the resent nature of the NRA, those simplified measures under L.4557/2018 were not directly developed as a consequence of the findings of the recent NRA.

### *Legal persons and arrangements*

78. There are different types of legal persons created in Greece (see Table 1.2). While legal arrangements or trusts cannot be created under Greek law, there is no legal obstacle to prohibit formation of trusts in Greece under foreign law, or foreign trusts from holding property or operating in Greece. Information on all types of legal person, and their creation is publicly available. Legal persons established in Greece are required to register their basic information with the commercial registry, or GEMI, which is also accessible by the general public.

79. Legal persons and express trusts are required to collect beneficial ownership information and maintain it at their headquarters. Such information is to be registered with the central registry of beneficial ownership information. However, at the time of the on-site visit, the registry was still under development.

80. In accordance with L.4557/2018, FIs and DNFBPs are required to identify and verify the identity of beneficial owners for customers that are legal persons. The Greek authorities state that trusts are not established in their jurisdiction; nevertheless, there is a provision in the law that requires trustees to disclose their status and provide beneficial ownership information on trusts to obliged entities, when involved in a business relationship or carrying out occasional transactions, in accordance with the 4<sup>th</sup> AMLD.

**Table 1.2: Legal Persons and Arrangements in Greece**

| Type of Legal Person                 | Regulation       | No. of Registration (as of 2018 1 <sup>st</sup> semester) |
|--------------------------------------|------------------|---|
| Share Companies                      | Law 2190/1920    | 36 327  |
| Limited Liability Companies          | Law 3190/1955    | 23 402  |
| Private Companies                    | Law 4072/2012    | 27 820  |
| General & Limited Partnerships       | Law 4072/2012    | 26 398  |
| Limited Partnerships by Shares       | Law 3190/1955    | 469   |
| Civil Co-operatives                  | Law 1667/1986    | 135   |
| European Economic Interest Groupings | EEC No 2137/85   | 4   |
| European Companies                   | EEC No 2157/2001 | 3   |
| European Co-operative Societies      | EEC No 1435/2003 | 1   |
| Civil Companies                      | Greek Civil Code | 1 672   |
| Joint Ventures                       | Law 4072/2012    | 645   |
| Shipping Companies                   | Law 959/1979     | 5 087   |

81. Non-profit organisations (NPOs) and non-governmental organisations (NGOs) in Greece are formed under the Greek Civil Code as an association, foundation or civil company. They are required to be registered to one of the registries based on their legal form. Greece has identified the subset of the NPOs which fall within the FATF definition of the NPO, as determined by the nature of the organisation's purpose. There are four specialised registries for the subset of those NPOs (see Table 1.3).

**Table 1.3: Overview of NPO Sector in Greece**

| <b>A. Generic Registries for NPOs</b>                      |  |  |   |
|--|--|--|---|
| <b>Legal Form of NPO</b>                                   | <b>Relevant Provisions Of Civil Code</b>   | <b>Registry</b>  | <b>Number</b>                           |
| Association  | Art. 78  | Book of Associations of the Court of First Instance  | 26 456                                  |
| Civil Company  | Art. 741-8   | Book of Associations of the Court of First Instance (those with economic/commercial goals are to be also registered to GEMI) | 2 892                                   |
| Foundation   | Art. 108   | Issuance of Presidential Decree  | 1 455                                   |
| <b>B. Specialised Registries for the subset of NPOs</b>    |  |  |   |
| <b>Purpose of NPO</b>                                      | <b>Relevant Legislation</b>  | <b>Supervisory Authority</b>   | <b>Number (as of 1st semester 2018)</b> |
| International Protection, Migration and Social Integration | No7586/2018  | Ministry for Migration Policy  | 48                                      |
| International Development                                  | L. 2731/1999   | Ministry of Foreign Affairs  | Inactive since 2011                     |
| Refugee Education  | Joint M.D. No 180647/ΓΔ4/<br>L 3966/2011 (regarding the responsibilities of IEP) | Ministry of Education, Research and Religion / Institution of Educational Policy   | 116                                     |
| Social Assistance, social services                         | L. 4455/2017<br>Joint M.D. No. 16765/9/17  | Ministry of Labour, Social Security and Social Solidarity  | 1 496                                   |

### *Supervisory arrangements*

82. Art.6 of L.4557/2018 designates the authorities supervising the compliance of obliged persons with the AML/CFT requirements.

83. The Bank of Greece supervises credit institutions (banks) and most other financial institutions. HCMC is responsible for the supervision of the securities sector. The Hellenic Private Insurance Supervisory Committee, which the previous MER in 2006 described as the supervisory authority of insurance companies, was abolished in 2010, and this sector has been under the supervision of the Bank of Greece since then.

84. Table 1.4 below provides further details on the supervisory regime for the different types of FIs.

**Table 1.4: Responsibility for Supervision of FIs in Greece**

| Type of Entity                                 | Legislation on Licensing/Regulation         | AML/CFT Supervisor |
|--|---|--------------------|
| Banks  | Law 4261/2014                               | Bank of Greece     |
| Life Insurers                                  | Law 4364/2016                               | Bank of Greece     |
| Payment Institutions                           | Law 4537/2018                               | Bank of Greece     |
| E-money institutions                           | Law 4021/2011<br>(amended by Law 4537/2018) | Bank of Greece     |
| Postal Companies<br>(payment services)         | Law 4537/2018                               | Bank of Greece     |
| Leasing Companies                              | Law 1665/1986                               | Bank of Greece     |
| Factoring Companies                            | Law 1905/1990                               | Bank of Greece     |
| Credit Servicing Firms                         | Law 4354/2015                               | Bank of Greece     |
| Bureau de Change                               | Law 5422/1932                               | Bank of Greece     |
| Credit Companies                               | Law 4261/2014                               | Bank of Greece     |
| Investment Services Firm                       | Law 3606/2007                               | HCMC               |
| Fund and Asset Management Company              | Law 4099/2012                               | HCMC               |
| Receival and Transmission Company              | Law 4514/2018                               | HCMC               |
| Portfolio Investment Company                   | Law 3371/2015 & 4209/2013                   | HCMC               |
| Real Estate Investment Company                 | Law 2778/1999 & 4209/2013                   | HCMC               |
| Alternative Investment Fund Management Company | Law 4209/2013                               | HCMC               |

85. See Table 1.5 below for an overview of AML/CFT supervision of DNFBPs.

**Table 1.5: Responsibility for Supervision of DNFBPs in Greece**

| Type of Entity                   | Legislation on Licensing/Regulation   | AML/CFT Supervisor                   |
|----------------------------------|---|--------------------------------------|
| Casino                           | Law 2206/1994, Law 4512/2018  | HGC                                  |
| Land Based Gambling              | Law 4002/2011   | HGC                                  |
| On-line Gambling                 | Law 4002/2011   | HGC                                  |
| Lawyers                          | Law 4194/2013   | MoJ                                  |
| Notaries                         | Law 2830/2000 & Law 1756/1988 (arts 19 & 25)                                    | MoJ                                  |
| Audit Firms                      | Law 4449/2017   | I HAASOB                             |
| Certified Auditors, Accountants  | ]Law 4449/2017  | HAASOB                               |
| Private Auditors, Accountants    | Law 2515/1997 and P.D. 340/1998<br>(amended by Law 4093/2012 and Law 4111/2013) | IAPR                                 |
| Precious Metal and Stone Dealers | National Commercial Law   | IAPR                                 |
| Real Estate Agents               | Law 4072/2012   | IAPR                                 |
| Pawnbrokers                      | Police Regulation 5A/2011   | Economic Police and Cyber Crime Unit |
| Auction Houses                   | National Commercial Law   | IAPR                                 |

### *International co-operation*

86. Greece has a solid legal framework and well developed system for the provision of international co-operation for ML and TF matters. Due to its geographical position, it is an important partner in regional co-operation efforts.

87. The central authority for extradition and MLA is the International Legal Assistance Department in the Ministry of Justice, Transparency and Human Rights. Public Prosecutors offices at the Courts of Appeal are responsible for forwarding the requests for judicial assistance to the competent Investigating Judges, with a specialised Departments of Extradition and Judicial Assistance in the Appeals Courts of Athens and Thessaloniki. In cases governed by specific multilateral agreements or national legislation (third country requests), communication occurs via the central authority (MoJ). In cases governed by the European Union law, communication occurs directly between the Greek judicial authorities and the competent foreign requesting Authorities. These cases are not channelled through the central authority, thus facilitating more expedient execution. Other forms of co-operation occur more informally between Greek law enforcement and supervisory authorities and their foreign counterparts.



### Key Findings and Recommended Actions

#### *Key Findings*

- a) Greek authorities generally understand the ML/TF vulnerabilities and risks they face. Greece adopted its NRA in May 2018, in which Greece documented a collective view on ML/TF risks for the first time. Greece also demonstrated some understanding of ML risks, prior to its adoption of the NRA, which is demonstrated by its response to tackling the financial crimes that contributed to the financial crisis (e.g. tax evasion and corruption). However, their understanding of ML/TF risk is often secondary to their understanding of the predicate offences. Limited engagement of obliged entities in the higher-risk sectors and lack of AML/CFT supervision over them impede the competent authorities' comprehensive understanding of ML/TF risks in these sectors.
- b) Greece has adopted a national AML/CFT Action Plan based on the findings of the NRA. However, at the time of the on-site, Greece had not yet finalised its national AML/CFT Strategy to address the identified ML/TF risks, of which the Action Plan is a part. In addition, certain previously identified risks, such as informal funds transfer systems and NPOs, have not yet been addressed.
- c) Enhanced and simplified measures taken by the obliged entities are based on the obliged entity's assessment of ML/TF risks. Due to its very recent nature, the findings of the NRA were not fully taken into account by them in determining higher or lower risk scenarios. Generally, the objectives of most Greek authorities are consistent with identified ML/TF risks and national AML/CFT policies. Their specific initiatives to strengthen the AML/CFT regime are incorporated with the National Action Plan. However, objectives and activities of DNFBP supervisors and judicial authorities do not appear to align with those policies and risks.
- d) Greece has effective co-operation and co-ordination at the national policymaking levels. The NSC, inter-ministerial body for AML/CFT matters, plays a central role in developing the policies. At the operational levels, LEAs, HFIU and financial sector supervisors co-operate effectively; however, many DNFBP supervisors do not.
- e) Greece has made efforts to raise awareness of the NRA's findings among the obliged entities. The competent authorities informed obliged entities of the adoption of the NRA by circulating notifications, publishing it on their websites, and holding awareness raising events for obliged entities. However, discrepancies were observed in the perception of ML/TF risks of some DNFBPs and the NRA findings.

***Recommended Actions***

- a) Greece should take steps to ensure that it identifies and fully understands ML/TF risks that arise independently from predicate offences or from terrorist activity.
- b) Greece should take steps set out in its national Action Plan, to address emerging risks, such as virtual assets, and identify and implement measures to address certain previously identified risks, including informal money transfer systems and NPOs.
- c) Greece should ensure active participation of and inputs from all AML/CFT stakeholders, including from the private sector, as the NRA is updated.
- d) Greece should use the NRA and sector specific assessments to justify any exemption, enhanced or simplified measures and should ensure that exemptions from any AML/CFT obligations or requirements for enhanced measures are based on the results of risk assessments.
- e) Greece should be more proactive in sharing information about the findings of the NRA and AML/CFT policies with the higher-risk elements of the private sector, and conduct further outreach on AML/CFT issues.

88. The relevant Immediate Outcome considered and assessed in this chapter is IO.1. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 2, 33 and 34.

**Immediate Outcome 1 (Risk, Policy and Co-ordination)*****Country's understanding of its ML/TF risks***

89. Greece completed its national risk assessment (NRA) in May 2018. This represents Greece's first comprehensive and collective consideration of risk at the national level. The exercise was co-ordinated by Greece's Central Co-ordination Authority, under the approval of the National Strategy Committee (NSC). The NSC is composed of Directors and Secretaries General of relevant government ministries, as well as law enforcement and supervisory authorities, thus ensuring that risk information is understood at the policy-making level.

90. For this first NRA, Greece used the World Bank methodology. The NSC formed seven working groups to undertake technical analysis of Greece's ML risks and one to assess the TF risks. Each group included a cross section of competent government bodies and developed its own methodology appropriate to their areas of focus. Although the groups comprised a wide range of authorities and representatives of the associations or companies in the financial sectors, judicial authorities had only limited involvement.

91. The working groups considered both qualitative and quantitative data, including information publicly available and obtained through their supervisory actions, and private sectors' response to a questionnaire. They also conducted interviews with experts and consulted relevant members of the private sector to evaluate the individual threat and vulnerability variables. The groups also considered

the EU supranational risk assessment. These individual elements were brought together to assess the overall ML/TF risk on a national level. However, the involvement of the private sector representing some higher risk DNFBPs, including tax advisers, real estate agents, pawnbrokers and dealers in high value goods, was limited to an online survey with anonymous responses or occasional interviews.

92. Greece identified several areas of higher ML risk based on the ML threats and vulnerabilities of these sectors. The NRA sets out a clear set of variables, including nature and types of the predicate offences most often identified in Greece, that of business/products of private sectors, national AML/CFT strategy and investigation capacity. The NRA identified money remitters, real estate agents, gaming, pawnbrokers, accountants, dealers in high value goods, notaries, and lawyers, as higher risk sectors. Banking was also identified as a higher risk sector, but authorities agree that risk is largely mitigated by robust application of preventive measures. Although some authorities were somewhat surprised at the risk posed by lawyers and money or value transfer services (MVTs), Greek government departments, LEAs and regulatory agencies felt that the findings of the NRA were generally consistent with their own conclusions; no unexpected risks were identified.

93. The AML/CFT regime in Greece covers a range of entities that extend beyond the FATF definition of DNFBP, namely pawnbrokers and auction houses. The NRA identified their ML vulnerability and ML risks associated with their nature and business in higher value items in particular, as “medium high” and “medium” respectively.

94. However, the understanding of risk across the supervisory agencies is less consistent, with some professional body supervisors’ understanding of risk differing from those expressed in the NRA. In particular, the supervisors of lawyers and notaries appeared to believe ML/TF risks in their supervised sector is rather low. Furthermore, judicial authorities generally have only limited awareness of the NRA results.

95. Prior to completion of the NRA, Greek authorities had some awareness of ML/TF risk. This is reflected by the initiatives that were put in place to tackle the financial crimes that contributed to the financial crisis and undermined its recovery efforts (e.g. tax evasion and corruption). However, this awareness was ancillary to the risk understanding of predicate offences. For example, the Public Security Division of the Hellenic Police Headquarters produced reports on vehicle theft, trafficking in stolen vehicles and property crimes committed by foreign organised criminal groups. The latter was based on extensive research, including both Europol and Interpol analysis projects and domestic information. This Division also produces regular reports regarding trafficking in human beings for distribution to competent police services. The National Intelligence Unit, Central Anti-Drug Co-ordination Unit, annually prepares a report on drugs trafficking based on data collected by all LEAs. However, these reports address ML/TF implications only tangentially, if at all.

96. Greek authorities generally understand the ML vulnerabilities and risks they face. However, this understanding is often secondary to their understanding of the predicate offences. The focus on prosecution of predicate offences has diminished somewhat Greek authorities’ understanding of the risks of ML occurring independently from the predicate offence. Likewise, lack of AML supervision in some sectors, particularly higher risk DNFBP sectors, limits the information available to competent

authorities and thereby impedes their comprehensive understanding of ML/TF risks in these sectors.

2

97. Greek authorities' derive their understanding of overall TF risk from the findings of the TF working group, which worked independently from the other working groups. That group extensively analysed both quantitative and qualitative variables to reach its conclusions. Although that part of NRA is classified, the assessment team was able to review a copy and found the conclusions to be reasonable. However, the conclusions could be improved by considering the relevant information held by financial supervisors.

98. Greek authorities understand to a large degree the TF risks they face, but there may be minor gaps in that understanding, as noted above. Greek authorities assume NPOs and *hawala* to be a risk at international and European level, but acknowledge a lack of specific information on potential misuse in the Greek context. Also, the NRA working group responsible for TF worked independently from the other working groups because of the confidentiality of the information dealt with, and drew its own conclusions regarding Greece's TF risks. Greek authorities explained that the supervisory authorities of financial sector, but none of DNFBPs sector, were occasionally asked for their contribution of information, and view on the national TF Action Plan. However, the assessment team is concerned about possible minor gaps in Greek authorities's understanding of TF risk, because of less proactive engagement of the supervisory authorities.

99. Greek authorities acknowledge that, like all risk assessments, the 2018 NRA represents a snapshot in time, which must be augmented by ongoing work to maintain an up-to-date understanding of developing and emerging risks. For example, Greece recognises virtual assets as a threat they did not analyse under the 2018 NRA. Greece's new AML/CFT legislation, Law 4557/2018, requires that the NRA be updated regularly, and Greek authorities have committed to ensuring that takes place at least biennially. This is a positive commitment to ensuring that understanding of ML and TF risk remains a priority.

### *National policies to address identified ML/TF risks*

100. Greece has taken some effective steps to ensure that national policies address identified ML/TF risks, and has solid mechanisms in place to facilitate that goal. However, some important elements remain in the planning stages.

101. Under the new AML/CFT legislation, the NSC is responsible for both identifying and addressing national ML/TF and PF risks. Having a single body responsible for both ensures that the NSC has all the information necessary to address the risks identified in the NRAs. Further, members of the NSC are sufficiently senior to have policy-making capacity.

102. The NSC established several working groups to establish AML/CFT policies addressing risks. Under the authority of the NSC, one working group has been established to support the country's evaluation. Another group has been established to provide ad hoc technical assistance to the NSC. This working group has been helping developing the National Strategy and the National Action Plan.

103. In addition to the NSC and its working groups, the General Secretariat for Economic Policy of the Ministry of Finance operates as the Central Co-ordinating

Agency. It co-ordinates the decisions taken by the NSC and ensures implementation of new AML/CFT policies. The Central Co-ordinating Agency also contributes to the agenda of the NSC and assists the NSC in refining the National AML/CFT Action Plan and National AML/CFT Strategy.

104. Based on the NRA, Greece has adopted a National AML/CFT Action Plan (Action Plan) to meet four broad strategic goals:

- Policy development and co-ordination
- Quantitative and qualitative update of information owned by competent authorities, improving the mechanism for accessing them at national and international level and strengthening preventive and repressive control mechanisms and enforcement mechanisms
- Quantitative and qualitative reinforcement of capacity of human resources
- Raising public awareness.

105. For each goal, the Action Plan contains strategic outcomes and specific actions designed to meet those outcomes. The Action Plan is comprehensive and integrates work by the GSAC (for corruption related initiatives) and the TF Working Group of the NRA (for terrorism and TF related initiatives). The goals are all laudable and, once carried out, will almost certainly lead to enhanced national capacity to combat ML/TF and facilitate reduction of national risk levels. However, the strategic outcomes are sometimes less concrete, and it is not clear to assessors how these outcomes ultimately contribute to addressing the risks identified in Greece. For example, other than providing training and direct access to certain databases, the plan does not provide for enhancing the capacity of the judiciary or prosecutors. Further, the Action Plan was newly adopted at the time of the on-site visit, giving assessors no evidence on which to base any analysis of effectiveness.

106. In addition to the Action Plan, the NSC was developing a National AML/CFT Strategic Plan (Strategy) at the time of the on-site visit. This Strategy will represent the first comprehensive national strategy to address ML, TF and PF. The NSC indicated that the Strategy would be based on the findings of the NRA and discussed extensively the processes undertaken to develop it. The NSC appointed a working group composed of representatives from all competent authorities and authorities represented on the NSC. This working group assessed actions planned to both reduce the vulnerabilities and risks identified by the NRA and provide effective safeguards against future challenges, and set priorities for implementation of those actions.

107. Assessors were provided with an executive summary of the draft Strategy during the on-site and they determined that the Strategy is consistent with the Action Plan. The Strategy aims to ensure that Greece has the necessary capacity and capability to address emerging threats and criminal trends, includes actions that will improve the effectiveness of competent authorities in areas that have been rated as being at high risk for the country. However, the implementation of this Strategy is scheduled for 2018 – 2021 and it had not yet been finalised or adopted at the time of the on-site visit. The Plan was approved on 29 January 2019, but was too late to take into consideration for the purposes of ratings in this report.

108. In addition to the Action Plan and Strategy, Greece has taken several other steps to address some of the risks identified. These include the creation of special co-ordination bodies to improve co-operation efforts to disrupt corruption, tax

evasion, drug crimes, illegal trade and related ML, and increase financial investigations. The Hellenic Police included in its national anti-crime programme the fight against international organised crime, terrorism and the radicalisation and recruitment of terrorists. During the on-site, the Hellenic Police advised assessors that combating financial crime related to these areas is a priority element of the programme.

109. Despite inclusion of pawnbrokers and auction houses in the national AML/CFT regime based on the risks identified, Greece could not demonstrate that the risks associated with these sectors are adequately mitigated. The assessment team observed low levels of ML/TF risk understanding and compliance with the requirements among the entities, including no STR filing. AML/CFT oversight of pawnbrokers was recently transferred to the jurisdiction of the Hellenic Economic Police from that of IAPR in 2018 under L.4557/2018. The Unit is currently in the process of understanding the specific characteristics and ML/TF risks in the sector, and supervision of these sectors has been minimal.

110. In 2015, Greece created a General Secretariat against Corruption (GSAC) which, in the context of an anti-corruption initiative, includes actions that will also be effective in combatting ML/TF: (i) the creation of a beneficial ownership registry, (ii) modernisation of the MLA data base and development of a case management system, and (iii) strengthening mechanisms for asset recovery and asset management.

### *Exemptions, enhanced and simplified measures*

111. In Greece, the AML/CFT framework allows for exemptions only in a risk-based manner. Enhanced or simplified measures are permitted based on the obliged entity's assessment of risks. However, the NRA, to which obliged entities refer in developing their risk assessment, was only completed in May 2018. Therefore, it was not fully taken into account by them to determine higher or lower risk scenarios. Greek authorities indicated that they intend to use the NRA and sector specific assessments to justify any exemptions, enhanced or simplified measures going forward.

112. Risk indicators for use by obliged entities are prescribed in the new AML/CFT law. Although these indicators may have been influenced to some degree by the NSC working group's understanding of risk, they are largely based on the 4<sup>th</sup> AMLD and supra-national risk assessment of the European Union.

- In high-risk situations, regulated entities must undertake enhanced due diligence (e.g. when dealing with politically exposed persons, correspondent banking relationships with third countries and high-risk jurisdictions).
- Where there is proven low risk, Greece may apply limited and justified exemptions for some categories of entities (there are no predefined low risk cases but a list of factors of potentially lower risk situations set out in Annex I of the new law AML/CTF related to customers, countries and geographical areas, specific products/services/transactions and delivery channels).

### *Objectives and activities of competent authorities*

113. Before adoption of the Action Plan, certain competent authorities had already taken some steps to align their activities with identified risks. For example, the Bank of Greece had already taken into account the higher risk of MVTs and the banking sectors, and allocated more resources for supervision of those sectors. In doing so, Bank of

Greece has mitigated to a degree the risks associated with Greece's four largest banks. The Hellenic Police prioritise initiatives and develop their national anti-crime programme based on analysis of different reports made by different authorities on topics including serious international and organised crime, terrorism and terrorist radicalisation. The Hellenic Police also set out to enhance capacity to detect ML and organised specialised training on parallel financial investigations with the participation of other public and private sector bodies. The range of training organised for police staff was also broadened.

114. Generally, the objectives of most Greek authorities are consistent with evolving ML/TF risks and national AML/CFT policies. The National Action Plan, which was developed based on the findings of the NRA, sets out their specific initiatives to strengthen the AML/CFT regime in Greece. For example, Bank of Greece and HCMC consider the results of the NRA in the development of their supervisory strategy, including adequate resource allocation to supervision over the higher-risk sector and updating their sector specific regulatory framework. LEAs and some regulatory authorities, including HAASOB and HGC, have actions assigned to them in the National Action Plan, including increases in the number of investigations, and training specialised on parallel financial investigations. All of these authorities demonstrated a willingness and commitment to achieving these objectives and mechanisms are in place to ensure that progress is monitored. However, the NRA and many of the national policies are new. Therefore, some competent authorities had not had time before the end of the on-site visit to update their sector specific policies or translate those policies into activities.

115. Some DNFBP supervisors and SRBs could not explain how their objectives and activities relate to national risks and policies. This is particularly troubling when considering that some activities undertaken by the legal professions are identified in the NRA as presenting higher risk. Likewise, the judicial authorities, including prosecutors, did not demonstrate objectives that align with evolving national policies and identified risks.

116. As noted above, Greek authorities' implementation of anti-corruption measures has been beneficial for the purposes of AML/CFT and shows an alignment of the objectives and activities of anti-corruption authorities with evolving national AML/CFT policies and identified ML/TF risks.

### *National co-ordination and co-operation*

117. Greece demonstrates effective co-operation and co-ordination at the national policy level, particularly via the NSC, which is recognised as the central authority for AML/CTF matters. Membership of the NSC brings together all the relevant agencies, including ministerial directorates, LEAs and the primary supervisory authorities. It oversaw the development of the new AML/CFT law, the completion of the NRA and development of the National AML/CFT Action Plan and Strategic Plan to address the risks identified. The inclusive nature of this body enables it to effectively prioritise at the national level and reduce problems of overlapping responsibilities and potential duplication of efforts.

118. As noted previously, the NSC formed a working group to establish the National Strategy. One of the specific tasks of this group is to promote existing synergies and co-ordinate the relevant authorities to eliminate overlaps in responsibility and parallel

work streams that pose a risk of duplication of work. The output for this task forms an important part of the National Strategy.

119. Greek authorities acknowledge that, before undertaking the NRA exercise, co-ordination among agencies, particularly at the national level, was limited. However, efforts undertaken through the NRA process enhanced interagency co-operation significantly. The length of this process has created a culture of co-operation among the relevant authorities. As a result, they committed to hold a meeting monthly.

120. At an operational level, co-operation between LEAs, HFIU, financial supervisors and some DNFBP supervisors is also effective. Co-operation and co-ordination between the different Greek LEAs is a key element for the completion and execution of the anti-crime programme adopted by the Hellenic Police and they have demonstrated their effectiveness in a variety of successful initiatives (see IO.6). LEAs and the HFIU exchange information effectively, both with each other and with most of the supervisory authorities.

121. The Bank of Greece and HCMC demonstrate particularly strong and effective co-operation with all the competent authorities. However, many DNFBP supervisors other than the HGC and HAASOB, have not established avenues of communication and co-operation in their supervisory functions, at the same level, in terms of intensity and range of co-operation.

122. In addition to the NSC, Greece has a number of operational co-ordinating bodies that bring together different authorities to issue action plans and reports on subjects related to ML/TF. These include:

- Co-ordinating Body of Inspection and Control (CBIC) is convened and chaired by General Inspector of Public Administration to organise, co-ordinate, monitor and supervise the control of large, complex or difficult cases, which require action by more than one auditing authority. Under its framework, the CBIC forms Joint Inspection Audit Teams. Members of these teams may serve as investigative officials and forensic scientific inspectors, assisting the work of judicial authorities in the fight against corruption.
- The Operational and Co-ordination Centre (OCC) was formed to combat smuggling of excisable products through co-ordination of agencies involved in the investigation, control and prosecution of smuggling. As part of its functions, the OCC works with multiple domestic and foreign authorities to develop and implement strategic and operational plans of joint inter-agency or transnational actions.
- The Central Anti-Drug Co-ordinative Unit/National Intelligence Unit (CADCU-NIU), which also functions as a National Information Unit for drugs. The CADCU-NIU's creation was dictated in view of the effort to harmonise with EU directives for the establishment of such units in all Member States, with ultimate goal the uniform manner in addressing the problem and the assurance of a better system for the exchange and use of information. The CADCU-NIU co-ordinates actions between competent agencies when multi-disciplinary teams are formed and in cases with international dimensions. The CADCU-NIU consists of members from the Hellenic Police, the Customs Service, the Hellenic Coast Guard and the Special Secretariat for Financial and Economic Crime Unit and, through its diverse membership, ensures multi-agency co-ordination.

- An inter-agency co-ordination body was recently established under L.4512/2018 to combat tax crime. It is responsible for avoiding overlaps in the work of the Service with the auditing work of IAPR and law enforcement bodies, for the submission non-binding proposals to the Prosecutor for Financial Crime for the prioritisation of the actions of the Service and for the monitoring of the flow of cases of tax crimes of major criminal demerit and of any other related financial crime that seriously harm the interests of the Greek State and the European Union. It also gathers, and analyses information and data derived from audits, carried out by individual competent authorities.
- The Co-ordinating Centre of Market Supervision and Addressing Illegal Trade (SYKEAAP), participates with representatives of all national prosecution authorities to promote operational co-ordination to combat illegal trade. For this purpose, SYKEAAP gathers and analyses information and data derived from audits, carried out by individual competent authorities and its responsibilities extend throughout the Hellenic Territory.

123. Greece has incorporated its national rules of the personal data protection pursuant to L.2472/1997 with its national AML/CFT requirements. The Hellenic Data Protection Authority, an independent authority established pursuant to L.2472/1992, regularly hold trainings, seminars or conference on data protection, and has regular communication and co-operation with the data protection officers, who are designated within all the relevant competent authorities.

#### *Private sector's awareness of risks*

124. Generally, obliged entities met during the on-site visit were aware of the completion of the first NRA. There were discrepancies between the NRA findings and the views of some private sector professionals spoken to during the onsite visit. For example, representatives from the legal profession felt lawyers did not represent the high level of risk attributed to the sector, representatives from the gambling sector felt that there were quite small risks associated with the sector mainly because of its business nature and others felt there was a risk associated with the shipping industry, which was not considered in the NRA nor seen as a risk by the supervisory authorities.

125. After an initial period during which the results of the NRA were kept confidential, the NRA (with a sanitised version of TF risk assessment) was approved for publication and posted on the MoF website. Greek authorities held a press conference to publicise the NRA; Bank of Greece, HCMC and some DNFBP supervisors notified obliged entities via direct communication, publication on their websites, or outreach events. Larger financial institutions were well aware of the NRA; many having provided input. Notaries, lawyers and accountants were informed during seminars. Although there was evidence that most private sector representatives spoken to during the evaluation were aware of the NRA, it is not clear the extent to which it is taken into consideration by smaller private sector representatives such as estate agents and pawnbrokers as part of their overall risk assessments.

#### *Overall conclusions on IO.1*

126. Greek authorities understand to a large degree the ML/TF risks they face as identified in their first NRA and have taken some effective steps to ensure that national policies address identified ML/TF risks. However, a limited coverage of information

source for the NRA somewhat negatively affects their understandings of risks associated with the specific sectors. Besides, some important elements remain in the planning stages and understanding of risk remains uneven across some elements of the public and private sector. The measures necessary to improve Greece's effectiveness constitute only moderate improvements.

**Greece is rated as having a substantial level of effectiveness for IO.1.**

## Chapter 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

### Key Findings and Recommended Actions

#### *Key Findings*

##### *Immediate Outcome 6*

- a) HFIU has good access to information from a wide variety of public and private sector sources, including direct access to key public sector registries and databases.
- b) Generally, HFIU receives high quality STRs from FIs, especially the banking sector, which enables HFIU to produce comprehensive intelligence concerning the financial sector. In addition, HFIU has developed a secure electronic platform in an effort to facilitate reporting. However, low reporting from high-risk sectors such as lawyers, tax advisors, real estate agents and pawnbrokers impedes HFIU's ability to effectively develop financial intelligence across all sectors.
- c) HFIU effectively uses information from a range of information sources to support their operational analysis. Where appropriate, the end product is disseminated to the prosecutor and other relevant authorities. Such dissemination supports the authorities' operational needs to a large extent.
- d) HFIU strategic analysis supports the operational needs of LEAs but could be enhanced. Some strategic analysis reports are produced by the FIU and developed to identify new and emerging trends and patterns. However, law enforcement has not fully aligned its objectives and actions with the identified ML/TF risks.
- e) HFIU and competent authorities have access to a wide range of financial intelligence, allowing them to identify targets and undertake specialised financial ML/TF investigations. The domestic co-ordination, co-operation and information exchange at the operational level, especially between HFIU and judicial authorities, is progressive and effective. All competent authorities take appropriate measures to protect the confidentiality of the information they exchange or use.

##### *Immediate Outcome 7*

- a) HFIU, SSFECU/SDOE and Greek LEAs actively investigate suspicions of ML and related predicate offences, including parallel financial investigations and complex investigations involving organised criminal groups and cross-

border activities. However, once these cases are submitted to prosecutors and become subject to judicial process, cases remain pending for unduly long periods of time.

- b) Under Greek law it is clear that a person need not be convicted of a predicate offence to obtain a ML conviction. However, Greek Areios Pagos case law is interpreted to require that the predicate offence must be proven beyond a reasonable doubt to demonstrate the illegal origin of proceeds and obtain a conviction for ML. In practical terms, this limits the ability to prosecute and convict for different types of ML, particularly third-party and stand-alone ML.
- c) LEAs and prosecutors show high commitment in investigating and prosecuting serious crimes. However, the ML offence is often seen as ancillary to the predicate offence, and the efforts of authorities, other than HFIU and SSFECU/SDOE, are primarily focused on investigating and prosecuting predicate offences.
- d) Greece does not allocate resources or manage cases sufficiently to enable effective prosecution of complex or third party ML cases that arise independently from a predicate offence.
- e) Police and prosecutors identified several impediments to conducting financial investigations and the Economic Crime Prosecutor lacks sufficient human resources. These factors limit the authorities' ability to effectively conduct financial investigations in support of ML prosecutions.
- f) Overlapping areas of responsibility and a lack of co-ordination in ML prosecutions and investigations have had a negative impact on effectiveness.
- g) There is some anecdotal evidence of proportionate penalties in ML cases. However, Greek authorities were unable to demonstrate whether sanctions are generally proportionate and dissuasive and whether they are effective.

#### *Immediate Outcome 8*

- a) The authorities clearly make use of the existing tools for seizing and freezing assets. The powers of the Economic Crimes Prosecutor, SSFECU/SDOE, IAPR and HFIU to freeze assets immediately deprive criminals of illicit proceeds and preserve assets for future confiscation. However, delays in prosecution, starting trials and appellate processes prevent effective confiscation in many cases.
- b) There are no clear data or statistics on confiscation, and delays in the court system contribute to the lack of irrevocable judgements necessary to finalise confiscation. Therefore, the assessment team cannot fully determine the degree to which criminals are permanently deprived of the proceeds of crime and whether confiscations reflect Greece's ML/TF risks.
- c) A centralised asset management office was established in 2018 by a Ministerial Decision made under the new AML/CFT legislation; however, it

is not yet fully operational. Prior to this, management of seized and frozen assets was not effectively co-ordinated.

- d) Customs successfully detects people who fail to declare or falsely declare cash at Greece's borders, including cash in vehicles and postal parcels. Such cash is routinely seized, and Customs and HFIU co-operate to undertake further investigations. These efforts have resulted in some ML investigations. However, co-operation between Customs, HFIU and other LEAs is not always systematic.

### *Recommended Actions*

#### *Immediate Outcome 6*

- a) HFIU and LEAs should enhance implementation of the mechanisms in place to ensure feedback is given to HFIU about the quality and use of information provided to LEAs by HFIU.
- b) Greece should further pursue and develop strategic analysis to identify emerging trends, patterns, typologies and vulnerabilities to support the operational needs of law enforcement and for dissemination to obliged entities.
- c) Greece should implement use of recently acquired technological tools to enhance HFIU's ability to mine data and generate effective strategic analysis products.
- d) Greece should monitor the increasing workload of HFIU and LEAs and ensure that training and resources remain sufficient to meet their needs.
- e) HFIU, Customs, Hellenic Police assigned to the borders, and other LEAs involved with border protection should further enhance their co-ordination and co-operation to develop more comprehensive financial intelligence on cross-border issues.

#### *Immediate Outcome 7*

- a) Greece should take the necessary measures to ensure that, in practice, a predicate offence does not have to be proven to prosecute and obtain a conviction for ML.
- b) Greece should adequately prioritise the investigation and prosecution of ML as a serious and stand-alone offence consistent with its national risk profile, including complex ML cases and cases involving professional money launderers.
- c) To reduce delays in prosecution and conclusion of ML cases, Greece should increase the resources available to the Economic Crime Prosecutor, including the number of specialised prosecutors, and ensure that revisions to the Code of Criminal Procedure addressing the right to adjournment are fully implemented as soon as possible.

- d) Greece should consider clarifying the mandates of, and the allocation of resources available to, the various investigative bodies and prosecutors that specialise in the ML offence and take steps to ensure their close co-ordination and co-operation.
- e) Greece should ensure that prosecutors obtain systematic and on-going training on ML methods and trends, including different types of ML offences (particularly stand-alone and third party ML), how to collect evidence and how to pursue effective ML prosecutions; specialised training should be made available for those who work on more complex cases.
- f) Greece should further develop circulars for judges and prosecutors on ML matters ensure such circulars are more effectively disseminated.
- g) Greece should address the specific impediments identified by Greek authorities in conducting financial investigations, including the need to expedite access to bank accounts and the payment register by Hellenic Police investigators and to the tax database by the Financial Police.
- h) Greece should develop the capacity to measure its own performance in ML prosecutions and convictions by fully implementing measures to develop and keep reliable, reconciled and centralised data and statistics on ML prosecutions and convictions and the risk profiles of the cases. HFIU, LEAs and Public Prosecutors should regularly review this data to determine policy implications and identify the need for any corrective actions.

#### *Immediate Outcome 8*

- a) Greece should examine the case management, prioritisation of tasks and resource allocation among prosecutors and the judiciary and implement revised criminal procedures, including measures to allow for extrajudicial resolution in appropriate cases, to address delays in obtaining irrevocable judgments in judicial proceedings involving confiscation.
- b) Greece should establish confiscation and asset recovery as a clear policy objective and priority for prosecutors and courts, and take action on a national level to ensure that sufficient mechanisms are in place and resources are allocated to more effectively implement that policy objective.
- c) Greece should improve its ability to regularly provide comprehensive statistical support on confiscation measures, and develop a consistent approach across agencies to ensure availability of comprehensive data on the nature and value of all assets taken from criminals, whether by confiscation, victim restitution or administrative recovery.
- d) The Assets Management Office should become operational as soon as possible to ensure effective management of assets under restraint.
- e) Customs and HFIU should take steps to make their co-ordination more systematic to ensure that cross-border movements of cash and BNI are seized whenever ML is suspected.

f) Greece should remedy the deficiencies identified in the TC Annex under R.32 to ensure that the declaration regime covers movement of cash and BNI within the EC and the movement of cash above the threshold amount via cargo.



127. The relevant Immediate Outcomes considered and assessed in this chapter are IO.6-8. The Recommendations relevant for the assessment of effectiveness under this section are R.1, 3, R.4 and R.29-32.

**Immediate Outcome 6 (Financial Intelligence ML/TF)**

*Use of financial intelligence and other information*

128. Greek authorities effectively access and use financial intelligence and other information to develop evidence and trace proceeds in investigations for ML, TF, and associated predicate offences. HFIU has good access to a wide variety of public and private sector information sources, which they regularly use to develop cases (see TC Annex, c.29.3).

129. Within the Hellenic Police, the Financial Police Division (FPD) also has access to many sources of financial intelligence to support investigations of ML in parallel with FPD investigation of predicate crimes. This includes direct access to the BARPAS database and the ability to obtain fiscal, customs, banking, stock market and business information for intelligence purposes without the need for a court order (see TC Annex, c.31.1). Table 3.1. below indicates the frequency with which FPD has obtained financial information in support of ML investigations.

**Table 3.1. Requests for Information Executed by Hellenic Police, Financial Police Division**

| Year  | Type of Request                     |   | Lifting Bank Secrecy for Evidentiary Purposes | Total Requests |
|-------|-------------------------------------|---|---|----------------|
|       | <i>Owner and balance of account</i> | <i>Detailed transaction information</i> |   |                |
| 2014  | 249                                 | --                                      | 5   | 254            |
| 2015  | 231                                 | 1                                       | 2   | 234            |
| 2016  | 119                                 | 1 502                                   | 31  | 1 552          |
| 2017  | 248                                 | 4 127                                   | 22  | 4 397          |
| 2018* | 111                                 | 1 876                                   | 21  | 2 008          |

\*1<sup>st</sup> semester.

Source: Hellenic FIU.

130. The Hellenic Police Intelligence Division also provides intelligence support and analysis of data deriving from criminal intelligence operations and preliminary judicial procedures to all Hellenic Police Agencies, as well as to other national security authorities, LEAs and judicial authorities.

131. HFIU accesses ongoing cases being pursued by other agencies and intelligence reports from other domestic and international LEAs, which enables cross-referencing. (See Table 3.2) This capacity enriches its operational analysis and more effectively supports investigations.

132. Input from HFIU is regularly sought by LEAs in the course of their investigations. Once an investigation or prosecution is undertaken, the HFIU continues to provide intelligence as needed to develop the cases. Greek authorities provided numerous cases demonstrating how financial intelligence generated by the HFIU (either on the basis of reports/information from FIs or exchanges with foreign FIUs) was used by LEAs to develop evidence for pre-trial investigations into ML, associated predicate offences and TF. The following is a sample of these cases.

### Case Studies 3.1: HFIU Development of Evidence for Pre-trial Investigations

*Electricity Supply Case, 2012:* Subjects owned electricity supplying companies and within the framework of receiving payments from their customers, they were collecting property and municipal taxes (along with the fees for providing their services) without returning them to the state; instead the funds were being channelled in bank accounts outside the country. Proceeds of the criminal activity were estimated over EUR 230 million. The case in Greece began with intelligence provided by the HFIU's closed sources and the analysis product was disseminated to the Judicial Authorities. HFIU exchanged information with foreign counterparts to locate concealed criminal proceeds. Assets were located worldwide and the information was distributed to the Judicial Authorities handling the case. Throughout the criminal investigation, HFIU provided continuous support with financial information.

HFIU seized criminal assets worth approximately EUR 68 million (25 bank accounts, 1 investment account, and 5 houses/buildings). At trial, the court of first instance ordered confiscation of more than EUR 88 million and 11 individuals were convicted. *Appeals pending.*

*Construction Company, 2013:* HFIU received a referral from IAPR and was able to trace proceeds of tax evasion that had been comingled with legitimate assets. Combining data from various sources, including tax, assets, and company registries databases, banking statements, KYC documentation, and criminal records, the HFIU identified the individuals and the beneficial ownership of the companies involved, linked the criminal activity's proceeds with their initial source, and seized the respective assets worth approximately EUR 23.4 million and the freezing orders were disseminated to the Judicial Authorities. *Trial pending.*

*K.D. Case, 2016:* A person entered Greece using falsified identification papers. Hellenic Police confirmed his true identity as a member of a terrorist group and the person was detained. While under detention, HFIU developed financial intelligence and relevant information regarding possible TF activity and shared this information with foreign counterparts. No TF activity was detected, but, based on information from HFIU, foreign counterparts undertook an investigation. *The person was successfully extradited from Greece and convicted.*

133. There are effective co-operation measures between the three units of the National AML Authority - HFIU, Financial Sanctions Unit (FSU) and Source of Funds Investigation Unit (SFIU). HFIU and FSU work jointly to investigate and analyse all TF cases, with FSU contributing direct access to UNSC and domestic sanctions lists. HFIU receives good information from the SFIU, based on their distinct responsibility for receiving asset declarations from domestic PEPs, from which the HFIU can develop considerable intelligence, as reflected in the following cases.

### Case Studies 3.2: Co-operation with SFIU

*Bad Loans A, 2012:* SFIU conducted a targeted audit of Declarations of Assets filed by a major shareholder of a Greek bank. The results of that audit were transmitted to HFIU, containing findings regarding the participation of the person under audit in share capital of companies and deposits in domestic and foreign credit institutions. These data were examined and evaluated by HFIU. The person under audit, in co-operation with professionals of the maritime business, took advantage of the ability to control the institution's lending procedures and obtained loans, the proceeds of which were funnelled back to the suspects through a complex network of offshore companies under their absolute control.

HFIU seized criminal assets worth approximately EUR 5.8 million (including 4 houses/buildings and 1 sailing vessel). *One person convicted and released; unknown fine imposed; freezing orders lifted.*

*Bad Loans B, 2013:* SFIU conducted a targeted audit of Declarations of Assets filed by a major shareholder of a Greek bank. The results of that audit were transmitted to HFIU, containing findings similar to those in case Bad Loans A. HFIU seized and froze assets worth approximately EUR 203.7 million (including 48 houses/buildings and 26 land plots) and the freezing orders were disseminated to the judicial authorities. *Trial pending.*

134. HFIU provided numerous examples of their effectiveness in developing intelligence from a wide range of source material and successfully tracing proceeds. Using their power under Law 4557/2018, Art.48(2)(d) and 50, the HFIU administratively freezes assets suspected of being related to ML and TF until a court order can be obtained (See IO.8 for information on assets traced and frozen by the HFIU since 2013).

135. The HFIU has the ability to produce financial intelligence of quality using a variety of sources to identify, investigate and support prosecution of ML cases. In addition, some LEAs (SSFECU/SDOE, IAPR and FPD) also have direct access to, or the ability to obtain, a wide variety of information, enabling them to supplement and contribute to financial intelligence developed by HFIU.

### *Reports received and requested by competent authorities*

136. HFIU receives various reports, including STRs, from a wide range of public and private sector sources (see Table 3.2 below.) Among the public sector, tax authorities, Customs and Hellenic Police provide the highest volume of reports, which is consistent with Greece's risk profile. Included in these reports are case findings by the SFIU, which deals exclusively with potential corruption. From the private sector, banks and MVTs generally submit the greatest volume of STRs. This is also consistent with Greece's national risk profile.

137. During the years 2013 – 2015, the number of reports received by the HFIU peaked dramatically. To some degree, this is attributable to greater awareness of reporting requirements, penalties assessed for failure to report and defensive reporting. Following outreach regarding reporting requirements and proper reporting procedures, the number of STRs made annually has fallen sharply. However, the quality of those reports has increased substantially. HFIU now considers most of the reports received to be of high quality and, generally, sufficient for their needs.

138. The financial sector has generally accepted the practice of reporting suspicious transactions (STRs), which are overall clear and complete, thus permitting analysis of suspicious transactions. ML indicators are studied whilst taking into account identified criminal phenomena, modus operandi, frequency, and links to data recorded in the HFIU database. However, some of the higher risk sectors, such as lawyers, tax advisors, real estate agents and pawnbrokers, provide very low numbers of STRs. This affects the overall quality of information available for analysis by HFIU. Such gaps in reporting negatively impact the ability to effectively to develop financial intelligence across all sectors. (See Chapter 5 for more details on the level and quality of reporting).

139. HFIU receives the STRs through an electronic platform dedicated to the storage, analysis and management of reports. Notably, the system automatically flags instances where a particular natural or legal person has been previously the subject of a report. The HFIU system classifies STRs following a risk-based approach, which is informed by the NRA. Depending on the outcome of preliminary analysis, STRs are filed for future reference, disseminated as intelligence, or further developed and used to support criminal investigations and prosecutions.

140. HFIU can, and does, request additional information from reporting entities. Most of these requests are directed to banks; however, other reporting entities are also asked to provide additional information on occasion. Some delays understandably arise in cases of large or complex requests; however, most requests for additional information are completed promptly and provide useful information.

Table 3.2: STRs and Other Reports Related to ML

| Year | No. of Reports | Reporting Entity |                     |           |                   |                    |                   |                   |
|------|----------------|------------------|---------------------|-----------|-------------------|--------------------|-------------------|-------------------|
|      |                | Public Authority | Banking Institution | CEO/ MVTS | Insurance Company | Investment Company | Complaint & Other | Foreign Authority |
| 2013 | 12 430         | 4 962            | 2 437               | 4 559     | 316               | 64                 | 83                | 9                 |
| 2014 | 15 746         | 1 550            | 5 514               | 8 212     | 254               | 58                 | 146               | 12                |
| 2015 | 23 559         | 15 616           | 2 357               | 4 602     | 540               | 82                 | 171               | 14                |
| 2016 | 6 295          | 3 168            | 1 492               | 516       | 713               | 48                 | 107               | 251               |
| 2017 | 5 597          | 2 419            | 1 429               | 742       | 574               | 64                 | 153               | 216               |
| 2018 | 2 766          | 1 000            | 809                 | 495       | 220               | 14                 | 117               | 111               |

Source: Hellenic FIU

141. In addition to STRs, HFIU receives all reports on cross-border movement of currency outside the EC, and BNI that take place via personal carriage or in cargo (to the extent that such movements via cargo are voluntarily reported or detected; see R.32). According to the Regulation 1889/2005 and the implementing Ministerial Decision E2320/976/A0034/10.6.2008, Customs are the competent authorities to perform controls on cash/BNI of EUR 10 000 and above, entering or exiting the European Community. Customs provides HFIU with all reports and notifies HFIU of any failure to report, false report and suspicion of ML/TF. HFIU also receives information from the Hellenic Police in accordance with Police Orders issued in 2006, 2012 and 2017 instructing all divisions to feed relevant information to HFIU. These orders also direct that each police directorate nominate two officers to act as contact points with the HFIU, to handle the information sent by the HFIU to their directorates and inform the HFIU about the use of that information. However, during the onsite visit, some authorities indicated that they did not always give feedback on the information provided by HFIU.

142. During the on-site, FPD and Economic Crimes Prosecutors (ECP) reported having a close working relations with HFIU and a high level of satisfaction with the information provided in response to their requests. Since 2016, HFIU has dealt with a significant and increasing number of cases. These cases include responses to LEAs' requests for information; cases already investigated by LEAs and input into the unified pre-trial investigation register; or cases disseminated to LEAs in accordance with their investigation competencies under the P.D. 178/2014 - 21/2017 - 7/2017, 148/2005.

### *Operational needs supported by FIU analysis and dissemination*

143. HFIU input to operational analysis is substantial and effective. HFIU analytical products have been successfully utilised by all Greek LEAs for pre-trial criminal investigations into ML, associated predicate offences and TF. HFIU regularly assists investigating bodies to successfully meet their operational needs to locate and trace illicit funds. However, HFIU strategic analysis could be stronger; additional resources could improve HFIU capacity in this regard.

144. HFIU comprises one Directorate and five Departments, two of which are administrative and three of which are operational—

- The Analysis (Report Analysis and Tax Audit) Department analyses cases initiated by STRs submitted to the HFIU by the obliged entities, regarding tax evasion, non-payment of debts to the State, fraud, bribery and generally all

types of financial crimes; most members of staff are seconded from SSFECU/SDOE, IAPR and MoF.

- The Criminal Intelligence Investigations Department collects and analyses information from judicial authorities, the police, and the intelligence and customs services and STRs regarding participation in a criminal organisation, terrorist acts and terrorist financing, trafficking in human beings, drugs trafficking, etc.; most members of staff are seconded from LEAs.
- The International Relations and Research Department handles exchange of information with foreign authorities, spontaneously and on request; most members are seconded from LEAs, MoJ and MoF.

145. HFIU is reasonably well staffed and resourced to perform most of its current analytical functions (see Table 3.3 HFIU staffing); however, increasing caseload and complex cases may soon require additional human resources to maintain effectiveness. All HFIU officers are seconded from various law enforcement and supervisory authorities, including Hellenic Police, SSFECU/SDOE, IAPR, MoF, MoJ, Bank of Greece and others. In this way, HFIU benefits from the specialised knowledge and experience that personnel have gained in relevant fields.

**Table 3.3: HFIU Staffing**

|   | 2016      | 2017      | 2018      |
|---|-----------|-----------|-----------|
| Director  | 1         | 1         | 1         |
| Administrative and Financial Affairs Department           | 9         | 9         | 9         |
| IT Department   | 1         | 1         | 2         |
| Analysis (Report Analysis and Tax Audit) Department       | 9         | 9         | 7         |
| Criminal Investigation Intelligence (Research) Department | 7         | 6         | 10        |
| International Relations and Research Department           | 3         | 2         | 5         |
| <b>Total</b>  | <b>30</b> | <b>28</b> | <b>34</b> |

Source: Hellenic FIU.

146. HFIU's Analysis Department currently has seven members. The Research and International Relations Department also conducts operational analysis when needed, resulting in 22 officers total being available to perform analytical functions.

147. From 2016 until the 1<sup>st</sup> semester of 2018, the HFIU analysed 7 048 cases in total. Greek authorities indicate that those cases were distributed among the departments as follows:

**Table 3.4: HFIU Distribution of Operational Work**

|                                    |     |
|------------------------------------|-----|
| Analysis & Tax Audit Department    | 53% |
| Criminal Investigations Department | 44% |
| International Affairs Department   | 3%  |

Source: Hellenic FIU

148. HFIU provided the assessment team with the information in the following table indicating the time each department takes to analyse and complete various types of ML cases. Each case is subject to varying steps of analysis, depending on the severity

and complexity of the threat. All cases are analysed against the HFIU databases and information to which HFIU has direct access. Where necessary, and particularly in complex cases, HFIU may request further information from outside sources, including obliged entities, national authorities, or foreign counterparts. Although improvements could be made in the time required to process high risk and complex ML cases, HFIU has demonstrated reasonable effectiveness in its ability to process ML STRs. (For information on time to process TF cases, see IO.9)

**Table 3.5: HFIU Time to Analyse and Finalise ML Cases**

| Department                      | Type of Case               | Time to process    | % of Dept. caseload* |
|---------------------------------|----------------------------|--------------------|----------------------|
| <b>Analysis &amp; Tax Audit</b> | Tax with freezing order    | 1 - 15 days        | 13%                  |
|                                 | Tax without freezing order | 1 - 2 days         | 54%                  |
|                                 | Low risk                   | 1 day - 2 months   | 17%                  |
|                                 | High risk                  | 2 weeks - 4 months | 15%                  |
|                                 | Complex schemes            | 2 months - 1 year  | 2%                   |
| <b>Criminal Investigations</b>  | Low risk                   | 1 day - 3 months   | 39%                  |
|                                 | High risk                  | 2 - 8 months       | 59%                  |
|                                 | Complex schemes            | 8 months - 2 years | 3%                   |
| <b>International Affairs</b>    | Urgent requests            | 1 - 2 days         | 21%                  |
|                                 | Standard requests          | 1 – 10 days        | 79%                  |

\* Note: Percentages rounded to the nearest number.  
Source: Hellenic FIU.

149. HFIU officers participate regularly in specialised training and continuing education (see Table 3.6 HFIU Training 2017-2018), which meets their current needs. However, as the case load increases and cases become more complex, more advanced training may be needed.



Table 3.6: HFIU Training 2017-2018

| Year   | Subject  | Date  | Presenter/Sponsor  | Place  | Participants      |          |
|--|--|---|--|--|-------------------|----------|
| 2017   | FATF assessor training   | 14-19/05  | FATF/ MONEYVAL   | Nice, France   | 2 Staff           |          |
|  | FATF Standards training  | 24-28/07  | FATF TREIN   | Busan, South Korea   | 1 Staff           |          |
|  | Anti-corruption training conferences   | 06-08/09  | OECD   | Paris  | 1 Staff           |          |
|  | Tax Forum for Tax and Crime  | 06-08/11  |  | London   | 1 staff           |          |
|  | Computer Forensic Examination  | 26/11-08/12   | OLAF/ Int'l Association of Researchers/ University of Zagreb   | Zagreb, Croatia  | 1 Staff           |          |
|  | Criminal Financing of Organized Immigration Crime  | 23-24/11  | National Crime Agency of England   | British Embassy, Athens  | 3 staff           |          |
|  | FIU-Net training   | 21-23/11  | Europol  | Hague-The Netherlands  | 2 staff           |          |
|  | Fraud Indexes in the Public Sector and the Protection of Information as a Tool for Combating Corruption  |   |  | National Centre for Public Administration and Local Government (NCPASG) Athens       | 7 staff           |          |
|  | - Legalization of Revenues from Criminal Activities: Case Studies<br>- Investigation methodology to tackle money laundering<br>- Crimes of Corruption, Economic Crimes, Crimes against the Financial Interests of the EU |   | National Centre for Public Administration and Self-Government (NCPASG) Training Institute/ Finnish Organization for Employment and Social Solidarity | NCPASG Training Institute/ Finnish Organization for Employment and Social Solidarity | 5 staff           |          |
|  | Business and financial analysis  |   | International Centre for Asset Recovery (ICAR)   | Online   | All HFIU analysts |          |
|  | Investigating cryptographic data   |   | UNODC  | Online   | All HFIU analysts |          |
|  | 2018   | Flow of foreign terrorist fighters and challenges for the OSCE around and beyond  | 10-11/05   | OSCE   | Rome-Italy        | 2 Staff  |
|  |  | Leading the Fight Against Fraud   | 04/05  | Hellenic ACFE  | Athens            | 10 Staff |
|  |  | Intellectual Property Rights crimes and the connection with ML and other offenses | 7-11/ 05   | United States Department of Justice  | Bucharest-Romania | 1 Staff  |
| Intergovernmental working group on asset recovery                                      |  | 6-7/06  | UN   | Vienna-Austria   | 1 Staff           |          |
| IP Crime Conference  |  | 27-28/06  | Europol/ Tax and Customs Administration of Hungary   | Budapest-Hungary   | 1 Staff           |          |
| IPR workshop   |  | 9-10/07   | US Department of Justice   | Athens   | 2 Staff           |          |
| ML and Crypto currency crimes  |  | 20-21/09  | US Immigration and Customs Enforcement   | Athens   | 10 Staff          |          |
| FATF Assessor Training program   |  | 24-28/09  | FATF/ EAG/ MONEYVAL  | Moscow-Russia  | 1 Staff           |          |
| AML, Current Trends, Prosecutions and the Challenges around Cryptocurrencies           |  | 15-19/10  | OECD   | Ostia-Italy  | 2 Staff           |          |
| Operational Analysis Financial Analysis using Excel Visualize cases and flows of money |  |   | Basel International Centre for Asset Recovery  | On-line  | All HFIU analysts |          |
| International ML Money Mules and cash collection patterns                              |  |   | Cepol  | On-line  | All HFIU analysts |          |

Source: Hellenic FIU.

150. In addition to its human resources, HFIU uses an advanced IT system, which was upgraded in 2016. The system allows for secured electronic receipt of STRs from most obliged persons and circulation of all documents within the units of the AML Authority. The reporting and management system and data mining tools are advanced

and allow for classification, cross-checking and tracking of STRs until they are disseminated. These tools also enable HFIU to maintain comprehensive statistics regarding its work, which contributes greatly to HFIU's ability to analyse trends and monitor their own effectiveness. However, the integration of these analytical tools is still underway and improvements are needed to better support HFIU's analytical needs, particularly strategic analytical functions.

151. The following table indicates the volume and (where available) outcome of STRs it received from 2013 to June 2018.

**Table 3.7: Resolution of HFIU files regarding ML arising from STRs**

| Year  | Total Files | Archived | Disseminated | Freezing Order Obtained | Response to Foreign Request | Investigation Ongoing |
|-------|-------------|----------|--------------|-------------------------|-----------------------------|-----------------------|
| 2013  | 4,071       |          |              |                         |                             |                       |
| 2014  | 6,288       |          |              |                         |                             |                       |
| 2015  | 5,530       |          |              |                         |                             |                       |
| 2016  | 3,834       | 2,762    | 625          | 272                     | 105                         | 70                    |
| 2017  | 2,500       | 1,489    | 607          | 90                      | 83                          | 231                   |
| 2018* | 714         | 134      | 141          | 8                       | 3                           | 428                   |

\* 1st semester

Source: Hellenic FIU.

152. In dissemination of its reports, HFIU works with many agencies. Most often, HFIU disseminates intelligence to Financial Police Division, local police, judicial authorities, IAPR, Customs, SSFECU/SDOE and GSFAC. When SSFECU/SDOE was responsible for investigation of tax crimes, HFIU provided SSFECU/SDOE with financial intelligence products that formed the basis of 1,499 audit cases during the years 2014 and 2015. Now, HFIU provides financial intelligence on tax crimes to IAPR, in accordance with national risk and related enforcement initiatives.

153. The HFIU has the ability to analyse STRs, by using a large number of databases, co-operation with foreign counterparts and additional intelligence from financial intermediaries. In general, these reports and additional information are of high quality, and are used to support its strategic and operational analysis functions. In particular, the analysis performed by HFIU provides a useful and timely contribution to ongoing investigations, and has detected new cases of ML and TF.

154. Since 2012, the MoJ has collected data on the source of cases that are heard in both the Court of 1<sup>st</sup> Instance and the Courts of Appeals. (See Table 3.8 Source of Court Cases, below.) At the start of this period, cases were most often initiated based on complaints from private citizens. However, since 2015, the most fruitful source of cases has been HFIU dissemination. This trend demonstrates the increasing effectiveness HFIU's operational analysis and the support provided to the operational needs of investigators and prosecutors.

Table 3.8: Source of Court Cases

| Year | In Flagrante Delicto | HFIU Dissemination | Complaint from Public Authority | Complaint from Private Citizen |
|------|----------------------|--------------------|---------------------------------|--------------------------------|
| 2012 | 41                   | 98                 | 43                              | 107                            |
| 2013 | 86                   | 25                 | 36                              | 47                             |
| 2014 | 76                   | 59                 | 63                              | 23                             |
| 2015 | 55                   | 129                | 75                              | 23                             |
| 2016 | 57                   | 292                | 162                             | 54                             |
| 2017 | 44                   | 230                | 158                             | 7                              |

Source: MoJ..

155. In addition to this data, HFIU provided the assessment team with numerous case studies (See Case Studies 3.3 below for an example). These cases demonstrate that HFIU intelligence reports contribute to the identification of connections between natural and legal persons, tracing all forms of assets and following financial transactions that enable LEAs and prosecutors to establish ML/TF suspicions and detect financial networks.

#### Case Studies 3.3: HFIU Tracing Legal Persons and Assets

*Electricity Supply Case, 2012:* Illicit funds were being channelled in bank accounts outside the country held by various legal persons; assets were located worldwide (see Case Studies 3.1 for further details). HFIU seized criminal assets worth approximately EUR 68 million (25 bank accounts, 1 investment account, and 5 houses/buildings). At trial, the court confiscated over EUR 88 million and 11 individuals were convicted. *Appeals pending.*

#### Co-operation and exchange of information/financial intelligence

156. Greek LEAs and judicial authorities co-operate and co-ordinate extensively with the HFIU. In many cases, financial investigations include considerable information exchange at the operational level. This is particularly true of co-operation between HFIU and judicial authorities. Since July 2017, HFIU meets weekly with the Supreme Court Prosecutors and special prosecutors for corruption and financial crimes to co-ordinate and exchange intelligence. HFIU also meets frequently with the MoJ regarding international co-operation and cases initiated by HFIU dissemination. In the 15 months prior to the on-site visit, HFIU participated in 22 events, including strategic outreach to the private sector, to gather intelligence, share information on typologies and co-ordinate with the IAPR and various special police services (i.e. CTU, FPD, Organised Crime and Human Trafficking, International Police Co-operation and the national units for Interpol, Europol and SIRENE).

157. As noted, Customs provides HFIU with all cross-border currency declarations it receives. On occasion, HFIU and Customs co-operate to undertake further investigations, including some ML investigations. However, there is a gap in the information Customs is able to provide arising from Customs' lack of information on the movement of cash within the EU and by cargo. This gap has a negative effect on HFIU's ability to formulate comprehensive intelligence on cross-border cash movement.

**Table 3.9 Notification from Customs of suspicion of ML/TF/PF**

| Customs office source | Number of cases in 2014 | Number of cases In 2015 | Number of cases In 2016 |
|-----------------------|-------------------------|-------------------------|-------------------------|
| Athens Airport        | 107                     | 106                     | 105                     |
| Kipoi                 | 31                      | 28                      | 63                      |
| Evzonoï               | 2                       | 22                      | 32                      |
| Thessaloniki Airport  | 1                       | -                       | 5                       |
| Kakavia               | 4                       | 4                       | 2                       |
| Kastanies             | 3                       | 1                       | 2                       |
| Rhodes                | 1                       | 1                       | -                       |
| Kos                   | -                       | -                       | -                       |
| Herakleion            | -                       | 1                       | 1                       |
| Mytilini              | -                       | 2                       | -                       |
| Mavromati             | -                       | 2                       | -                       |
| Mertzani              | -                       | -                       | 2                       |
| <b>Total</b>          | <b>149</b>              | <b>168</b>              | <b>212</b>              |

Source: Hellenic Customs Service ..

158. Hellenic Police FPD and HFIU work closely at every stage of investigations, from the start of the case to the arrest of perpetrators. As part of that co-operation, FPD provides confidential information to HFIU via secure means. Table 3.10 below reflects the number of such submissions made by FPD to the HFIU. In cases where FPD identify assets that may be subject to confiscation, they co-ordinate with HFIU to ensure those assets are frozen immediately.

**Table 3.10. Information Received by HFIU from Hellenic Police**

| Year  | Submissions Received |
|-------|----------------------|
| 2014  | 140                  |
| 2015  | 113                  |
| 2016  | 82                   |
| 2017  | 134                  |
| 2018* | 92                   |

\* 1<sup>st</sup> semester

Source: Hellenic Police.

159. HFIU is particularly careful in practice to protect the confidentiality of the financial and other intelligence it gathers, and strict physical and IT security policies have been implemented. The physical premises of HFIU and their IT systems are secure and separate from those of the other units in the AML Authority. Exchange of intelligence with foreign FIUs also take place across secure networks, including FIU.NET and the Egmont Secure Web.

160. Avenues of communication with other domestic authorities are also separate and secure. The National Security Regulation of 2004 (last updated in 2018) imposes confidentiality and security requirements on all public sector personnel, IT and communication systems. IAPR has a specialised security policy that was issued by joint ministerial decision in August 2018 and a dedicated security office to monitor and ensure compliance.

### Overall conclusions on IO.6

161. HFIU effectively gathers and disseminates a wide variety of intelligence and competent authorities, particularly SSFECU/SDOE, IAPR, FPD and other special police services, make effective use of financial intelligence. However, a need for further development of strategic analysis, co-operation and co-ordination between HFIU and LEAs involved with border protection, along with gaps in the intelligence available to HFIU in certain areas, have a negative impact and will require moderate improvements to overcome.

**Greece has achieved a substantial level of effectiveness for IO.6.**

### Immediate Outcome 7 (ML investigation and prosecution)

#### ML identification and investigation

162. Greek authorities provided examples of successful identification and investigation of ML related to predicate crime investigations, including a third party case and some complex cases involving organised criminal groups and cross-border activities, regular use of special investigative techniques, many arrests and millions of euros in assets frozen. Particularly in cases of tax evasion and corruption, a parallel financial investigation regularly takes place alongside the criminal investigation for the predicate offence. In such cases, the Greek authorities are effective, as illustrated by the cases highlighted below

#### Case Studies 3.4: Tax Evasion, Corruption & ML

*Clean, 2015:* An OCG issued fictitious invoices for cleaning services totalling over EUR 25 717 534, plus VAT EUR 4 581 774. Within the framework of a large scale police operation, 14 people were arrested and over EUR 1 million was seized. Tax fines in the amount of EUR 1 209 712 were imposed administratively and collected from the offenders. *Prosecutions pending.*

*Grand Corruption Case, 2013:* A domestic PEP elicited bribes in connection with government procurement contracts. The Corruption Prosecutor, supported by HFIU, SSFECU/SCOE, Financial Police, tax authorities and Bank of Greece and assisted by authorities in Switzerland and Austria, successfully detected and traced illicit funds and assets that had been laundered using sophisticated methods. In addition to several million euro in liquid assets, authorities seized real property and luxury vehicles and 13 defendants were incarcerated. *Appeals on-going.*

163. As in the Grand Corruption Case, referred to above, many of the cases reviewed by the assessment team provide good examples of joint investigations and effective co-operation between domestic agencies. In addition to HFIU, cases often include involvement by SSFECU/SDOE, IAPR, the Financial Police, other divisions of the Hellenic Police, regional police and security divisions, and prosecutors. One case, in which two organised criminal groups were dismantled, refers to operations involving

more than 1 000 police officers, 37 prosecutors, interrogators and HFIU and the seizure of over proceeds valued at EUR 10 000 000. (See the case study below.)

#### Case Studies 3.5: Organised Criminal Groups – Attica, 2016-2017

Two organised criminal groups (OCG), acting in parallel, engaged in a series of burglaries and thefts in the regions of Attica, Thessaloniki, Katerini, Alexandroupoli, Ioannina and Orestiada. Items stolen included high value jewellery, watches and other accessories, luxury vehicles, collector coins, items of gold and silver (including plate and coins), religious icons, safes, ATM machines and cash. In late 2016, following a year-long investigation, including special investigative techniques, 41 individuals were arrested and a file was opened on 70 others.

HFIU made a detailed investigation of the assets held by all the members of the OCGs, as well as their relatives. This investigation revealed two additional members of the OCGs whose only role was to launder the proceeds of the thefts. Using the cover of legitimate businesses (pawnshops), these two persons concealed the illicit origin of the stolen items, sold them for cash, and redistributed the value back into the OCG. In July 2017, the interrogator issued warrants and the two persons were arrested for participation in the OCG and ML. *The case remains in the main interrogation phase.*

164. These, and other cases reviewed by the assessment team demonstrate that Greek authorities have been successful in identifying and investigating ML, particularly in the context of investigating predicate crimes. Greek LEAs detect ML offences using financial intelligence and reports from HFIU, complaints from members of the public, information from other LEAs or the media and during investigations of other criminal proceedings. As noted, parallel financial investigations take place alongside investigations of predicate offences as a matter course. . The predicate and ML offence may be tried separately in cases where there is a risk of the predicate offence being time barred. Some Greek authorities indicate that a ML prosecution always follows (except in cases where the suspect is acquitted).

165. However, based on information provided by Greek authorities and collected during the on-site visit, ML is not often identified independently of the predicate offence and rarely involves facilitators or professional ML organisations (the OCG case referred to above notwithstanding). To a certain degree, this is consistent with Greece's risk profile. The economic crisis and currency restrictions made Greece an unattractive location for professional money launderers requiring the ability to make high value cross-border transactions. However, the legal requirement to establish a strong link to a specific predicate offence and the national prioritisation of prosecuting tax and corruption offences may also be contributing factors.

166. Greek authorities provided examples of case studies in which OCGs engaged in migrant smuggling were also investigated for ML. In one such case, there were two convictions for ML, which does demonstrate a certain level of effectiveness. However, during the on-site visit, comments made by some authorities indicated that in some cases, particularly cases of migrant smuggling, the possibility of ML may not be

recognised unless the suspect is arrested in possession of cash, or cash is found on their premises.

167. Overall, Greece has many specialised financial investigators, at the Hellenic Police SSFECU/SDOE, FCID and particularly within the IAPR. There is good knowledge of how financial investigations should be conducted and parallel financial investigations are conducted regularly. However, Greek authorities noted that ML investigations may be delayed in some cases because of obstacles in performing financial investigations. Specific impediments identified during the on-site by Greek authorities include:

- Lack of access to bank accounts and payment register by investigators outside the HFIU, IAPR, FDP and SSFECU/SDOE, which causes delays.
- FDP lacks access to the tax database (ETAXIS), despite their mandate to investigate tax crime
- In most cases, a court order is needed to obtain detailed banking records, which often causes delays
- Delays by banks in executing court orders for detailed banking information.

168. A Police Order was issued to the Hellenic Police in 2012, providing a general idea of the concept of ML (in which ML was referred to specifically as a “secondary crime”); a list of predicate offences; and a description of the AML Authority, its powers, and the responsibilities of each unit. The Order requires Commanding Officers to ensure that officers understand these matters and notify the AML Authority in the event of any organised crime investigation. The Order includes an Annex of specific procedures to follow in such cases. These procedures include use of special investigative techniques; collaboration with special prosecutors, LEAs and HFIU; international co-operation and information exchange; and strengthening international co-operation through use of INTERPOL, EUROJUST, and a network of liaison officers throughout southeast Europe.

169. Another Police Order was issued in 2017, which stressed the importance of AML/CFT in light of recent terrorist attacks, and noted that some police services dealing with serious and organised crime were not routinely informing the AML Authority of relevant investigations, leading to deficient investigation of related cases. In an effort to address this shortcoming, the 2017 Order contained detailed information on requirements, procedures, recordkeeping, and called on each Directorate to re-designate two officers (trained on suppression of ML) to serve as liaison officers to the AML Authority. HFIU advised the assessment team that this system of liaison officers works well to improve co-ordination with the Hellenic Police.

### ***Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies***

170. In Greece, the most urgent and important ML risks according to the NRA involve corruption, tax evasion, drug trafficking, crimes against property, financial crimes and smuggling of migrants and refugees. Focus on tax evasion and corruption is consistent with the national priority established to counter effects of the financial crisis. Organised criminal groups are also an area of focus. To a large degree, these predicate offences have been prioritised by LEAs, IAPR and the HFIU as reflected by the number of investigations. As noted previously, such investigations routinely include a parallel financial investigation to address the ML risk. Case studies reviewed

by the assessment team reflect a regular pattern of financial investigations being conducted and provided to prosecutors. However, in most of these cases, the prosecution has not yet begun or, when begun, has not been concluded. The assessment team is concerned that the ML risk related to these predicate offences is of secondary concern to prosecutors, unless there is an impediment to prosecuting the predicate offence. The assessment team is also concerned that prosecution and judicial resources have not been allocated in a way that enables ML prosecutions to be prioritised in accordance with Greece’s risk profile.

171. The ML risks associated with tax evasion, fraud and corruption are addressed to a large degree. Statistics indicate these predicates lead to the highest numbers of ML investigations. However, it is difficult to see the extent to which ML risks are being addressed in other areas. This is particularly true in the areas of financial crimes (e.g. embezzlement and extortion) and migrant trafficking. Information provided by Greek authorities regarding ML investigations is fragmented and does not cover all data sets consistently. (See Table 3.: ML Investigations by Predicate Offence (FPD), Table 3.11; ML Investigations by Predicate Offence (Hellenic Police, other than FPD) and Table 3.13: ML Investigations – Economic Crimes against the State (SFECU/SDOE), below.)

**Table 3.11: ML Investigations by Predicate Offence (FPD)**

|                                 | 2014      | 2015      | 2016      | 2017      | 2018*     | Total      |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Tax Evasion                     | 18        | 26        | 33        | 47        | 16        | 140        |
| Active and passive bribery      | 3         | 8         | 11        | 7         | 10        | 39         |
| Frauds                          | 9         | 5         | 8         | 11        | 7         | 40         |
| Smuggling                       | 2         | 2         | 4         | 3         | 6         | 17         |
| Illegal gambling                | 7         | 0         | 2         | 6         | 2         | 17         |
| Embezzlement                    | 1         | 0         | 1         | 1         | 0         | 3          |
| Extortion                       | 1         | 0         | 0         | 0         | 0         | 1          |
| Illegal Trading                 | 1         | 0         | 0         | 0         | 1         | 2          |
| Illegal Trafficking of migrants | 0         | 0         | 0         | 1         | 0         | 1          |
| Forgery                         | 0         | 0         | 0         | 2         | 0         | 2          |
| <b>TOTALS</b>                   | <b>42</b> | <b>41</b> | <b>59</b> | <b>78</b> | <b>42</b> | <b>262</b> |

\* First semester

Source: Financial Police Division.



**Table 3.12 ML Investigations by Predicate Offence (Hellenic Police, other than FPD)**

| Predicate Offence                      | 2014      | 2015      | 2016      | 2017      | 2018*     | Total      |
|--|-----------|-----------|-----------|-----------|-----------|------------|
| Drugs Trafficking                      | 12        | 9         | 9         | 12        | 2         | 44         |
| Property Crimes                        | 20        | 13        | 15        | 8         | 4         | 60         |
| Fraud                                  | 11        | 5         | 4         | 4         | 2         | 26         |
| Illegal Trafficking of migrants        | 5         | 5         | 6         | 5         | 3         | 24         |
| Forgery                                | 8         | 1         | 1         | 1         | 0         | 11         |
| Smuggling                              | 2         | 3         | 1         | 1         | 0         | 7          |
| Active and passive bribery             | 2         | 0         | 2         | 1         | 0         | 5          |
| Embezzlement                           | 1         | 0         | 1         | 0         | 0         | 2          |
| Extortion                              | 3         | 1         | 0         | 1         | 0         | 5          |
| Tax Evasion                            | 0         | 1         | 0         | 0         | 1         | 2          |
| Illegal Trading (Counterfeit products) | 1         | 0         | 0         | 0         | 0         | 1          |
| Illegal gambling                       | 0         | 2         | 2         | 0         | 0         | 4          |
| Illicit Trade of Antiquities           | 0         | 0         | 1         | 0         | 0         | 1          |
| Trafficking of Human Beings (THB)      | 1         | 1         | 3         | 1         | 1         | 7          |
| Legislation Regarding Weapons          | 0         | 1         | 0         | 0         | 2         | 3          |
| Usury                                  | 1         | 0         | 1         | 1         | 0         | 3          |
| <b>TOTALS</b>                          | <b>67</b> | <b>42</b> | <b>46</b> | <b>35</b> | <b>15</b> | <b>205</b> |

\* First semester

Source: Hellenic Police.

**Table 3.13: ML Investigations – Economic Crimes against the State (SFECU/SDOE)**

| Year | No. of Criminal Investigations | No. of the reports to prosecutors | Estimated amount of criminal proceeds identified |
|------|--------------------------------|-----------------------------------|--|
| 2012 | 16                             | 7                                 | 11 014 293,41                                    |
| 2013 | 75                             | 33                                | 53 187 848,08                                    |
| 2014 | 122                            | 68                                | 88 593 769,32                                    |
| 2015 | 109                            | 10                                | 24 361 978,12                                    |
| 2016 | 12                             | No data available                 |  |

Source: SFECU/SDOE.

172. Some measures aimed at enhancing Greece's effectiveness in ML prosecutions are included in Greece's national Action Plan, based on the NRA (See discussion at IO.1). However, that Action Plan was just recently adopted and the National Strategy was still under consideration at the time of the on-site. Since July 2017, the President of HFIU has conducted meetings with the Supreme Court Prosecutor, the Corruption Crimes Prosecutor and the Financial Crime Prosecutor, as well as ad hoc meetings with representatives of Greek LEAs, to discuss ML issues. Nevertheless, more targeted efforts by prosecution and investigative authorities to proactively co-ordinate ML prosecutions with ML investigations had only just begun at the time of the on-site visit.

173. The NRA indicates that there are too few economic crime prosecutors and specialised financial investigators. At the time of the onsite, the Financial Police Division of the Hellenic Police had 35 specialised financial investigators to cover all

regions of the country. Other divisions of the Hellenic Police, SSFECU/SDOE, IAPR and HFIU also have specialised financial investigators on staff. The level of effectiveness demonstrated in conducting financial investigations into ML and related predicate offences indicates that current staffing levels are adequate. However, additional resources, including human resources and on-going systematic training, will be needed to address increasing caseloads and increasingly complex cases.

174. The Economic Crime Prosecutor's Office in Athens is responsible for prosecuting all economic crimes, including ML. That office has eight full-time prosecutors (including the Head Prosecutor and Deputy Head). There are three additional prosecutors in the Athens office and three prosecutors in regional offices who work part-time on economic crimes. Based on the number of ML investigations alone, the assessment team agrees with the Greek authorities' observation in the NRA. The number of specialised economic crime prosecutors should be increased to more effectively prosecute ML in line with Greece's risk profile.

175. Judicial authorities provide general instructions to all prosecutors involved in a specific case and they are empowered to give specific instructions via circulars to prosecutors handling certain types of cases. Such circulars have been issued in relation to ML cases. However, during the onsite visit, the assessment team noted that these circulars were not widely known. The assessment team has concerns that these circulars are not being disseminated effectively or utilised comprehensively, which raises the question of whether ML offences are, in practice, being prosecuted consistently with Greece's ML threats and risk profile, and national AML policies.

176. In 2016, Greek authorities revised the curriculum in the National School of Judges to include seminars on AML and financial crime. Two two-day sessions are conducted by experienced judges and prosecutors each semester and attendance is mandatory. However, there is no requirement to attend such a course for those who graduated before the course was introduced, or to keep up to date on developments in the area. This could have a negative effect on the ability of Greek authorities to handle an increasing, and increasingly complex, ML caseload.

177. Until recently, Greece had no prosecutorial authority specifically responsible for co-ordination or oversight of ML and related cases. The Economic Crime Prosecutor is specialised in financial and economic crimes, including both tax and ML, has national authority, can decide on investigations, preliminary investigations, and preparatory examinations and prosecutions. However, the same powers can be exercised over the same ML cases by the Anti-Corruption Prosecutor and any other prosecutor as well. This situation resulted in overlaps and duplication of efforts. One authority reported that complaints were sometimes filed and charges pressed for the same crime by more than one prosecutor. A single case might be handled by different prosecutors and investigating authorities, resulting in potential vulnerabilities.

178. To address this situation, Greek authorities formed a co-ordinating body, overseen by the Financial Prosecutor's Office, to avoid overlap among authorities responsible for investigation and prosecution of ML and related offences. At the time of the on-site visit, this co-ordinating body had met once and Greek authorities were confident in the positive effect this body would have going forward.

179. Greek authorities indicate that comprehensive data regarding ML prosecutions is not methodically collected at the present time. The reasons given for

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this included lack of resources and, until recently, lack of focus on the ML offence. Instead, Greek authorities provided many examples of cases, some of which indicate impressive results. However, given the lack of statistical information, it is not possible to draw any holistic conclusions on the consistency with which ML cases are being prosecuted, the seriousness of the underlying crimes, or their consistency with Greece's threats, risk profiles and national policies.

### *Types of ML cases pursued*

180. Greece demonstrated that it has successfully prosecuted self-laundering and some third-party money laundering. However, the assessment team is not satisfied that different types of ML cases are being prosecuted regularly. Greek authorities provided numerous case examples, but no statistics showing different types of ML involved in prosecutions. Individual cases show examples of third party ML, ML using legal persons and professional enablers, and ML based on foreign predicate offences. However, such cases are limited and there are few ML cases that are independent of the predicate offence, as in the case of professional money launderers, or money launderers who bear no relation to the accused or the underlying offence.

181. It is clear that ML can be prosecuted in the absence of a conviction, or even a charge, for the predicate offence. Law 4557/2018 requires only that property be derived from criminal activity to constitute a ML offence. Greek authorities regularly prosecute alleged offenders for ML alone (see Table 3.14: ML TF Cases in Court of 1st Instance, Table 3.15: ML/TF Cases in 3 Member Court of Appeals (Court of 1st Instance for Major Cases and Appeal from Lower Court) and Table 3.16 ML/TF Cases in 5 Member Court of Appeals (Appeal from Lower Court) below). However, in every ML case, the offence is directly linked to a specific predicate offence. This may be due in part to the level of proof required to demonstrate the illegal origin of proceeds.

182. Prosecutors indicate that ML cases cannot be based on inference and circumstantial evidence of the underlying predicate offence. Although no conviction for the predicate is required, Areios Pagos jurisprudence clearly states that the predicate offence must be specifically proven beyond a reasonable doubt to demonstrate the illicit nature of assets and obtain a conviction for ML. To require such a high threshold of proof of a predicate offence raises serious doubts as to the ability of Greek authorities to effectively prosecute third-party and complex ML cases. This concern is highlighted by the length of time required to prosecute ML cases and the low percentage of cases that are actually concluded.

**Table 3.14: ML TF Cases in Court of 1<sup>st</sup> Instance**

| Year | Total Cases Initiated | ML+ Predicate Offence | Predicate Offences   | ML Only | TF | Procedural Phase        |             |            |         |           |  |
|------|-----------------------|-----------------------|--|---------|----|-------------------------|-------------|------------|---------|-----------|--|
|      |                       |                       |  |         |    | Preliminary Examination | Prosecution | Indictment | Archive | Dismissal |  |
| 2012 | 176                   | 131                   | Criminal Organisation<br>Fraud, Forgery<br>Drugs possession/sale<br>Corruption/Bribery   | 45      | -- | 55                      | 103         | 13         | 8       | 8         |  |
| 2013 | 375                   | 136                   | Embezzlement<br>Criminal Organisation<br>Fraud<br>Smuggling<br>Crim Org - Embezzlement   | 238     | 1  | 84                      | 264         | 11         | 2       | 9         |  |
| 2014 | 383                   | 157                   | Criminal Organization<br>Fraud, Forgery<br>Bribery<br>Corruption/Bribery<br>Aggravated Theft, Forgery<br>Drug Trafficking<br>Other | 223     | 3  | 37                      | 332         | 18         | 8       | 5         |  |
| 2015 | 339                   | 140                   | Criminal Organization<br>Fraud, Forgery<br>Bribery<br>Corruption/Bribery   | 193     | 6  | 123                     | 188         | 15         | 8       | 12        |  |
| 2016 | 499                   | 281                   | Fraud by profession/habit<br>Fraudulent certification<br>Tax evasion<br>Extortion  | 216     | 2  | 284                     | 178         | 10         | 28      | 2         |  |
| 2017 | 441                   | 287                   | Tax evasion<br>Criminal Org – Fraud<br>Criminal Org – Forgery<br>Criminal Org – Aggravated theft                                   | 152     | 2  | 208                     | 214         | 5          | 19      | 2         |  |

Source: MoJ.

Table 3.15: ML/TF Cases in 3 Member Court of Appeals (Court of 1<sup>st</sup> Instance for Major Cases and Appeal from Lower Court)

| Year | Total Cases Concluded |    |    |   |    | Year    | Total Cases Concluded |     |    |    |    | # Sentences Imposed for ML Offences |                           |                      | # Cases | # Persons Acquitted* |  |     |
|------|-----------------------|----|----|---|----|---------|-----------------------|-----|----|----|----|-------------------------------------|---------------------------|----------------------|---------|----------------------|--|-----|
|      | ML+                   |    |    |   |    |         | ML+                   |     |    |    |    | Incarceration +<br>Penalty          | Imprisonment +<br>Penalty | Imprisonment<br>Only |         | ML+PO                |  | MLO |
|      |                       |    |    |   |    | # Cases | # Persons Convicted*  | MLO |    |    |    |                                     |                           |                      |         |                      |  |     |
| 2012 | 14                    | 9  | 3  | - | 2  | 10      | 9                     | 8   | 15 | -- | 1  | 4                                   | 2                         | 6                    |         |                      |  |     |
| 2013 | 35                    | 20 | 13 | - | 1  | 25      | 8                     | 4   | 35 | 2  | 4  | 10                                  | 3                         | 5                    |         |                      |  |     |
| 2014 | 36                    | 19 | 17 | 2 | 4  | 23      | 13                    | 20  | 19 | 1  | 5  | 13                                  | 5                         | 6                    |         |                      |  |     |
| 2015 | 42                    | 38 | 5  | - | 10 | 22      | 39                    | --  | 39 | 4  | -- | 20                                  | 9                         | 4                    |         |                      |  |     |
| 2016 | 28                    | 20 | 8  | - | 3  | 22      | 24                    | --  | 20 | -- | 10 | 6                                   | 1                         | 5                    |         |                      |  |     |
| 2017 | 45                    | 40 | 3  | - | 1  | 28      | 35                    | 10  | 42 | 3  | 7  | 17                                  | 5                         | 7                    |         |                      |  |     |

\* A single case may result in multiple persons convicted or acquitted. Available data does not permit disaggregation.

Source: MoJ.

**Table 3.16: ML/TF Cases in 5 Member Court of Appeals (Appeal from Lower Court)**

| Year | Total Number of Cases |                       |         |    |               | Convictions and Sentences Imposed |                     |     |                                     |                          |                   | Acquittals |                     |     |
|------|-----------------------|-----------------------|---------|----|---------------|-----------------------------------|---------------------|-----|-------------------------------------|--------------------------|-------------------|------------|---------------------|-----|
|      | Cases Concluded       | ML+ Predicate Offence | ML Only | TF | Asset Seizure | # Cases                           | # Persons Convicted |     | # Sentences Imposed for ML Offences |                          |                   | # Cases    | # Persons Acquitted |     |
|      |                       |                       |         |    |               |                                   | ML+ PO              | MLO | Incarceration + Penalty*            | Imprisonment + Penalty** | Imprisonment Only |            | ML+PO               | MLO |
| 2012 | 12                    | 3                     | 8       | 1  | 2             | 10                                | 3                   | 6   | 7                                   | 1                        | 4                 | 2          | --                  | 5   |
| 2013 | 24                    | 18                    | 5       | 1  | --            | 24                                |                     | 42† | 27                                  | 15                       | --                | 3          | 3                   | --  |
| 2014 | 35                    | 18                    | 17      | -- | --            | 32                                | 11                  | --  | 2                                   | 3‡                       |                   | 3          | 1                   | 2   |
| 2015 | 8                     | 5                     | --      | -- | --            | 3                                 | 2                   | 5   | 5                                   | 1                        | 1                 | 3          | 3                   | 1   |
| 2016 | 11                    | 9                     | 2       | -- | 12            | 6                                 | 7                   | --  | 8                                   | 8                        | 1                 | 5          | 9                   | 1   |
| 2017 | 11                    | 7                     | 4       | -- | 1             | 8                                 | 6                   | 1   | 18                                  | 5                        | 5                 | 3          | --                  | 1   |

\* "Incarceration" refers to a custodial sentence imposed for a felony offence ranging from 5 years to life.

\*\* Imprisonment refers to a custodial sentence imposed for a misdemeanour ranging from 10 days to 5 years. Sentences for imprisonment may be commuted into financial penalties, converted to community service, or suspended.

† Available data does not permit disaggregation.

‡ Sentencing data not available for all convictions.

Source: MoJ.

### *Effectiveness, proportionality and dissuasiveness of sanctions*

183. There is some anecdotal evidence of proportionate and dissuasive penalties in the ML case examples provided (see Case Studies 3.6 below). Data from the MoJ indicates the number of cases in which financial penalties and/or imprisonment were imposed on natural persons.

#### **Case Studies 3.6: Penalties Imposed**

*Grand Corruption Case, 2013:* Thirteen defendants were incarcerated, with sentences ranging from two years and six months to eighteen years. Eight of these defendants were sentenced to six years or more. *See Case Studies 3.4 for further information.*

184. As noted in the TC Annex at R.3 and R.35, only administrative sanctions may be imposed on legal persons. However, no information is available on the general range that sanctions imposed to date cover, whether against natural or legal persons. Greek authorities are aware that the statics concerning ML offences are not sufficient and, going forward, have committed to collect statistics more systematically. In the absence of further information, the assessment team cannot determine whether sanctions are generally proportionate, dissuasive or effective.

### *Use of alternative measures*

185. Greek authorities successfully use administrative tax procedures and tax offences as an alternative to pursuing a ML conviction. Under the Tax Procedure Code (Law 4174/2013, Art.39), when there is an increase in a person's assets and the source is not readily identifiable, the burden of proof is reversed and the person must prove both a legitimate source and that the increase was taxed. In such cases, the predicate offence is tax evasion and there is no need to prove any other predicate to demonstrate that the original increase in assets is from an illicit source. Greek authorities indicate that this mechanism is commonly used and that, from 2016 until 31 October 2018, EUR 143 434 266 was recovered in this way (see IO.8).

186. Beginning in 2013, Greece adopted another alternate measure that provides for the voluntary payment of illicit proceeds to the Greek state. From 2014 to 2018, a total amount of EUR 46 895 588 was paid to Greece using this mechanism. (See IO.8 for additional information.)

### *Overall conclusions on IO.7*

187. Greece has a well-developed legal framework and effective mechanisms in place for investigation of ML and related predicate offences. Parallel financial investigations are conducted regularly and Greek authorities have demonstrated that ML investigations are in line with Greece's risk profile and all types of ML are investigated. However, major improvements are needed to address difficulties and serious delays in ML prosecutions and the limited number of convictions, including the need, in practice, to prove the predicate offence beyond a reasonable doubt to demonstrate the illicit nature of assets and obtain a conviction for ML.

**Greece has achieved a moderate level of effectiveness for IO.7.**

## Immediate Outcome 8 (Confiscation)

### *Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective*

188. Greek authorities demonstrate a clear appreciation for the value that can be returned to the state by confiscating the proceeds of crime, and LEAs demonstrate strong commitment to “following the money”. As noted in IO.7, parallel financial investigations are conducted for predicate offence investigations as a matter of course, and Greek authorities successfully identify and trace criminal assets. Greek authorities have shown several good examples of cases where proceeds, instrumentalities and property of equivalent value have been frozen and ordered confiscated by the court of first instance. However, Greek authorities provided only limited statistics regarding confiscation and few case examples that have resulted in irrevocable confiscation orders and asset recovery, making it difficult to determine the nature of the assets involved or the effectiveness of their policies regarding confiscation.

189. Greece’s AML/CFT Law enables the Greek authorities to freeze and seize assets, including instrumentalities, assets of equal value and assets that could be traced to third parties. The authorities regularly and effectively make use of these tools. HFIU, SSFECU/SDOE, IAPR, Customs and Economic Crime Prosecutor can all temporarily freeze and seize assets to preserve them for later confiscation and provided some generalised statistics indicating the number of freezing orders obtained, value of assets frozen, and number of investigations in which assets were frozen. (See Table 3.17: Assets Frozen by HFIU, Table 3.18: SSFECU/SDOE Asset Freezing Cases 2006 – June 2018 and Table 3.19: Cash Seized by FPD during Police Operations in ML Investigations below.) SSFECU/SDOE’s power to freeze assets is limited to assets valued at EUR 150 000 or more (Law 4557/2018, Art.64). Although this represents a gap that could diminish effectiveness, the assessment team considers it to be minor, considering SSFECU/SDOE’s limited remit, Greece’s context and the need to apply limited resources to cases of higher value.

**Table 3.17: Assets Frozen by HFIU**

| Year  | No. of Orders | Est. Value of Assets Frozen (EUR million) | Est. Value by Predicate Offence |        |                  |            |        | Other   |
|-------|---------------|---|---------------------------------|--------|------------------|------------|--------|---------|
|       |               |   | Tax Evasion                     | Fraud  | Drug Trafficking | Corruption | OCG    |         |
| 2013  | 211           | 200.1                                     | 73                              | 1.6    | 1.2              | --         | --     | 124.4   |
| 2014  | 121           | 160.9                                     | 48.5                            | 80 000 | 77 245           | 185 000    | 2.2    | 110     |
| 2015  | 402           | 255.4                                     | 254                             |        | 24 628           |            |        | 1.4     |
| 2016  | 444           | 301.7                                     | 301.7                           |        |                  |            | 42 000 |         |
| 2017  | 268           | 312.6                                     | 273.3                           |        |                  |            | 39.3   |         |
| 2018* | 86            | 127.4                                     | 119.2                           | 7.3    | 11 865           |            |        | 888 818 |

Source: HFIU.  
\*1st semester

**Table 3.18: Investigations including Assets Frozen by SSFECU/SDOE and IAPR  
2011 - 2015**

| Year         | SSFECU/SDOE                   |                          | IAPR                     | Total investigations<br>with assets frozen |
|--------------|-------------------------------|--------------------------|--------------------------|--|
|              | # investigations<br>completed | # investigations pending | # investigations pending |  |
| 2011         | 40                            |                          | 8                        |  |
| 2012         | 31                            |                          | 11                       |  |
| 2013         | 22                            | 1                        | 18                       |  |
| 2014         | 5                             | 5                        | 9                        |  |
| 2015         | 4                             |                          | 5                        |  |
| <b>TOTAL</b> | <b>102</b>                    | <b>6</b>                 | <b>51</b>                | <b>159</b>                                 |

Source: SSFECU/SDOE.

**Table 3.19: Cash Seized by FPD during Police Operations in ML Investigations**

| 2014               | 2015        | 2016        | 2017              | 2018 (1 <sup>st</sup> half) |
|--------------------|-------------|-------------|-------------------|-----------------------------|
| EUR 857 865        | EUR 192 415 | EUR 194 505 | EUR 433 240       | EUR 68 184                  |
| GBP 5              | USD 770     | USD 5 244   | RON 153           |                             |
| UK gold pounds 395 | TRY 6 415   | GBP 84 310  | BGP 141           |                             |
|                    | GBP 3 000   | CAD 1 785   | BGN 1 074         |                             |
|                    |             | BGN 200     | UK gold pounds 15 |                             |
|                    |             | RON 40      |                   |                             |

Source: Hellenic Police.

190. These figures are impressive in the Greek context and demonstrate pursuit of assets by the HFIU and LEAs as a policy objective. Moreover, these figures represent the value of only some assets frozen by Greek authorities. Until recently, assets held by the state were not valued until disposed of, making it impossible to ascertain the total value of assets frozen at any particular time.

191. Beginning in 2013, Greece implemented a policy to allow voluntary forfeiture of illicit assets during criminal proceedings. During the prosecution phase, but before final judgment, defendants faced with strong evidence against them can deposit criminal proceeds into an account held by Bank of Greece on behalf of the Greek state. Once paid, the amount is irrevocably forfeit, regardless of the outcome at trial. At the penalty stage of trial, this voluntary forfeiture is considered as a mitigating measure. From 2013 to 2018, a total amount of EUR 46 895 589 was paid to Greece using this mechanism. See Table 3.18 below for the annual breakdown.

**Table 3.18: Amounts Recovered by Voluntary Forfeiture in ML Cases**

| Year         | Number of Related ML Cases | Total Amount Deposited (EUR) |
|--------------|----------------------------|------------------------------|
| 2013         | 2                          | 7 463 121                    |
| 2014         | 20                         | 26 809 827                   |
| 2015         | 3                          | 4 003 915                    |
| 2016         | 5                          | 2 609 470                    |
| 2017         | 6                          | 5 985 684                    |
| 2018         | 2                          | 23 572                       |
| <b>Total</b> | <b>38</b>                  | <b>46 895 589</b>            |

192. Although these figures regarding assets frozen, seized and voluntarily forfeited demonstrate a certain level of effectiveness, they lack the necessary detail to enable the assessors to draw any conclusions regarding how they specifically relate to ML, predicate offences, proceeds, instrumentalities or property of equivalent value. Also, the asset management system in Greece has been completely decentralised until quite recently. Different agencies handle confiscated assets based on the nature of the assets and it is not clear whether this also applies to assets that are frozen pending confiscation. This decentralisation indicates a lack of a clear policy on asset recovery and makes it difficult to see if Greek authorities take a common approach to asset management and recovery.

193. At the time of the on-site, Greek authorities had already identified shortcomings in its confiscation regime and the manner in which data regarding frozen and confiscated assets is collected, and taken some steps to improve the situation. These steps include strengthening the centralised Asset Recovery Office (ARO) which was established in 2010, creating a centralised Asset Management Office (AMO) in SSFECU/SDOE, and taking a more systematic approach to collecting statistics. Although these steps have not yet produced results that can be considered in the context of this report, they indicate the commitment of Greek authorities and should enable positive developments going forward.

### ***Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad***

194. As described in the section above, statistics and case examples provided by Greek authorities illustrate significant sums being frozen by HFIU and LEAs. Many cases have resulted in confiscation orders being issued in the court of first instance. However, confiscation orders can only be executed once all avenues of appeal have been exhausted or the time for appeals has expired. This has not occurred for the majority of the cases provided by Greek authorities for consideration by the assessment team. Greek authorities identify undue delays in the court system and complicated appeals procedures as factors that contribute to the lack of irrevocable judgements on confiscation.

195. Among these cases that were tried in the court of first instance, assessors noted anecdotal evidence of Greek authorities successfully confiscating assets of equivalent value, proceeds from foreign and domestic predicates and proceeds located abroad. Other cases, which were classified as confidential owing to pending appeals,

were described to the assessment team during the on-site and indicated a certain level of effectiveness.

#### Case Studies 3.7: Repatriation of Proceeds

*Colombian Criminal Group, 2017:* Members of an organised criminal group stole expensive medical equipment from four public hospitals in Greece and shipped that equipment to Colombia via post and courier. Using Interpol mechanisms and with the co-operation of US competent authorities, the stolen equipment was returned to Greece and four of five perpetrators are subject to extradition proceedings for trial in Greece. *Trial pending.*

196. The MoJ provided data on the number of final asset recovery orders that have been issued annually (see Table 3.19 Asset Recovery Orders, below). However, there is no information on the value these orders represent, the predicate offence or the location of the assets. Given this lack of information, the assessment team does not consider these figures to be probative of effectiveness.

**Table 3.19 Asset Recovery Orders**

| Year | Domestic           | EU Requests |              |
|------|--------------------|-------------|--------------|
|      | Irrevocable Orders | Seizure     | Confiscation |
| 2012 | 280                | 3           | --           |
| 2013 | 147                | --          | 2            |
| 2014 | 71                 | 12          | --           |
| 2015 | 143                | 8           | --           |
| 2016 | 240                | 14          | --           |
| 2017 | 205                | 6           | --           |

Source: MoJ.

197. As noted in IO.7, Greek authorities demonstrate considerable effectiveness in using the tax system to recover the proceeds of tax crimes. The IAPR is well staffed, with over 1 200 auditors and financial investigators who have direct access to all tax databases, and the central bank accounts registry. Most importantly, Greece's Tax Procedure Code eliminates the high burden of proving a specific predicate offence. The table below illustrates the work of the IAPR in relation to ML and demonstrates the effectiveness of this system.

**Table 3.20: Amounts Recovered via the Tax System**

| YEAR              | Number of tax payers investigated | Number of reports sent to the Prosecutors | CASES        | AMOUNTS IMPOSED* (EUR) | AMOUNTS COLLECTED* |
|-------------------|-----------------------------------|---|--------------|------------------------|--------------------|
| 2016              | 965                               | 2 837                                     | 1 026        | 1 730 083 330          | 81 715 769         |
| 2017              | 457                               | 1 512                                     | 483          | 1 272 905 789          | 39 222 535         |
| 2018              | 377                               | 900                                       | 399          | 434 877 335            | 22 495 962         |
| (1/1 -31/10/2018) |                                   |   |              |                        |                    |
| <b>TOTALS</b>     | <b>1 799</b>                      | <b>5 249</b>                              | <b>1 908</b> | <b>3 437 866 454</b>   | <b>143 434 266</b> |

\* These figures represent both proceeds of tax evasion and penalties assessed.

Source: IAPR.

198. As noted above, Greece established a centralised ARO in 2010. Situated in SSFECU/SDOE, the ARO is well placed to detect and trace assets deriving from cross-border criminal activities. Domestically, the Hellenic ARO co-operates with LEAs and judicial authorities to trace on their behalf criminal assets abroad and which may be the subject of legal assistance for their freezing, seizure or confiscation. Greece's ARO is also the national contact point for CARIN (the Camden Assets Recovery Interagency Network) and actively co-operates with other member countries to trace assets which may be subject of freezing, seizure and confiscation in criminal cases (See IO.2). In 2017, the ARO issued 8 requests via the ARO – CARIN networks for assistance in tracing assets abroad related to 28 individuals and 5 legal entities. These figures indicate a certain level of effectiveness, but improvement is needed, and may be expected with the implementation of measures put in place just before the on-site visit.

### *Confiscation of falsely or undeclared cross-border transaction of currency/BNI*

199. Greece has implemented a written declaration system for all persons entering or leaving the EC with currency or BNIs above a threshold of EUR 10 000 (see TC Annex, R.32). However, as in other EU member states, no declaration system exists for movement of funds within the EC, which diminishes the ability of Greek authorities to effectively develop financial intelligence. Greece also lacks a declaration system for transportation of cash via cargo. Greek authorities indicate that this will change when new legislation comes into force in 2021.

200. Customs averaged over 4 400 cross border currency declarations annually from 2014 through the end of 2016, all of which are supplied to HFIU for analysis. During the same period, Customs detected an annual average of 176 cases of failure to declare (See Table 3.21 Cross-border Movement of Cash/BNI, below).

**Table 3.21 Cross-border Movement of Cash/BNI**

| Year         | Number of Declarations Made | Value of Declared Assets (EUR) | Number of Cases of Failure to Declare | Value of Assets Not Declared | Fines Imposed    |
|--------------|-----------------------------|--------------------------------|---------------------------------------|------------------------------|------------------|
| 2014         | 4 168                       | 145 073 781                    | 149                                   | 7 058 993                    | 1 811 766        |
| 2015         | 4 478                       | 156 465 950                    | 168                                   | 5 188 383                    | 1 330 226        |
| 2016         | 4 413                       | 132 396 059                    | 212                                   | 7 551 230                    | 1 933 009        |
| <b>Total</b> | <b>13 059</b>               | <b>433 935 790</b>             | <b>529</b>                            | <b>19 798 606</b>            | <b>5 075 001</b> |

201. In Greece, failure to declare or false declaration automatically results in fine, which is equivalent to 25% of the cash/BNI found. This happens in all cases. It is treated as a strict liability violation; no subjective or mitigating elements are taken into consideration and the fine is collected directly through an administrative procedure. Greek authorities believe that the 25% penalty is proportionate in the context of Greece and the method of imposing the fine is effective. However, the assessment team does not consider this penalty to be adequately dissuasive.

202. Customs authorities are empowered to temporarily freeze any undeclared or falsely declared cash, and there is no remedy against that decision. The Customs officer in charge sends the case for further investigation to HFIU, although this is not done systematically in every case. However, in the absence of a declaration violation, Customs has no power to seize money, even if ML is suspected. In such cases, they can

only notify HFIU of their suspicions. HFIU generally responds immediately to such notifications.

203. Since 2014, Customs has been actively building their capacity for detecting cross-border movement of cash with the acquisition of 5 cash detection dogs, 13 fixed baggage and parcel x-ray scanners, a mobile x-ray for baggage, a package scanner, and 5 mobile systems for the x-ray inspection of trucks and containers. Customs has made arrangements to further increase such resources in the near future and funding has been secured.

204. Despite Customs increasing capacity for detecting cash, there have been relatively few ML cases related to cross-border movement of cash/BNI to date. As noted above, referral of cases to HFIU for ML investigation could be more systematic and an enhanced strategy between Customs and HFIU or relevant financial crime authorities could enable more effective detection of ML cases arising from cross-border movement of cash.

#### *Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities*

205. Even though complete information on confiscation is not available, the anecdotal evidence and case examples provided indicate confiscation of significant sums, which are broadly consistent with Greece's risk profile. In particular, tax crimes, which are purported to be the most significant proceeds-generating crimes in Greece, represent a significant portion of the assets recovered. Corruption is another high risk area in which Greek authorities have successfully recovered substantial amounts. However, in the absence of more comprehensive data, the assessment team cannot confirm that confiscation results are more generally consistent with identified risks. Greece's AML/CFT policies and priorities are new and do not seem to address confiscation beyond the more systematic management of frozen and confiscated assets.

#### *Overall conclusions on IO.8*

206. For provisional matters, Greece has a solid legal framework, enabling authorities to freeze and seize all relevant forms of assets. The tax system is particularly effective for depriving criminals of proceeds of tax evasion, as is the legal mechanism allowing for voluntary forfeiture of illicit assets. However, major improvements are needed to address the delays in obtaining, and overall lack of, irrevocable confiscation orders, the dissuasiveness of sanctions for false or non-declaration of cross-border movement of cash or BNI, and remedy the lack of information regarding the nature, full extent and disposition of the assets that Greek authorities have seized, frozen, confiscated or repatriated.

**Greece has achieved a moderate level of effectiveness for IO.8.**

## Chapter 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

### Key Findings and Recommended Actions

#### *Key Findings*

##### *Immediate Outcome 9*

- a) There have been four terrorist financing prosecutions, and one has resulted in a conviction. This demonstrates a certain degree of effectiveness and is in line with Greece's TF risk profile. Activities detected relate primarily to domestic terrorist groups for which authorities have determined specific TF typologies.
- b) The authorities focus on detecting and disrupting terrorist cells and include parallel financial investigations commensurate with the risk profile of the country. The Hellenic Police has a dedicated unit for counter-terrorism, which co-ordinates and co-operates as appropriate with operational joint task force bodies at the regional, European and international level.
- c) Greece has implemented targeted financial sanctions (TFS) under United Nations Security Council Resolution (UNSCR) 1373 by focusing on identifying terrorist financiers in terrorism-related investigations. This includes the practice of designating suspected terrorists on domestic lists for freezing of terrorist assets.

##### *Immediate Outcome 10*

- a) Generally, Greece implements TFS pursuant to UNSCR 1267 without delay through the national measures, which compensate for shortcoming in the EU legal framework.
- b) FSU immediately communicate to the obliged persons of its freezing order, which conveys a change in the relevant lists. FIs are required to establish an IT screening system to detect business relationships or transactions with the designated persons, and understand the requirements. However, lack of awareness among certain DNFBPs and their supervisors may hinder effective implementation of the TFS measures without delay in these sectors.
- c) Greek authorities are aware of risks in the NPO sector at international and European level, and Greece has undertaken initiatives to enhance oversight

of NPOs. However, a lack of comprehensive assessment to identify vulnerability of NPO sectors to TF abuse and the nature of such threats impedes Greece's ability to conduct focused supervision and outreach in line with a risk-based approach.

- d) Greece has listed persons pursuant to UNSCR 1373, and a wide range of assets has been frozen. Terrorism and terrorist financing cases are investigated and pursued as a matter of priority. Asset freezing measures are imposed and perpetrators are deprived of assets. However, domestic designations are not publicly announced, except to obliged persons.

#### *Immediate Outcome 11*

- a) Generally, Greece implements TFS relating to proliferation financing (PF) without delay through national measures, which compensate for shortcomings in the EU legal framework. However, lack of awareness among certain DNFBPs and their supervisors may hinder effective implementation without delay in these sectors.
- b) While no PF cases have been identified, Greece demonstrated effective co-operation and co-ordination between Customs and LEAs domestically and internationally. In certain instances, Customs has seized cargo transiting through Greece, which resulted in identifying illegal smuggling of items related to proliferation.

#### *Recommended Actions*

##### *Immediate Outcome 9*

- a) Greece LEAs and prosecutors should increase levels of expertise specific to CFT to better develop evidence of TF, particularly stand-alone TF, and more effectively prosecute TF offences.
- b) Greece should continue their efforts to detect possible TF offenses, investigate and prosecute TF activities, particularly in cases where no terrorist act or attempt has been detected.
- c) Greece should ensure it has a range of alternative measures available to disrupt potential TF activities, including regulatory or administrative measures.
- d) Greece should monitor penalties applied to TF convictions and consider whether they are sufficiently proportionate and dissuasive.

##### *Immediate Outcome 10*

- a) Greece should strengthen communication between FSU/supervisory authorities and the obliged persons, DNFBPs in particular, including by

providing guidance or conducting outreach on TFS obligation in relation to terrorism and TF.

- b) Supervisory authorities should establish a clear policy and procedure to monitor compliance of the obliged persons, particularly DNFBPs, with the TFS requirements as a part of their AML/CFT supervision.
- c) FSU should make the information on persons and entities domestically designated pursuant to UNSCR 1373 also available to the general public, e.g. through the FSU's website.
- d) Greece should conduct a comprehensive domestic review of the NPO sector to identify the features and types of the subset of NPOs that are particularly at risk of being misused for TF or other forms of terrorist support.
- e) Greek authorities should apply a targeted, co-ordinated approach to oversight of higher-risk NPOs in accordance with the risks identified, including outreach to and awareness raising among them.

#### *Immediate Outcome 11*

- a) Greece should strengthen communication between FSU/supervisory authorities and the obliged persons, DNFBPs in particular, including by providing guidance or conducting outreach on TFS obligations in relation to PF.
- b) Supervisory authorities should establish a clear policy and procedure to monitor compliance of the obliged persons, particularly DNFBPs with the TFS requirements as a part of their AML/CFT supervision.

207. The relevant Immediate Outcomes considered and assessed in this chapter are IO.9-11. The Recommendations relevant for the assessment of effectiveness under this section are R. 1, 4, 5-8, 30, 31 and 39.

### **Immediate Outcome 9 (TF investigation and prosecution)**

#### ***Prosecution/conviction of types of TF activity consistent with the country's risk-profile***

208. The Greek authorities have a good understanding of the domestic and international terrorism threats in Greece, and TF risks associated with those threats. Greece has a long history of combatting terrorism, dating to the mid-1970s. Combatting terrorism and TF on both the domestic and international level is a high priority for Greece and was a central element of Greece's Presidency of the EU Council in 2014. Greece has mature structures in place for the development of intelligence, investigation and prosecution of terrorism and TF offences and to ensure that authorities understanding of terrorism and TF risks remains up-to-date.

209. Greek authorities demonstrate strong awareness of the different types of TF activity (collection, movement and use of funds or other assets). Drawing on the full

range of information, Greek authorities have developed typologies indicating these types of activities and how they are carried out in Greece. Domestic terrorism is primarily funded in small, self-financed cells via armed robbery, theft and forgery of official documents. For international terrorism, authorities understand that practices vary among the different organisations. However, they have identified a general practice of low-value transfers, arriving primarily from abroad, made to persons without a known criminal history. Funds are moved in a similar way, using cash and small value transfers. Funds and assets are used not only to acquire weapons and other illicit materials, but also to support other criminal activities and daily living expenses of terrorist group members.

210. Much of the work in Greece related to terrorism and TF remains classified, particularly in cases where investigations or prosecutions are on-going. However, Greek authorities provided the assessment team with sanitised case examples reflecting prosecution of the different types of TF. Some of these cases are described in the box below. The following summaries are necessarily abbreviated; additional details were provided to the assessment team during the on-site visit.

#### **Case Studies 4.1: Terrorist Financing Investigations**

*Case A, 2017:* Greek CTU arrested two members of an active domestic terrorist group. CTU sought the assistance of AML/CFT Authority to develop financial intelligence and analysis. It was discovered that the suspects had collected assets for the acquisition of weapons and explosive materials in order to supply and upgrade the capabilities of their organisation, as well as pay living expenses of the group members. This illicit financing was derived from bank robberies and qualified thefts, an MO that is well known to Greek authorities. Liquid assets were seized, thereby disrupting the terrorist group and depriving them of assets. *Details omitted for confidentiality -Case ongoing.*

*Case B, 2015:* The CTU arrested five individuals in connection with bank robberies and other criminal activities linked to an organised criminal group. During the main judicial investigation, evidence was found indicating the defendants were the probable financiers of an active terrorist group. CTU sought the assistance of HFIU to develop financial intelligence and analysis regarding potential TF. It was discovered that the organised criminal group was linked to a known terrorist group. Assets were frozen and made unavailable for use by the terrorist group. *Details omitted for confidentiality – TF case on-going.*

*Case C, 2017:* CTU arrested one individual for involvement in terrorist acts and counterfeit identity documents were seized. Financial investigation, undertaken in close co-operation with the AML/CFT Authority, revealed that one of the seized documents had been used to conduct transactions through a MVTs. Deeper analysis enabled identification of 21 other suspects and arrest warrants were issued, of which 19 were executed. The amounts of the transactions were small. However, the TF network was identified and dismantled and the case had a serious impact on the TF risk understanding by

Greek authorities. *Details omitted for confidentiality -Case ongoing.*

*Case D, 2013:* Greek authorities detected a high speed craft within the Northern Aegean Sea area as it travelled toward the Turkish coast. On board, authorities found anti-tank weapons, pistols, explosives and flags of a known foreign terrorism organisation. The materials, as demonstrated by the combined analysis of facts and evidence, were being transferred to members of the same organisation in another country to be used in terrorist acts. Two of the individuals arrested were convicted of TF.

Evidence showed the organisation used MVTs transactions for move funds from members in western EU countries to non-suspicious individuals in Greece. These individuals then provided the funds to the two convicted individuals, enabling them to purchase weapons and explosive materials, including anti-tank weapons.

*On appeal, one conviction was upheld and the individual sentenced to three years imprisonment. The other conviction was overturned and the individual acquitted.*

211. Table 4.1 (TF Prosecutions 2015 – 2018) below reflects the general status of TF prosecutions in Greece. Based on the information here and reviewed by the assessment team during the on-site, these prosecutions and convictions are consistent with Greece’s TF risk profile. However, most of the cases presented are still pending before judicial authorities. While this may be expected in some cases based on the complexity of the investigations, the same delays in judicial process identified in relation to IO.7 arise in TF cases as well.

**Table 4.1: TF Prosecutions 2015 – 2018\***

| Year  | Number of cases prosecuted | Number of offenders prosecuted | Number of cases pending before judicial authorities | Number of cases with convictions | Number of persons convicted at 1st instance court | Number of persons convicted at 2nd instance court |
|-------|----------------------------|--------------------------------|---|----------------------------------|---|---|
| 2013  | 1                          | 2                              | -   | 1                                | 2   | 1   |
| 2014  | -                          | -                              | -   | -                                | -   | -   |
| 2015  | 1                          | 4                              | 1   | -                                | -   | -   |
| 2016  | -                          | -                              | -   | -                                | -   | -   |
| 2017  | 1                          | 2                              | 1   | -                                | -   | -   |
| 2018* | 1                          | 20                             | 1   | -                                | -   | -   |
| Total | 4                          | 28                             | 3   | 1                                | 2   | 1   |

\*1<sup>st</sup> semester of 2018.

### ***TF identification and investigation***

212. As noted above, Greece has mature structures in place for the identification and investigation of terrorism and TF offences. The Hellenic Police Counter Terrorism Unit (CTU) works closely with the Hellenic Coastguard and SSFECU/SDOE, which are the competent LEAs, other law enforcement authorities, and in close co-operation with

the AML/CFT Authority, including the HFIU and the Financial Sanctions Unit (FSU) for financial information. The National Intelligence Service, the State Security Division and the Division Managing and Analysing Intelligence of the Hellenic Police contribute to the provision of intelligence of a wider spectrum. Customs also plays a role in developing intelligence and targeted actions on the control of money and weapons. Finally, the Directorate for International Police Co-operation contribute information from abroad on terrorist financing via the SIENA communication channel with the Terrorist Financing Tracking Program (TFTP) of Europol Comprehensive Folder for combating terrorism.

213. A specific Public Prosecutor is assigned to supervise all pre-trial investigations for terrorism and TF cases. This oversight ensures a consistent approach and co-ordination between investigative and prosecutorial authorities.

214. Using these structures and tools, the CTU has conducted several investigations into terrorism and TF. In the majority of terrorism cases, activities are undertaken by domestic, self-financed cells and involve relatively small amounts of money (see Table 4.2: CTU Cases of Domestic Terrorism Financing and Table 4.3: CTU Cases of International Terrorism Financing). Nevertheless, cases shared with the assessment team indicate that the competent authorities systematically investigate the financial aspect of terrorists' activities and the role played by the financier. The assessment team considers these figures to be consistent with the national context of Greece.

**Table 4.2: CTU Cases of Domestic Terrorism Financing 2011-2017**

| Year         | Number of preliminary investigations<br>(potential cases) | Number of investigations<br>(on-going cases) |
|--------------|---|--|
| 2011         | 4   | 1  |
| 2012         | 4   | 3  |
| 2013         | 4   | 3  |
| 2014         | 7   | 1  |
| 2015         | 3   | 1  |
| 2016         | 1   | 1  |
| 2017         | 2   | 2  |
| <b>Total</b> | <b>25</b>   | <b>12</b>                                    |

Source: Hellenic Police Counter Terrorism Unit.

**Table 4.3: CTU Cases of International Terrorism Financing 2011-2017**

| Year         | Number of preliminary investigations (potential cases) | Number of investigations (on-going cases) |
|--------------|--|---|
| 2011         | -  | -   |
| 2012         | -  | -   |
| 2013         | 1  | 1   |
| 2014         | 1  | -   |
| 2015         | 2  | -   |
| 2016         | 1  | -   |
| 2017         | 2  | -   |
| <b>Total</b> | <b>7</b>   | <b>1</b>                                  |

Source: Hellenic Police Counter Terrorism Unit.

215. As noted in the case examples above, the CTU and AML Authority (HFIU and HFSU) work closely to develop financial intelligence and evidence in TF cases and link the financial elements in cases arising from terrorism offences. In addition to developing intelligence and evidence related to specific cases, HFIU assists the CTU by screening for intelligence and screening names against the national list of designated persons under UNSCR 1373. Table 4.4: CTU Requests for Assistance to AML Authority (HFIU and HFSU) for Ongoing Investigations, below, indicates that CTU increasingly capitalises on that support.

**Table 4.4: CTU Requests for Assistance to AML Authority (HFIU and HFSU) for Ongoing Investigations**

| Year         | Number of Requests |
|--------------|--------------------|
| 2013         | 1                  |
| 2014         | 11                 |
| 2015         | 14                 |
| 2016         | 19                 |
| 2017         | 40                 |
| 2018*        | 22                 |
| <b>Total</b> | <b>107</b>         |

\*1st semester

Source: Hellenic Police Counter Terrorism Unit.

216. In addition to domestic sources, CTU co-ordinates and co-operates as appropriate with operational joint task force bodies at the regional and international level. Case studies shared with the assessment team demonstrate that Greek authorities make effective use of international co-operation in countering terrorism and TF. Other relevant LEAs do so as well. The Hellenic Coast Guard participates in the regional military Agency (FRONTEX), to co-ordinate the control and detection of incoming immigrants and refugees from the sea borders. The Coast Guard, Hellenic Police and Greek intelligence agencies frequently collaborate to provide operational support, exchange of experience and undertake joint activities with other countries, especially with Turkey, to improve border control and surveillance of the migratory

flows directed to the territory of other EU Member States through Greece. In particular, authorities monitor the use of forged travel documents and the facilitation of illegal passage through Greek territory. Greek authorities all stress that none of their investigations reveal potential misuse of NPOs or involvement of the migrant population in any TF activities.

217. Likewise, HFIU regularly receives spontaneous disclosures from foreign counterparts related to potential TF. These disclosures are usually one of four types of reports: domestic or international foreign currency transactions; domestic or international wire transfers; complex, unusual or large transactions; and application of TFS. In each case, the disclosure is subject to preliminary analysis and entry into the HFIU database. However, these disclosures have never resulted in sufficient findings to trigger further investigation.

218. The AML/CFT Authority also receives STRs and other intelligence related to TF (see Table 4.5 TF Cases initiated by AML Authority based on STRs or other reports (by source)). As a matter of highest priority, all of these reports are investigated jointly by two units within the AML Authority (HFIU and HFSU) and, when appropriate, disseminated immediately. The following table shows source of STRs and other reports that have resulted in a TF intelligence investigation.

**Table 4.5: TF Cases initiated by AML Authority based on STRs or other reports (by source)**

| Source                     | 2016      | 2017      | 2018*     | Total      |
|----------------------------|-----------|-----------|-----------|------------|
| Police                     | 11        | 30        | 30        | 71         |
| FIUs & Foreign Authorities | 45        | 2         | 5         | 52         |
| Banking Institutions       | 9         | 1         | 22        | 32         |
| Judicial Authorities       | --        | 3         |           | 3          |
| Intelligence Agencies      | --        | 1         | 2         | 3          |
| Government Authorities     | --        | 1         | 2         | 3          |
| Internal Co-operation      | --        | 2         |           | 2          |
| Coast Guard                | 1         | --        |           | 1          |
| CEOs & MVTs                | --        | 1         |           | 1          |
| Anonymous Tips             | --        | --        | 1         | 1          |
| <b>Annual Totals</b>       | <b>66</b> | <b>41</b> | <b>62</b> | <b>169</b> |

\*1<sup>st</sup> semester

219. The AML/CFT Authority (HFIU and HFSU) has disseminated over 10% of these investigation results to the competent authorities, which is appropriate given Greece's risk profile (see Table 4.6 TF Cases Disseminated by the AML Authority (HFIU and HFSU) to Competent Authorities). According to Greek authorities, most of these disseminations did not result in criminal prosecutions due to the lack of sufficient evidence for the Prosecutor's Office to formally initiate criminal charges on TF crimes. Instead, these cases may result in prosecutions on an underlying crime, such as robbery or forgery. Greece's NRA indicates that additional expertise specific to CFT is needed to better develop evidence related to TF. Based on the limited number of cases that progress beyond the investigative phase, the assessment team agrees with that observation.

**Table 4.6: TF Cases Disseminated by AML Authority (HFIU and HFSU) to Competent Authorities**

| Recipient                  | 2016 | 2017 | 2018* | Total |
|----------------------------|------|------|-------|-------|
| Police                     | 2    | 8    | 11    | 21    |
| Intelligence Services      |      | 1    | 6     | 7     |
| FIUs & Foreign Authorities |      |      | 1     | 1     |
| Judicial Authorities       |      | 1    |       | 1     |
| Annual Total               | 2    | 10   | 18    | 30    |

\*1<sup>st</sup> semester

### *TF investigation integrated with –and supportive of– national strategies*

220. As noted in the previous section, Greek authorities routinely integrate investigation of TF with terrorism investigations. Cases B and C (see above) provide concrete examples of the effectiveness of Greek authorities in investigating TF to identify and prosecute terrorist financiers and terrorist support networks.

221. Greek authorities have applied their experience in conducting financial investigations surrounding terrorism and TF offences to improve their understanding of the actual TF risks and vulnerabilities present in Greece. In accordance with the overarching national strategic objectives, this enhanced understanding is applied to guide policy development and highlight new avenues for co-ordination. For example, in Case C (see above), authorities became aware of a new typology. Authorities fed this knowledge into the TF risk assessment and resulted in identification of a new area of higher risk. This, in turn, provides a basis for strengthening control and enforcement mechanisms. Both of these results support two of the four strategic objectives.

222. Sample cases refer to a number of information exchanges with foreign jurisdictions, indicating that Greek authorities regularly capitalise on international co-operation and co-ordination in the area of its domestic TF investigations. Requests for mutual legal assistance to obtain information or even evidence and requests for extradition or surrender in TF cases are consistent with Greece's risk profile. International police co-operation is also used to successfully identify and prosecute terrorism and TF crimes with cross-border elements.

### *Effectiveness, proportionality and dissuasiveness of sanctions*

223. According to the Penal Code, Art.187A(6) amended by L.3034/2002, TF is punishable by a term of imprisonment up to ten years. Two individuals were convicted of TF in the court of first instance, and each was sentenced to three years' imprisonment (although one was later acquitted on appeal). However, the assessment team cannot compare these sentences with those imposed for other comparable crimes and cannot conclude that these penalties are effective, proportionate or dissuasive.

### *Alternative measures used where TF conviction is not possible (e.g. disruption)*

224. When it is not possible to obtain a conviction for TF, persons are generally charged with the underlying offense that originally gave rise to the TF investigation. As

noted above, that includes armed robbery, theft, forged public documents, crimes related to drugs or weapons and even ML.

225. Greek authorities consider the most effective measures to be the arrest of members of terrorist groups. Once a person is arrested in a terrorism or TF case and while awaiting trial, that person may be designated as a “person related to terrorism” by the AML/CFT Authority. In accordance with AML/CFT Law, Art. 50, this designation results in immediate freezing of assets and the prohibition of participating in any transaction with an obliged entity. Greek authorities have successfully used this mechanism since the inception of the CTU to disrupt financial flows and greatly reduce the assets available for use in terrorist activities or to support individual terrorists or terrorist groups. This measure is not seen as an alternative to conviction, and specific details regarding cases in which this mechanism has been used are considered strictly confidential by Greek authorities since, in most cases, prosecutions are pending or ongoing. However, while on-site, the assessment team examined information regarding the number of times this mechanism has been used annually and the value of assets frozen, and found those figures indicative of an effective system.

### *Overall conclusions on IO.9*

226. Greek authorities demonstrated that TF activities are effectively identified and investigated, counter-terrorism investigations all include a financial component and asset freezing is effectively used to disrupt financial flows, even in the absence of TF conviction. However, sanctions are not proportionate or dissuasive and the difficulty in successfully concluding prosecutions for terrorist financing and may be another symptom of difficulties with the judicial system referred to in IO.7. Greek authorities could more proactively seek to identify, investigate and prosecute TF outside the context of terrorism investigations, but this is a minor shortcoming, given Greece’s context and TF risk profile. Overall, moderate improvements are required.

**Greece has achieved a substantial level of effectiveness for IO.9.**

## **Immediate Outcome 10 (TF preventive measures and financial sanctions)**

### *Implementation of targeted financial sanctions for TF without delay*

227. Greece implements TFS pursuant to UNSCR 1267 and its successor resolutions without delay through Presidential Decrees issued by MoFA, which compensate for gaps in the EU legal framework. The decrees incorporate the relevant resolutions with the national legal framework, and assets owned or controlled by the designated persons and entities are to be frozen immediately. This mechanism ensures that any changes in the UN sanction lists are automatically in effect in Greece, once a Presidential Decree has been issued regarding the relevant resolutions. Greek authorities confirmed that no additional administrative action is required to give effect to such new UN designations/de-listings in Greece. Meanwhile, no assets have been frozen pursuant to UNSCR 1267, and Greece has not made any proposals for designation to the relevant UNSCRs.

228. Greece may also designate persons and entities as a terrorist or terrorist organisation on its own pursuant to UNSCR 1373. L.4557/2018 empowers FSU to designate persons and entities, based on sufficient information submitted by the law enforcement and judicial authorities in line with the criteria of the resolution. Greece

has received four requests for designation from other jurisdictions since 2016. Greek authorities have not yet taken TFS measures based on such requests so far, reportedly because of no assets to be frozen in Greece, or lack of provision of reasonable grounds by requesting jurisdictions.

229. FSU is responsible for communication of designations with the obliged entities under L.4557/2018. As for UNSCR 1267, FSU, upon receipt of the notification of any changes in the list by the permanent representative to the UN, issues and circulates a freezing order to all the obliged persons via email; in general this occurs within one day following the relevant Sanction Committee's decision. The information on designated persons and entities is also available to the general public on FSU's website. FSU also immediately notifies obliged persons by email when there are new designations pursuant to UNSCR 1373. FSU has had cases of "false positive", where obliged persons identified natural persons with the same or similar name to those designated pursuant to UNSCR 1267 and also UNSCR 1373: respectively 12 and 32 cases from 2013 to 2018.

230. FIs are well aware of the UN Security Council sanctions regimes as well as the requirements in effect in Greece. They use a commercial screening systems to avoid business relationships or transactions with designated persons and entities. Bank of Greece, as one area of focus of its supervisory programme over FIs, assesses the adequacy and proper functioning of the sanctions screening IT systems. This supervisory initiative has resulted in the corrective actions or fines: 10 FIs, including two banks, four insurance companies, three payment institutions and one leasing company from 2012 to 2017.

231. The assessment team nevertheless identified some gaps in understanding of the TFS obligations among the obliged persons and their supervisory authorities, and in communication by FSU. The meetings with certain DNFBP supervisory authorities and private sector representatives, including higher-risk sectors e.g. lawyers, revealed that they do not sufficiently understand the TFS requirements. The assessment team also noted that certain DNFBP had not been contacted by FSU (or subsequently by their supervisory authorities) on the UN Security Council's decisions or designations by Greece. This hinders effective implementation without delay in these sectors. In addition, the assessment team was unable to obtain information on the authorities' monitoring of the implementation of the TFS requirements by DNFBPs.

232. Furthermore, a list of persons and entities designated domestically is not publicly available. FSU explained that the designation of such persons occurs in principle as a result of their arrests for terrorist or TF acts, and their names are likely to be reported by the news media. Nevertheless, a lack of publicly available and accessible information about the designated persons and entities may have a negative impact on the implementation by all natural and legal persons, other than obliged persons, in Greece.

### *Targeted approach, outreach and oversight of at-risk non-profit organisations*

233. Some measures have been taken to mitigate the ML/TF risks in the NPO sector, emerging from the migrant crisis: 1) establishment of new registry for NPOs active in the field of international protection, migration and social integration; 2) monitoring of a programme for refugee education; and 3) introduction of a mandatory online registry

for NPOs involved in social care (see the analysis on R.8). It was reported to the assessment team that HFIU had also made NPOs an operational priority and had collected information from FIs, which was in the process of being analysed. Furthermore, Bank of Greece takes an international view on the ML/TF risks in the NPO sector provided a typology of the suspicious transaction related to NPOs (BCC Decision 285) and consequently requires FIs to apply EDD to the business relationship and transaction with NPOs. Although this requirement strengthened the measures to mitigate the risks related to NPOs, application of EDD to the entire sector is not a risk-based approach.

234. In spite of this, Greece has not fully identified the risks of abuse of NPOs for TF. The NRA addressed the NPO sector in Greece to a limited extent, and Greek authorities consider the TF risk for the sector as low. Greek authorities have not yet completed a TF risk mapping exercise for the sector however. Due to a lack of comprehensive understanding of the risks of NPO abuse for TF, Greek authorities do not appropriately apply focused and proportionate measures to specific NPOs. In order to address this shortcoming, Greek authorities established a working group, based on the National AML/CFT Action Plan, which is responsible for reporting findings regarding the existing framework and supervision of NPOs.

235. NPOs in Greece generally operate in the form of associations, foundations or civil companies. All the types of the NPOs must be registered 1) based on their legal form, and 2) their activities. Civil companies, whose goals are economic or commercial, are obliged to register with the Greek commercial company registry (GEMI). At the time of the on-site visit, Greece had four specialised NPO registries in place and, according to their activities, maintained by the different competent authorities (see Table 1.3 on Chapter 1). The registry of the NPO for international development, which the MoFA maintains, has been inactive since 2011. Upon these registrations, NPOs are generally required to provide basic information; including types of service or purpose and objectives of their stated activities; and the identity of the representative; and financial information. However, Greek authorities did not clearly explained the main goals of development of these specialised registries.

236. Greece does not have a clear mechanism for supervisory actions including monitoring, outreach or on-site inspections of NPOs with the aim to countering TF across the sector. Other than collecting basic information upon registrations or generic monitoring for tax purposes, Greek authorities do not carry out any other supervisory actions in a TF risk-based manner. The assessment team was not informed of how the competent authorities maintain accurate and up-to-date information on NPOs held in their aforementioned specialised registries. Certain types of NPOs, including service NPOs or those which are subsidised by the public sector, have been monitored, to ensure their actions or programme are consistent with those approved by the competent authorities, while those tax audits took place mainly in 2012. SDOE is empowered to control NPOs through investigations, but this authority is not responsible for day-to-day NPO supervision. Although the authorities responsible for maintaining the NPO registry are empowered to have supervisory actions or corrective measures that they can take against NPOs that fail to register, the sanctions are limited to de-registration and revocation of licencing. Further, Greek authorities have not imposed sanctions for breaches of the law by NPOs. Greek authorities identified gaps in supervisory actions against NPOs, and has established a working group to tackle this issue.

237. Greek authorities provided some ML cases, which demonstrate domestic and international co-operation and co-ordination in investigating NPOs at the operational level. However, Greek authorities reported that 1) no TF-related STRs regarding NPOs have been filed to the HFIU by obliged entities; and 2) to date, there have been no TF cases where NPOs were involved.

### *Deprivation of TF assets and instrumentalities*

238. Greece actively uses its national designation mechanism pursuant to UNSCR 1373, and has indeed frozen a wide range of assets of the persons and entities designated by Greek authorities (see Case Study 4.1 below). During the on-site visit, Greek authorities provided the assessment team with statistics on the numbers of national designations and types and amounts of the frozen assets held by the designated persons and entities. Although the assessment team could not include details in this report because of the confidential nature of this information, the team observed that Greek authorities effectively deprive people of TF assets, including movable and immovable property as well as bank accounts, through national TFS designation. However, a lack of a publicly available list of the national designation may have a negative impact somewhat on the effective implementation among natural/legal persons in Greece.

239. Other than the TFS measures, Greek authorities have shown a limited number of cases that resulted in deprivation of TF assets (See IO.9).

#### **Case Study 4.1. Deprivation of TF Assets under National Sanction Regime**

Greece deprives terrorists /terrorist organisations of their assets, actively utilising the national sanction mechanism pursuant to UNSCR 1373. FSU explained that those who committed and were arrested for their conviction of terrorist acts in Greece, are to be designated as a target of the national TFS measures.

During the first instance trial, two (2) individuals of foreign nationality were found guilty by the competent court for the acts of provision of assets to the terrorist organisation and asset management for the benefit of the organisation. Both of them were sentenced to three (3) years of imprisonment.

More specifically, according to the court decision, on non-defined dates between 28-5-2013 and 17-7-2013, both of the convicted individuals received, collected and managed funds, on behalf of the terrorist organisation, intended to be used for the upgrade of the organisation and the achievement of its objectives, through commission of terrorist acts.

### *Consistency of measures with overall TF risk profile*

240. Greece has assessed the level of the TF threat, arising from both international and domestic terrorism, as “Medium-Low”. Greece implements TFS measures pursuant to the relevant UNSCRs without delay through its national legal framework to address

the gaps in the supranational measures applicable in Greece. In addition, Greece actively designates persons and entities on its own to deprive terrorists of their assets.

241. Greek authorities have not applied focused supervision and monitoring of NPOs consistent with the risks of TF abuse. Greek authorities acknowledged that the TF risks of NPO abuse is considered to be low and demonstrated some understanding of the vulnerability of specific types of NPOs. This vulnerability arises from Greece's geographic location and the migrant crisis along its sea border. However, Greek authorities have not yet completed a TF risk mapping exercise in the NPO sector. Therefore, the assessment team was not convinced that Greek authorities adequately apply a risk-based approach to its supervision or monitoring of NPOs because of a lack of comprehensive assessment to identify the vulnerability of NPO sectors to TF abuse and the nature of such threats.

### ***Overall conclusions on IO.10***

242. While the assessment team observed Greece's sound implementation of TFS measures related to terrorism and TF particularly through its active use of the domestic designation mechanism, significant issues have been identified in the NPO sector. Greece has not yet fully identified the nature of TF threat and risks in the NPO sector domestically, which significantly affect the capacity of Greek authorities to take proportionate and effective actions in consistent with the TF risk profile, and monitor and supervise NPOs in a risk-based fashion. Considering that Greece has taken limited steps to address deficiencies identified in the NPO sector since its previous evaluation in 2007, major improvements are needed to address the issues identified.

**Greece is rated as having a moderate level of effectiveness for IO.10.**

### **Immediate Outcome 11 (PF financial sanctions)**

#### ***Implementation of targeted financial sanctions related to proliferation financing without delay***

243. Greece implements TFS related to proliferation through Presidential Decrees issued by MoFA, which compensate for gaps in the EU legal framework. The decrees incorporate relevant resolutions into the national legal framework, and assets owned or controlled by the designated persons and entities are to be frozen immediately. This is the same mechanism as TFS related to terrorism and TF (see IO.10). Greek authorities confirmed that no additional administrative action is required to give effect to new UN Security Council designations/de-listings once the initial UNSCR is transposed in Greece. No assets have been frozen pursuant to UNSCRs related to proliferation, and Greece has not made any requests for delisting to the Security Council.

244. To ensure effective implementation of the TFS, FSU (or Unit B of the AML/CFT Authority) is responsible for communication of designations to obliged entities under L.4557/2018. FSU, upon receipt of the notification of any changes in the list by the permanent representative to the UN, issues and circulates a freezing order to all the obliged persons via email. This generally occurs within one day following the relevant UN sanction committee's decision. The information on designated persons and entities is also available to general public on the FSU's website.

245. Greece has some shortcomings in the implementation of the TFS measures related to proliferation, similar to those related to terrorism and TF: a lack of awareness of the requirements among certain DNFBP sectors and their supervisory authorities (see the Core Issues below).

***Identification of assets and funds held by designated individuals/entities and prohibitions***

246. No assets or funds associated with the UN sanctions related to proliferation have been identified and frozen in Greece. FSU, under L.4557/2018, requires the obliged persons to report whether they maintain any assets owned or controlled by the designated persons and entities.

247. Because of Greece's geographic location, the authorities acknowledged significant threats arising from goods smuggling. The relevant authorities in this area, including FIU, LEAs, Customs and Coast Guard, effectively co-operate and co-ordinate, both internationally and domestically, to identify cases of illicit trafficking of goods related to WMD proliferation. Suspect goods transiting through Greece have been intercepted and frozen or seized (see Case Studies 4.2 and 4.3). Nevertheless, Greek authorities found no evidence in these proliferation-related smuggling cases of financing in Greece.

**Case Study 4.2. Seizure of Illicit Warfare Equipment Trafficking to Iran**

In 2012 and 2013, the Narcotics and Weapons Law Enforcement Department of SDOE seized two postal boxes containing an air-force equipment. Informed by its US counterpart of the suspicious illicit warfare equipment trafficking from Israel, SDOE identified and seized the suspicious boxes, which were allegedly to be received by a company residing in Greece.

Further investigation revealed that a criminal group in Israel had attempted to tranship these items through Greece and ultimately send to Iran, which resulted in the seizure of these equipment (total value USD 39 500). SDOE also found that the alleged recipient company of the cargo did not exist in Greece.

### Case Study 4.3. Seizure of Weapons Production Shipment from DPRK to Syria

In 2017, a container carrying acid-resistant tiles was temporarily seizure by the Customs, due to the suspicion of a breach of the UN and EU restrictive measures. The cargo was to be transhipped through Piraeus Port, once of the FTZs in Greece, and delivered to Syria. It is reported that the consignor company co-operates with KOMID, an entity designated by the UNSCRs related to DPRK, and the recipient of the cargo is related to the MCF or SSRC designated in the EU Sanction List and OFAC Sanction List. Further investigation on the cargo by the Panel of the Experts under UNSCR 1874 is on-going.

#### *FIs and DNFBPs' understanding of and compliance with obligations*

248. FIs demonstrated adequate understanding of the UN sanctions regimes, including those related to proliferation, and the requirements in Greece. Banks and larger non-banking financial institutions in particular conduct real-time screening on customers, by use of a commercial screening system, to avoid business relationships or transactions with the persons and entities designated by UNSCRs and EU Regulations. However, representatives of certain DNFBP sectors, whom the assessment team met during the on-site, did not sufficiently understand the requirements of the TFS related to proliferation. The assessment team also noted that certain DNFBPs had not been contacted by FSU or their supervisory authorities on the UN designations. This may come from the lack of understanding of the obligations among the DNFBPs, or failure to collect their updated contact information.

#### *Competent authorities ensuring and monitoring compliance*

249. FSU is responsible for communication of designations with the obliged entities under L.4557/2018. FSU issues and circulates a freezing order to all the obliged persons via email immediately, and requires the obliged persons to report whether they maintain any assets owned or controlled by the designated persons and entities. Obligated persons shall be penalised in cases where they fail to identify such assets, although there has been no breach of this requirement so far.

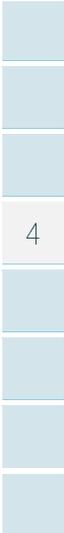
250. Bank of Greece, as one of the focuses of its supervisory programme over FIs, assesses the adequacy and proper functioning of the sanctions screening IT systems (see Core Issue 10.1). Furthermore, Bank of Greece has issued guidelines addressed to its supervised FIs, including non-life insurance companies, on implementation of the financial sanctions under UN Sanction Regimes related to proliferation as well as terrorism and TF (Bank of Greece Guidelines no. 877/04.05.2011, and no.88/19.01.2012).

251. However, the meetings with certain DNFBP supervisory authorities during the on-site visit suggested that some authorities do not sufficiently understand the requirements of TFS related to proliferation. The compliance by the DNFBPs with these requirements is therefore inadequately monitored.

***Overall conclusions on IO.11***

252. Greece implements TFS related to proliferation without delay through the national legal framework. While no funds and assets owned or controlled by the designated persons and entities have been identified and frozen in Greece, Greece has demonstrated national co-operation among the relevant authorities in combatting proliferation in general. The assessment team takes into account the legal framework for the PF-related TFS obligations in place, and actions taken with national and international co-operation in its geographical context. However, moderate improvements are needed to address weaknesses in implementation among some DNFBP sectors and their supervisors.

**Greece is rated as having a substantial level of effectiveness for IO.11.**



## Chapter 5. PREVENTIVE MEASURES

### Key Findings and Recommended Actions

#### *Key Findings*

- a) FIs have a reasonably good understanding of their AML/CFT obligations and ML/TF risks. This understanding is further fostered by comprehensive annual compliance reports that FIs are required to submit. FIs have policies and internal controls to address their risks, and staff training is considered important, although it does not always extend to agents of smaller firms.
- b) DNFBPs are subject to stringent legal requirements under the Greek AML/CFT law, which are identical to those for FIs. Audit firms and the gaming sector have a good understanding of risks and AML/CFT obligations. However, such understanding is limited among other DNFBPs not subject to regular reporting duties or active supervisory monitoring and guidance. This is particularly so with regard to lawyers and tax advisers who provide company formation services.
- c) Overall, FIs apply mitigating measures commensurate with their risks. In some cases, smaller FIs, particularly money and value transfer service providers (MVTs) and bureau de change (BCs), do not have sufficient staff to meet their AML/CFT obligations, including developing adequate internal procedures. Also some securities firms allow practices posing risks that are not compatible with their preventive system. DNFBPs in the audit profession apply risk classifications to their customers, and conduct monitoring accordingly. However, most other DNFBPs, particularly small firms, do not seem to apply such mitigating measures on a systematic basis.
- d) All FIs generally apply customer due diligence (CDD) and recordkeeping measures. Banks in particular are rigorous in their efforts to determine the beneficial owner of funds. Most DNFBPs apply some form of CDD, which in some cases is not fully consistent with AML/CFT requirements. Auditors and the legal professions also establish the beneficial owner. This is less so for other DNFBPs, such as real estate brokers, who seem to rely on the lawyers and notaries involved in the transaction.
- e) Most FIs identify domestic and foreign politically exposed persons (PEPs) and designated persons on sanctions lists

through commercial databases. They apply enhanced CDD on higher risk customers accordingly. A lack of resources frequently impedes some small FIs and DNFBPs from having access to such databases; however, most of these institutions obtain such information by other means.

- f) Most FIs use electronic systems for client monitoring. Larger banks have more sophisticated systems, while smaller FIs, for example in the MVTs sector, have simpler systems which in some cases are only supported by paper based audit trails. The number of suspicious transaction reports (STRs) from FIs is reasonable. Quality of STRs has increased since 2016 due to feedback provided to FIs by the Bank of Greece and HFIU. In contrast, the number of STRs submitted by DNFBPs is very low, with the exception of auditors, and the gaming sector.

### *Recommended Actions*

- a) Competent supervisory authorities should ensure that non-banking FIs and DNFBPs have a proper understanding of AML/CFT risks and obligations, including by providing more sector-specific guidance, by organising awareness-raising and education seminars and trainings for supervised entities, and by focussing on the adequate staffing of firms' AML-Compliance functions and use of internal policies. Higher risk sectors (including MVTs providers, bureaux de change, legal professional, accountants and real estate professionals) should be the priority targets for such actions;
- b) Greece should prevent securities firms from undertaking certain practices that unduly increase their ML/TF risks, including acceptance of cash in an unlimited amount and fund transfers among their customer accounts.
- c) Supervisors should ensure that all obliged persons have access to and use available information of PEPs and persons designated pursuant to the UNSCRs and conduct a robust monitoring, including through IT-based screening where their business requires.
- d) Greece should ensure that firms using agents or other distribution intermediaries provide these agents/intermediaries with AML/CFT information and training similar to the firm's own staff.
- e) DNFBP supervisors should ensure that firms involved in company formation services and fixed asset transactions conduct EDD on higher risk customers and establish the beneficial owner of their customers.
- f) DNFBP supervisors should work to increase the number of STRs filed by the DNFBP sector with the HFIU.

253. The relevant Immediate Outcome considered and assessed in this chapter is IO.4. The Recommendations relevant for the assessment of effectiveness under this section are R.9-23.

## Immediate Outcome 4 (Preventive Measures)

### *Understanding of ML/TF risks and AML/CFT obligations*

#### *FI*

254. FIs in Greece have overall a reasonable understanding of ML/TF risks and AML/CFT obligations. The NRA published in May 2018 was circulated to FIs by the AML/CFT Authority or their supervisory authorities. Interviews with representatives of FIs suggested that their risk understanding is generally in line with the findings of the NRA.

255. Credit institutions (CIs) in particular are well informed and aware of the ML/TF risks and their AML/CFT requirements. The Bank of Greece has issued guidance in the form of the Bank of Greece Decision 281/2009, which sets out further detailed requirements pursuant to L.3691/2008 as replaced by L.4557/2018. The interview with the firm representatives during the on-site visit indicates that CIs generally have AML-functions sufficiently staffed to conduct risk analysis and understand the legal requirements under L.4557/2018.

256. Furthermore, CIs' annual compliance reports to Bank of Greece on their AML/CFT policies, manuals and IT-systems, and/or the results of the internal audit, facilitate close and focused communication with the Bank of Greece. This enhances the understanding of the AML/CFT requirements among CIs and their national/international branches. While the AML/CFT legal framework requires FIs to hold staff trainings, front-line employees reportedly have not been sufficiently provided with focused trainings on their service.

257. Although CIs have a sound understanding of their AML/CFT risks and obligations and are generally compliant with the AML/CFT requirements, there are also some weaknesses, which the Bank of Greece has detected in its audits and supervisory activities. The statistics on the breaches by FIs reveal CI's failures over the years in a) determining the risk level of customers in accordance with their general risk assessment; b) conducting due diligence with regard to new or higher risk customers and higher risk transactions; and c) IT-based ongoing monitoring (see Table 5.1). Failures in specific AML/CFT requirements indicate a need of targeted on-site or off-site inspections by the Bank of Greece, which focus on the weak areas identified during the inspections in the past.

258. Certain other non-banking FIs under the Bank of Greece's supervision, including particularly MVTs, bureau de change and E-money issuers appear to have a more limited understanding of the AML/CFT risks and requirements. Although the Bank of Greece supervises these sectors, the aforementioned Bank of Greece Decision applies them only on a "proportionality basis" and with only one short chapter of further guidance, and the supervision is conducted accordingly. The inherent risk of these sectors is typically higher, as the NRA explains the risks associated with these firms ranging from High to Medium, despite their small size. The lack of sector specific guidance for these firms, and very limited use of compulsory means or monetary

sanctions by regulators for non-compliance with the requirements negatively affects adequate understanding of the ML/TF risks and AML/CFT requirements among the sectors.

259. Furthermore, such non-banking FIs often do not have enough resources to adequately staff their AML-functions. Inadequate resource allocation has a negative impact on the firms' understanding of and compliance with AML/CFT requirements. It also indicates that these firms have a lack of proper understanding of the overall ML/TF risks of the sectors, which were identified in the NRA. This particularly applies to MVTS, but extends also to other non-banking FIs, particularly with regard to risks associated with more complex transactions or more sophisticated ML-scenarios.

260. Insurance companies generally demonstrate a reasonable understanding of the ML/TF risks and AML/CFT requirements, while capital market firms do so to a lesser extent. Firms in the insurance and capital market sectors are subject to the same AML/CFT requirements as CIs under L.4557/2018. However, their sectoral rules, which were issued by Pensions and Investments Supervisory Commission (PISC) and HCMC respectively, are less detailed and sector-specific than the Bank of Greece Decision. This may leave firms with a lack of guidance in certain areas of the AML/CFT obligations. HCMC reportedly is planning to issue a further detailed AML/CFT Decision within the 1<sup>st</sup> quarter of 2019.

261. The assessment team was also informed that the associations of each financial sector have working groups or committees on AML/CFT issues and assist their member firms with AML/CFT trainings, mostly in the course of general risk management education. While joining associations is on voluntary basis, trainings provided by the associations in the banking sector are generally open to non-member firms as well.

**Table 5.1. Breaches of AML/CFT Requirements by Obligated Persons in 2012-2017**

| INSTITUTIONS                              | A. Breaches of ML/TF Risk Assessment |                        | B. Breaches of Enhanced CDD Measures |                        | C. Other Breaches of AML/CFT obligations |                        |                    |
|---|--------------------------------------|------------------------|--------------------------------------|------------------------|--|------------------------|--------------------|
|   | Number of Inspections                | Number of Institutions | Number of Breaches                   | Number of Institutions | Number of Breaches                       | Number of Institutions | Number of Breaches |
| <b>BANKS</b>                              | <b>46</b>                            | <b>13</b>              | <b>22</b>                            | <b>11</b>              | <b>22</b>                                | <b>21</b>              | <b>83</b>          |
| 1. Significant Banks                      | 15                                   | 4                      | 11                                   | 4                      | 15                                       | 4                      | 33                 |
| 2. Less Significant Banks                 | 10                                   | 5                      | 6                                    | 3                      | 3  | 6                      | 28                 |
| 3. Co-operative Banks                     | 3                                    | 1                      | 1                                    | 3                      | 3  | 3                      | 8                  |
| 4. Banks absorbed                         | 18                                   | 3                      | 4                                    | 1                      | 1  | 8                      | 14                 |
| <b>INSURANCE COMPANIES</b>                | <b>6</b>                             | <b>4</b>               | <b>7</b>                             | <b>3</b>               | <b>5</b>                                 | <b>6</b>               | <b>26</b>          |
| <b>LEASING COMPANIES</b>                  | <b>1</b>                             | <b>1</b>               | <b>1</b>                             | <b>1</b>               | <b>1</b>                                 | <b>1</b>               | <b>5</b>           |
| <b>PAYMENT INSTITUTIONS</b>               | <b>3</b>                             | <b>2</b>               | <b>2</b>                             | <b>0</b>               | <b>0</b>                                 | <b>3</b>               | <b>19</b>          |
| <b>CAPTICAL MARKET FIRMS</b>              | <b>131</b>                           | <b>30</b>              | <b>46</b>                            | <b>9</b>               | <b>11</b>                                | <b>31</b>              | <b>126</b>         |
| 1. Fund & Asset Management companies      | 10                                   | 0                      | 0                                    | 0                      | 0  | 1                      | 4                  |
| 2. Receival & Transmission companies      | 72                                   | 17                     | 23                                   | 3                      | 3  | 23                     | 90                 |
| 3. Investment Services companies          | 49                                   | 13                     | 23                                   | 6                      | 8  | 13                     | 32                 |
| 4. Portfolio Investment companies         | 0                                    | 0                      | 0                                    | 0                      | 0  | 0                      | 0                  |
| <b>DNFBPs</b>                             |                                      |                        |                                      |                        |  |                        |                    |
| 1. Real estate agent                      | 1                                    |                        |                                      |                        |  |                        |                    |
| 2. Dealers in high value goods            | 3                                    |                        |                                      |                        |  |                        |                    |
| 3. Certified Public Accountants and Audit | 138                                  | 38                     | 4                                    | 3                      | 4  |                        |                    |
| <b>TOTAL</b>                              | <b>506</b>                           | <b>131</b>             | <b>150</b>                           | <b>47</b>              | <b>76</b>                                | <b>120</b>             | <b>468</b>         |

*DNFBPs*

262. Overall, the level of understanding of the ML/TF risks appears to be low across the DNFBP sectors, except for gaming sector and audit firms; however the information supervisors have in this respect is scarce and mainly relies on the findings of the NRA. The NRA was circulated to firms in the DNFBP sectors by the Ministry of Finance, the FIU and the competent authorities. The firm representatives with whom the assessment team met during the on-site visit were fully aware of the NRA. But the fact that supervisors do not have an adequate overview of the level of understanding of risks in the industries they supervise indicates that the understanding in the sector is very low.

263. Understanding of the AML/CFT requirements among DNFBPs is also limited in general, although they are subject to the same legal provisions of L.4557/2018. The supervisory authorities in DNFBP sector has issued only few implementing guidance until October 2018, as well as conducted limited active supervision (with exceptions in auditors and the gambling industry), including administrative remedial measures/sanctions against breaches of, or trainings/outreach on, the AML/CFT issues. Only the HGC and HAASOB, however, conduct an active supervision and monitoring over their sectors.

264. The gaming sector, which from the economic perspective is a relatively significant DNFBP sector (roughly 2/3 of the DNFBP GDP in Greece) has relatively a sound understanding of the AML/CFT requirements. HGC issued HGC Regulation 129/2014, which helps firms in understanding the AML/CFT requirements with regard to preventive measures; yet it does not provide guidance to firms about the implementation of a risk based approach, particularly in their customer risk classification and CDD/monitoring in a risk-based manner. The interview with the representatives suggested that there is a growing understanding in the gaming sector, fostered by HGC supervisory actions and a biannual compliance reporting requirement. However, the assessment team was also informed that HGC has not imposed fines so far, although the gambling sector according to the NRA has Medium-High AML-risk: which may negatively affect compliance with the requirements among the firms (see also Chapter 6 on Supervision).

265. Furthermore, the assessors found a gap in the understanding of the risks between the authority and gaming firms. The NRA has rated ML/TF risks in the gaming sector as ranging from moderate to medium-high, while the representatives of firms mentioned that risks associated with the sector are quite low, mainly due to its business nature, including the fact that transactions are limited to cash and no issuance of winning certificates is permitted.

266. Among audit firms there appears to be a reasonable understanding of the risks and AML/CFT provisions in the sector. HAASOB, the supervisory authority of the sector, issued a decision detailing the AML/CFT requirements for the audit sector, and firms are required to submit a biannual compliance report with the firms' policies and manuals to the supervisor. This also fosters the awareness in the audit profession. Larger audit firms, which belong to the networks of the large international audit firms, are also subject to the AML/CFT standards implemented internationally. Therefore, they seem to be more aware of the requirements.

267. The DNFBP sectors supervised by IAPR and other supervisory authorities understand their ML/TF risks and the AML/CFT requirements to a limited extent, except for tax advisers. The interview with representatives of tax advisers suggested that they have a good communication with IAPR including training, and relatively sound understanding of the risks in the sector particularly in relation to tax evasion. At the same time the NRA states that no training seminars have been held on ML by the supervisor or the industry, while there have been some seminars on AML/CFT for DNFBPs before the on-site visit in October/November 2018.

268. However, real estate brokers, auction houses and pawnbrokers, which are supervised by IAPR and Hellenic Police respectively, did not fully recognise the preventive measures and requirements, e.g. to file STR. In fact, the survey revealed that only 50 % of the real estate agents who responded are aware of the AML/CFT requirements in Greece, and only 20% have attended AML/CFT trainings. IAPR issued POL 1127/2010, which is a summary of the AML/CFT requirements applicable before 2018. Apart from that only a very few case studies and short circulars on the suspicious transaction reporting requirements of the Greek AML/CFT Law were provided to industry associations of tax accountants and traders/sales persons including real estate brokers, auction houses and pawnbrokers. While IAPR has issued several new and more comprehensive circulars on the general AML/CFT obligations and specific requirements of the relevant obliged persons, including on identification and verification of customers, just before the on-site visit, the assessment team was not informed of positive impacts on the effective implementation of the preventive measures among the entities.

269. Generally there was a lack of awareness raising initiatives tailored to specific sectors, and a lack of visible supervisory actions that could foster awareness of supervised entities, while some improvements have been observed since the adoption of the NRA and L.4557/2018. This limited outreach significantly hinders adequate ML/TF risk understandings and compliance with the AML/CFT obligations among the DNFBP sectors supervised by authorities other than HGC and HAASOB.

270. The assessment team was not fully convinced that lawyers and notaries understand the risks in their sectors to be abused for ML/TF, particularly related to tax evasion through involvement in formation of an offshore company or real estate transactions. The Ministry of Justice and the Bar Associations and Notaries Associations in Athens as responsible supervisors have not issued substantive guidance to lawyer and notaries.

271. Neither the Ministry of Justice nor the bar associations conduct an active supervision of lawyers, while public prosecutors conduct regular generic audit to notaries, which reportedly includes AML/CFT requirements. Lawyers in particular appear not to be informed of the AML/CFT requirements by the relevant supervisory authorities through guidance or trainings. This may result in a big gap in the views on the sectoral ML/TF risks between the authorities and the professions, who regard their risk as low.

### *Application of risk mitigating measures*

#### *FIs*

272. As a general requirement in Greece under L.4446/2016, all transactions between private individuals and businesses, which exceed EUR 500, may not be conducted in cash. This policy significantly contributes to mitigating the ML risks associated with use of cash.

273. CIs in Greece adopt policies and procedures to properly assess and manage risks, although they are still in the process to implement the new requirement of a general risk assessment under L.4557/2018.

274. CIs are required to apply measures in a risk-based manner, which is documented in their AML/CFT policy and procedures. On the basis of their policy, CIs, assisted by their AML compliance officers, have developed manuals for their staff dealing with customers and their transactions. Furthermore, as part of their policy, banks also classify customers based on the identified risk factors and conduct their CDD in a risk-based manner and monitoring measures accordingly. However, it is one of the major challenges for CIs to assess ML/TF risks based on adequate criteria, and conduct CDD in a risk-based manner (see Table 5.1 above). Some cases show that CIs did not adequately set criteria for determining the risk of customers; in other cases, CIs did not apply EDD to a customer, who had been identified as presenting a higher risk of ML, in accordance with the risk or did not apply procedures to find out whether the customer was in fact a PEP.

275. Other non-banking FIs subject to the Bank of Greece supervision, including insurance companies, largely adopt policies and procedures to properly assess and manage risks. These FIs, except for insurance companies subject to PISC Rule, operate under the same Bank of Greece Decision as CIs, on a proportionality basis. The level and quality of risk mitigating measures applied by the non-banking FIs are different from and less sophisticated than those by CIs, due to their smaller business size. They also often have only limited personal and financial means to address the ML/TF risks in addition to other non-AML/CFT compliance duties, which in some cases led to non-compliance with the AML/CFT obligations.

276. Capital market firms, on the other hand, assess the ML/TF risks to a limited extent, and therefore application of a risk-based approach may not be consistent with the risks they are facing. The NRA assesses the ML/TF risks in the capital markets as being medium to low: mainly because they receive their customers' assets typically via bank accounts. However, the assessment team found serious risks arising from certain existing practices of these firms so far remain unaddressed: e.g. acceptance of unlimited amounts of cash by investment services companies. HCMC confirmed its plan to address these risks by its upcoming revision of the HCMC decision.

277. CDD procedures applied in the sector are not always adjusted to account for high risk transactions. Further, the name of persons depositing cash in the bank account of their securities broker does not show up on the bank statement of the securities firm. This results in the lack of customer oversight by the investment services firm. Possible use of capital market firms to transfer funds from one person to another is another vulnerability in the current system. Risk mitigating measures in the capital markets firms are mostly not adequate to deal with the specific ML/TF risks

involved with asset transfer, and this constitutes a further high ML/TF risks in the sector. HCMC confirmed its plan to address these risks by its upcoming revision of the HCMC decision.

#### *DNFBPs*

278. Overall, application of risk mitigating measures among DNFBPs appears weak and limited. The assessment team did not receive evidence that the professions indeed conduct assessments of their inherent risks, establish internal policies and apply a risk based approach in customer classification, profiling and monitoring of their customers. Guidance and supervisory activities by the respective supervisors are rarely presented, and there is also limited or no statistical information available to the assessment team in this regard.

279. Since the enactment of L.4557/2018 in July 2018, IAPR has made efforts to raise awareness of its obliged entities, including by issuing several Circulars and modifying its publicly available website to provide the relevant legislation and AML information and guidance. The assessment team, however, was not informed of positive impacts on the effective implementation of the preventive measures among the entities.

280. Meanwhile, firms in the audit industry take more adequate risk mitigating measures based on their sectoral rules. Audit firms are required to establish internal policies and procedures, which have to be filed with the supervisor, including any subsequent changes, customer risk classification and monitoring of high-risk customers. Also the firms in the gaming sector take risk mitigating measures to some extent, in accordance with their sectoral regulation. Importantly the AML-officers of gambling firms must continuously assess the risks posed by existing and new players and products in order to be able to recommend adaptations or changes to the gambling systems. Yet, there is no clear implementing guidance or rule requiring these firms to conduct assessments and have criteria with regard to the risk classification of individual customers. This indicates that deficits may exist with regard to the application of enhanced CDD and monitoring to relevant customers.

#### *Application of CDD and record-keeping requirements*

##### *FIs*

281. All FIs are required to conduct CDD from the beginning of and throughout a business relationship on a risk-sensitive basis. Compliance with the requirement is to be demonstrated to their supervisors during off-site/on-site supervisory inspections. While L.4557/2018 allows FIs to rely on third parties in limited conditions (see R.17 in TC Annex), FIs seldom do so: this practice reduces the possible risks incurred by such reliance.

282. CIs and non-banking FIs subject to the Bank of Greece Decision in general conduct thorough CDD in accordance with the detailed requirements. The Bank of Greece Decision and guidance prescribes how to properly identify natural and legal persons including identification of their BO: this includes use of original identity documents issued by reliable and independent sources upon identification and verification process, and collection and maintenance of adequate information on a customer, lists of information that need to be obtained. Such FIs tend to refuse

customers, when necessary information to comply with the CDD requirements, including the BO information, cannot adequately be obtained, or if there are ML/TF suspicions in line with L.4557/2018 and the Bank of Greece Decision.

283. In addition, verification of customers' income by requesting their latest tax states contributes to a robust CDD regime of CIs under the Bank of Greece Governor's Act 2652/2012 and L.4557/2018. This information enables CIs to compare transactions with a customer profile.

284. Insurance companies generally appear to conduct proper CDD and documentation in accordance with the provisions of the law and the relatively detailed sectoral guidelines, which was issued by PISC. While insurance companies frequently use intermediaries for the distribution of insurance products, they only rely on them for the collection of KYC documents. Such documents are checked by the staff of the insurance company before establishing the business relationship with customers.

285. Capital market companies, in general, also seems to apply CDD measures properly. However, inadequate application of CDD measures by in-firm audits has been identified frequently. This indicates that smaller capital market firms in particular do not always understand and apply CDD measures and record the documents obtained in the process with due care.

286. While the level of understanding of and compliance with CDD requirements among CIs is high in general, there are, however, still a number of cases where CIs failed to conduct adequate CDD. Statistics identified a considerable number of failures in application of standard CDD measures, and risk assessment of customers in particular, in comparison with those identified in the other areas (see Table 5.1 above). Similarly, a failure to conduct adequate CDD measures is one of the most common deficits identified by HCMC among the capital market firms.

287. All FIs adequately keep records obtained through CDD/EDD measures, on transactions executed and other relevant correspondence for five years, as required under Art.30 of L.4557/2018. The supervisory authorities and representatives of FIs did not mention particular concerns on effective implementation and compliance with this requirement.

#### *DNFBPs*

288. Although most DNFBPs conduct some form of CDD, such preventive actions across the sectors except for gaming industry and auditors, appear to be taken mainly based on other requirements of their profession, and not for AML/CFT purposes. The interviews with the representatives of DNFBP sectors, namely lawyers and notaries, and their associations indicated, for example, that the firms are often subject to customer identification requirements set out by the general legal provisions of their profession: this is inter alia the case for lawyers and notaries. Therefore, CDD measures, or refusal of transactions/business relationship as a result of CDD are not necessarily in line with the AML/CFT policies or ML/TF risk criteria, although there usually is some form of CDD required under other legal provisions. For example real exchange brokers seem to rely on the lawyers and notaries involved in the transaction (even though it is not mandatory for real estate transactions to be mediated by real estate brokers). This further indicates that there is a low level of understanding of the AML/CFT specific CDD and record keeping requirements across the sectors in general.

Furthermore, there is no evidence that DNFBPs have a focused training for their staff on CDD or record keeping.

### *Application of EDD measures*

#### *FIs*

289. FIs generally demonstrated a good understanding of the requirement of EDD on PEPs, higher-risk countries, and TFS measures. FIs are required to apply EDD when higher risks are identified. The Bank of Greece further specified customer categories, to which EDD is to be applied, including PEPs, non-face-to-face transactions, cross-border correspondent banking relationships, and high-risk country customers.

290. Greek authorities provide information on PEPs and designated persons pursuant to the relevant UNSCR. Declarations of their assets by around 700 persons, including the national politicians and their family members, are published on the website of the Greek Parliament.<sup>24</sup> Besides, FSU immediately informs obliged entities of the new designation/de-listing of persons and entities pursuant to the relevant UNSCRs. The Bank of Greece also circulates regularly the FATF public documents on the high-risk jurisdictions. In addition to that industry associations claim to inform their members about sanctions lists.

291. Moreover, FIs under the Bank of Greece supervision particularly are required to have an adequate IT system screening their business relationship with customers and transactions in place. This allows them to identify PEPs and persons and entities designated pursuant to the relevant UNSCRs, the EU Regulation or on Greece's own motions. The assessment team was informed that FIs under the Bank of Greece supervision are utilising one of the commercial screening systems to capture such higher-risk business relationships or transactions. Meanwhile, Greek authorities reported that there are some cases even among CIs where they failed to apply adequately EDD to such customers (see Table 5.1 above).

292. Operation of cross-border correspondent banking in Greece seems to be sound because of the level of the expected quality standards of banks involved in the business. Under the detailed rules set out by the Bank of Greece, Greek CIs are required to understand the nature of the correspondent bank's business in dealing with correspondent banking. Although some technical deficiencies have been identified in the requirements for correspondent banking relationships (see R.13), the assessment team was informed that CIs in practice gather detailed information about a responding banks domiciled in the EU by utilising the Wolfsberg Questionnaire, which could compensate for the lack of the measures prescribed by Rec. 13. Furthermore, Greek CIs mainly have their nostro transactions performed through correspondent banks, which belong to the Wolfsberg Group (89%), or through banks domiciled in the EU, USA, Canada and Australia. Besides, 88% of vostro transactions are conducted through subsidiaries or branches of foreign banks.

293. On the contrary, capital market firms under HCMC supervision and smaller FIs have limited capacity to capture those higher-risk customers. Capital market firms under HCMC supervision are not required to maintain an IT screening system, and smaller FIs indicated they cannot afford to have a commercial screening system. While

<sup>24</sup> [Hellenic Parliament](#)

the assessment team was informed that such smaller FIs conduct a screening on customers with their manually updated database instead, this general lack of adequate facilities hinders sufficient implementation of the requirements and makes the firms more vulnerable to the risks.

#### *DNFBPs*

294. The assessment team identified low understanding and, as a consequence, insufficient implementation of the requirements across the DNFBP sectors. Under L.4557/2018, DNFBPs are subject to the same AML/CFT requirements as FIs to apply EDD in a risk-based manner. However, many DNFBPs conduct their customer analysis manually in an unsystematic manner. With a few exceptions, e.g. with the big four audit firms in the auditing sector, DNFBPs mainly consist of small businesses and freelancers lacking the financial resources to obtain IT-based applications. DNFBPs are not required to have a sophisticated IT screening system, and are likely to rely on information that is publicly available, e.g. on the websites of supervisory authorities or the Commercial Registry of Greece (GEMI), rather than on commercial lists for screening. Furthermore, the lack of detailed guidelines issued by their supervisory authorities in general also led to insufficient understandings of the EDD requirements among DNFBPs.

#### *Reporting obligations and tipping off*

##### *FIs*

295. CIs regularly file STRs to FIU, and the number of their reports appears reasonable (see the table 5.2 below). The number of STRs filed by other non-banking FIs under the Bank of Greece supervision also largely appears adequate. Firms in these sectors conduct CDD or on-going monitoring and file a STR pursuant to the same legal basis under Bank of Greece Decision.

296. The assessment team was told that the quality of STRs from FIs under the Bank of Greece supervision, as well as the speed of reporting to FIU, has improved, since the FIU reached out to the sector to produce more focused STRs.

297. However, not all the non-banking FIs, MVTs and bureau de change in particular, seem to be fully equipped with IT-supported system to properly screen complex transactions and other higher risk scenarios, and are often not able to adequately manage high numbers of alerts together with high customer numbers. Understaffing in AML/CFT functions within the firms may negatively affect in this regard.

298. Insurance firms appear to file a STR adequately in terms of the number, particularly with regard to investment related insurance products, which account for 45% of the STRs. The fact that the FIU has acted on several STRs, which were referred to the tax authorities, indicates sufficient quality of the STRs.

299. Capital markets firms, on the other hand, rarely file a STR. Capital market firms may be less often equipped with IT-systems also because they have no requirement under their sectoral rules. This low number of reports may be attributed, to some extent, to their manual monitoring without IT support, but also to a lack of detailed procedures and mechanism to be set out by the HCMC to protect staff reporting

suspicious incidents in line with L.4557/2018. A large number of the securities accounts are not active, and only a small number of known customers is actively trading; which may be another reason for the small number of STRs. HCMC informed that the FIU finds the quality of STRs acceptable.

300. All FIs are subject to the same requirement regarding tipping-off under L.4557/2018, and not allowed to inform their customers about filing a STR or the reason for termination of their business relationship. Greek authorities did not provide any information about any cases where the tipping off prohibition had been breached by FIs.

#### *DNFBPs*

301. Overall, the amount of STRs filed by DNFBPs is very low, and STRs have been submitted by only a few DNFBP professions. Statistics reveal that, real estate brokers, pawnbrokers, auction houses/traders in valuable goods have never filed any STRs.

302. Supervisory authorities have provided explanations on the obligation to file STRs to a limited extent, and only in a few cases have provided typologies, which are specifically tailored for the industry: HGC Decision in 2014 for the gaming industry, or IAPR Circulars in 2010 and 2013 on short case studies, for example. With regard to lawyers, although the Lawyers' Committee has been obliged to process STRs received from the profession under L.3691/2008, the Committee apparently has never convened. However, a small number of STRs were submitted by lawyers directly to the FIU. The assessment team was informed that there has apparently not been training or educational initiatives for lawyers on STR requirements, and it appears that lawyers are likely to apply their requirement of professional secrecy more broadly than required.

303. The assessment team identified a general lack of more comprehensive initiatives to motivate DNFBPs to conduct monitoring and to file STRs. Most DNFBPs are not equipped with IT-based applications to monitor their customers' activities. An indicator for this deficit is the fact that even 50% of the online-gambling firms responding in a survey admitted that they did not conduct systematic IT-based monitoring of customer transactions.

Table 5.2. Number of STRs filed by Obligated Persons to FIU

| STRs Statistics from the FIU                             | 2013         | 2014          | 2015         | 2016         | 2017         | 2018<br>(as of Jun) |
|--|--------------|---------------|--------------|--------------|--------------|---------------------|
| <b>Credit institutions</b>                               | 2 437        | 5 514         | 2 357        | 1 492        | 1 429        | 809                 |
| <b>Insurance</b>   | 316          | 254           | 540          | 713          | 574          | 220                 |
| <b>Payment / e-money institutions, bureaux de change</b> | 4 559        | 8 212         | 4 602        | 516          | 742          | 495                 |
| <b>Financial leasing</b>                                 | 1            | 0             | 1            | 1            | 1            | 1                   |
| <b>Investment services firms</b>                         | 41           | 47            | 51           | 41           | 50           | 14                  |
| <b>Fund and asset management</b>                         | 18           | 9             | 26           | 9            | 5            | 0                   |
| <b>Receival and transmission</b>                         | 0            | 0             | 0            | 0            | 0            | 0                   |
| <b>Portfolio investment cos</b>                          | 0            | 0             | 0            | 0            | 0            | 0                   |
| <b>DNFBPs</b>  |              |               |              |              |              |                     |
| <b>1.Certified Public Accountants and Audit Firms</b>    | 11           | 31            | 15           | 19           | 44           | 24                  |
| <b>2.Gambling Companies</b>                              | 0            | 4             | 10           | 32           | 28           | 17                  |
| <b>3.Notaries</b>  | 8            | 2             | 66           | 6            | 3            | 1                   |
| <b>4.Lawyers</b>   | 0            | 4             | 1            | 3            | 3            | 2                   |
| <b>5.Others than obliged entities</b>                    | 57           | 89            | 63           | 38           | 42           | 43                  |
| <b>TOTAL</b>   | <b>7 448</b> | <b>14 166</b> | <b>7 732</b> | <b>2 870</b> | <b>2 921</b> | <b>1 626</b>        |

### *Internal controls and legal/regulatory requirements impending implementation*

#### *FIs*

304. Most FIs have AML/CFT internal controls and procedures in place, to comply with the requirement under L4557/2018. This includes AML/CFT-compliance functions and internal audit functions, which are responsible for establishing internal policies and procedures. They are required to monitor the proper and effective implementation of the AML/CFT requirements, including by establishing AML manuals for staff and adequate client categorisation. Compliance officers also shall receive and process all STRs to ensure adequacy of those reports. Further, internal controls is one of the elements to be informed to and assessed by the Bank of Greece on a FI's annual compliance report. However, there is more demand for adequately staffed AML/CFT compliance functions among the non-banking FIs, while CIs generally have sufficient trained staff in that function. As a result, the Bank of Greece has identified cases, where FIs failed to have adequate AML/CFT internal policy, including providing a guidance to their employees, during its on-site inspection to FIs (see Table 5.2 above). Such insufficient internal controls again may cause inadequate implementation in other AML/CFT requirements, such as CDD measures or STR filing. Similar deficits are observed, to a lesser extent though, in insurance firms and may also occur among the firms of the capital markets sector.

305. Furthermore, FIs operating their business with intermediaries or agents, particularly MVTs and insurance companies, often do not include those intermediaries/agents in the scope of their staff training programme, while training is generally considered important among FIs to help their employees in understanding the requirements. Thus, their staff is deemed to be less knowledgeable than that of other FIs. Furthermore, the integrity of staff of money remitters and e-money issuers that use agents is deemed to be more uneven in comparison with other sectors. Greek authorities also identified difficulties in monitoring the integrity of agents. The

assessment team did not find indications that there are requirements, including on financial secrecy, that impede implementation of internal controls and procedures

#### *DNFBPs*

306. While gaming companies and audit firms are generally maintaining their policies documented and the formal compliance function in place, other DNFBP sectors often do not have adequate internal controls in line with the AML/CFT requirements. Since many DNFBPs are very small firms or individual legal professionals, the survey conducted by the Greek authorities indicates that it is difficult or unusual for them to have a formal internal controls. Only 25 % of the tax advisors have a compliance function, and 9% of notaries, 30 % of real estate agents have a compliance programme.

307. Staff training on AML/CFT issues is also insufficient across the sectors except for auditors and in parts of the gaming industry. Training of employees of law firms, notaries, tax accountants/advisers does not seem to have occurred in the past. One main reason that this training did not occur, according to the NRA, is that the staff in these professions have access to legal databases. However, having access to such databases does not necessarily imply that staff also understand and act according to AML/CFT legal provisions. Greek authorities did not present evidence that could show sufficient training for industry staff with regard to real estate agents, high value goods dealers, and certain types of the land based gambling industry, yet the relevant authorities have begun to hold seminars for their supervised obliged entities since October 2018.

#### **Overall conclusions on IO.4**

308. Major financial institutions and a few types of DNFBPs understand their ML/TF risks and AML/CFT obligations and take appropriate preventive measures, including filing satisfactory STRs. However, this is not the case for the large majority of DNFBPs, which include sectors identified by Greek authorities as higher risk. The relative importance of these sectors (as described in Chapter 1), indicates that major improvements are needed to enhance Greece's effectiveness.

**Greece is rated as having a moderate level of effectiveness for IO.4.**



## Chapter 6. SUPERVISION

### Key Finding and Recommended Actions

#### *Key Findings*

##### *FIs*

- a) Greece has an effective licensing framework to ensure criminals or their associates are not the beneficial owners of or hold a controlling interest in FIs. It also has robust checks and controls to ensure that only those deemed fit and proper are able to hold significant functions in organisations and takes action to remove individuals for licensing failures or weaknesses.
- b) Bank of Greece and HCMC have a good understanding of the risks in the financial sector and the firms that operate within these sectors. However, the limited use of the full range of supervisory tools such as on-site inspections in recent years reduces their ability to incorporate observations from such inspections into the overall risk assessment of individual firms.
- c) Obligated entities provide data and other compliance information to the Bank of Greece at least annually to identify risks and deficiencies. Although the information received is comprehensive, the analysis of this information is largely carried out manually and is resource-intensive. This approach may hinder the ability of the authorities to have an ongoing view of the risks for the sector and individual firms.
- d) The Bank of Greece and HCMC have a risk-based approach to supervision, and its activities are adapted to cover emerging areas of risk, for example, exposure to the Mossack-Fonseca Papers. However, resource constraints resulting from the financial crisis has meant that the full range of supervisory tools are not regularly used (e.g. there are long time lags in the frequency of onsite inspections for high-risk non-significant institutions and others).
- e) The Bank of Greece and HCMC are effective in ensuring firms remedy failings through corrective actions and ensure that these are carried out swiftly. However, despite the availability of a range of enforcement tools, their actions for serious or continued failings have been limited to fines, which are not seen as dissuasive
- f) The Bank of Greece has provided general AML/CFT guidance to the institutions under its supervision. However, in spite of the

diversity of these institutions, Bank of Greece has not yet provided sector specific guidance to non-banking financial institutions.

#### *DNFBPs*

- a) Licensing, registration and other controls implemented by supervisors or other authorities for DNFBPs are inconsistent and often inadequate among the various sectors. Entry control mechanisms are sometimes lowest in the sectors that carry the greatest degree of risk.
- b) DNFBP supervisors have identified areas of higher risk for several DNFBP sectors, and have an overall understanding of sector risk, which is consistent with the NRA. However, they have an inadequate understanding of individual firm risk across most sectors. Some of the private sector representatives met during the on-site visit have divergent views regarding the level of risk for their sectors, bringing the private sector's understanding of risk into question.
- c) Casinos and auditors are adequately supervised. However, DNFBP supervisors do not have a risk based approach to supervision, and other DNFBPs are not adequately supervised. Supervisors and the private sector consistently identified lack of resources as the main cause.
- d) Responsibility for AML/CFT supervision of notaries is unclear. The Ministry of Justice (MoJ) and Prosecutors Office (PO) gave conflicting answers on which organisation supervises the profession and takes enforcement action where failings are identified.
- e) Greek authorities have noted that there are severe deficiencies in the supervision of DNFBPs in some sectors, particularly the accountancy, legal, notary, real estate and pawnbroking sectors. However, they have not widely imposed remedial actions for AML/CFT failings.
- f) There are a large number of unlicensed estate agents in Greece, which increases the risk that the property market is used for ML.

#### *Recommended Actions*

- a) Greece should introduce appropriate and effective authorisation/licensing regimes for high-risk sectors with a lax entry control and ensure that these have consistent controls to prevent criminals owning or operating businesses in any sector supervised for AML/CFT purposes.
- b) The IAPR should take steps to address the large number of unlicensed estate agents, which operate in the country.
- c) Greece should develop its understanding of the sector and firm

risks in all DNFBP sectors. The supervisory authorities should apply a risk-based approach to their AML/CFT supervision, including by ensuring proportionate oversight to higher risk firms and areas.

- d) Greece should ensure that appropriate resources are available to supervisory authorities, including Bank of Greece and HCMC, so that they can operate a risk-based supervision, which includes a range of activities, including an appropriate level of on-site inspections.
- e) The supervisory authorities should make full use of the powers available to them in penalising breaches, not relying so heavily on corrective actions, particularly in cases of repeated or serious failings. Outcome of fines and public enforcement action should be published more to deter future non-compliance.
- f) Supervisors should provide more guidance and feedback to all categories of FIs and DNFBPs to enable them to apply the AML/CFT measures, in particular with regard to supervisory expectations, risk identification and domestic typologies. The guidance should be up-to-date and consistent with the latest legal requirements and contexts.

309. The relevant Immediate Outcome considered and assessed in this chapter is IO.3. The Recommendations relevant for the assessment of effectiveness under this section are R.26-28, R.34, and R.35.

### Immediate Outcome 3 (Supervision)

#### *Licensing, registration and controls preventing criminals and associates from entering the market*

##### *FIs*

310. Greece has a robust legal framework for the licensing of financial institutions (FI). All FIs established in Greece are licenced by the Bank of Greece or Hellenic Capital Market Commission (HCMC) (see Table 1.4 in Chapter 1). They must have their head office and registered office in Greece and have at least two persons who effectively direct the business as executive members of its Board of Directors.

311. As well as licensing/authorisation by these financial sector supervisory authorities, FIs established in Greece must be registered with the commercial company registry (or GEMI), which contains comprehensive basic information of legal persons established in Greece (see Chapter 7). FIs are also required to submit information on beneficial owners, which is assessed by the authorities. Four Significant Institutions and their senior management are also subject to oversight by the European Central Bank under the Single Supervisory Mechanism and the authorisations requirements associated with this mechanism.

312. The Bank of Greece and HCMC require all board members and key function holders within FI to be authorised and submit detailed information. AML officers are categorised as key function holders. The information key function holders submit includes authenticated transcripts of criminal records and details of conflicts of interest. Bank of Greece requires FIs to submit details of their AML/CFT procedures as part of the licensing process. At the time of the onsite, HCMC did not require the submission of AML/CFT procedures, but was in the process of amending its sectoral regulations to enable this. This will further enhance HCMC's firm level understanding of risk.

313. There has only been one application for the registration of a Credit Institution (CI) since 2013. This was rejected due to a lack of information. As for other non-banking FIs, the Bank of Greece has rejected application for one Payment Institution, 123 agents of payment institutions and seven agents of E-money Institutions since 2013. HCMC has rejected applications for three Investment Services Firms since 2015. No breaches of licensing have been detected since 2013.

314. The Bank of Greece has a number of cases where it has refused applicants for board of directors and key function holders' roles. It has also directed a significant institution to strengthen its Board of Directors following the identification of weaknesses in corporate governance. In addition to refusal of applications, the Bank of Greece indicated that that in some cases applications are withdrawn when the supervisory authorities request further information. HCMC also has six cases of rejections of application for Board of Directors of Investment Services Firms.

315. Other than CIs, the Bank of Greece also has authorised a very small number of payment providers and bureau de change since 2013. The authorisation approach for smaller FIs is consistent with that for CIs and is equally robust. Bank of Greece has refused licences for applications from these types of FIs, including, for example, a shareholder of a payment institution for failing fit and proper requirements.

316. At time of the on-site visit, the Bank of Greece was undergoing its re-authorisation process for E-money providers and MVTS, due to changes in the legislation (adoption of L.4537/20018, which transposes the EU Directive 2366/2015). This provides an opportunity to ensure high standards exist in these sectors.

317. Notably, the Bank of Greece has performed fit and proper assessments of at least 1.580 (unique) agents of EEA member state payment services. This is not a requirement under EU law due to passporting provisions. At least 26 of these applicant agents were removed by their supervisory authorities, upon the expression of Bank of Greece's concerns about their fitness and properness. Among these cases, two agents had been allegedly involved in massive document forgery and migrant smuggling.

#### *DNFBPs*

318. DNFBPs in Greece are licenced/authorised by the relevant competent authorities (see Table 1.5 in Chapter 1). There are major inconsistencies and varying standards in the licensing and authorisations processes for the DNFBP sectors. Often entry controls are not in line with the risks identified in the NRA and the highest-risk sectors seem to have the lowest barriers to entry across all regulated sectors. DNFBPs are also required to be registered with the GEMI and must be registered with the tax

authority in order to enable them to do this (i.e. all companies registered on GEMI must have a tax identification number).

319. The HGC and HAASOB have fairly robust entry controls in place and require entities in their sectors to provide necessary information in order to identify beneficial ownership of established entities. Criminal records information for key function holders is screened and HGC has detected licensing breaches and withdrawn two licences as a result.

320. For most other sectors, licensing and registration functions are carried out by relevant professional chambers rather than the supervisory authority itself. The specific requirements for each sector are diverse and varied, and the focus on preventing AML/CTF requirements differs in each.

321. Lawyers are required to register with one of the 63 bar councils that exist in Greece. Notaries are registered by the MoJ and are not able to be appointed if they have been convicted of certain crimes, e.g. embezzlement or fraud. However, their registration processes focus largely on professional ability of applicants rather than their fitness and propriety.

322. Criminal records checks are required at authorisation in one form or another in most sectors. For example, real estate agents are required to declare they have not been convicted of certain crimes when they register; accountants are obliged to submit a self-declaration when they become authorized that they have not been convicted of a criminal offense. Firms in different sectors are required to submit updates to this periodically (e.g. annually for accountants, but longer periods for firms in other sectors).

### *Supervisors' understanding and identification of ML/TF risks*

#### *FIs*

323. The Bank of Greece and HCMC have a good understanding of the sector ML/TF risks. Both organisations were involved in the development of the recently completed NRA and their understanding of higher-risk sectors under their supervision is closely aligned with the NRA. The Bank of Greece and HCMC have not identified any specific increase in ML/TF risks resulting from easing of the capital controls; however, the Bank of Greece acknowledged the emergence of credit servicing firms resulting from market changes and is monitoring the risks these firms may present.

324. The Bank of Greece and HCMC carry out their annual risk assessment, which reviews the individual firms across the sectors under their supervision and categorises them accordingly. This risk profiling process is largely done based on information submitted by the firms and focusses on inherent risk factors and the internal control environments they have in place. In assessing the risks of firms, the Bank of Greece uses its RBOAT process, which was developed with the IMF in 2014. For lower risk sectors (e.g. bureaux de change), more focus is placed on control environments than inherent risks. The Bank of Greece also looks at specific areas of emerging risk, to ensure its risk understanding is accurate and that appropriate risk mitigating measures are in place. For example, during a spike in refugees arriving in Greek islands in 2015, the Bank of Greece carried out specific analysis on bureau de change and money remitters to determine if there was increased risk of TF. Ultimately, it

determined that there was no evidence of an increase, however this is a good example of Bank of Greece proactively enhancing its understanding of an emerging risk in a specific area. The HCMC has recently implemented a new risk assessment program, based on a more comprehensive questionnaire. The questionnaire considers factors ranging from liquidity to changes in governance in recent years. The new approach is expected to provide a more complete risk assessment for firms and help develop a more targeted supervision strategy

325. The HCMC has observed a broadly static risk picture in recent years, which is largely due to reduced capital markets activity. Furthermore, the HCMC believes that, because all capital markets transaction must go through banks, the inherent risk of ML is lowered.

326. The assessment team identified that Bank of Greece has not conducted on-site inspections to some high-risk firms for many years due to resource constraints and the complex challenges faced by Greece in recent years. For example, in 2015 and 2016 the AML Unit of the Bank of Greece was heavily focussed on capital controls' implementation and audits. Bank of Greece also explained that some of the firms that had not received onsite inspections had only recently categorised as high risk and stressed that all high risk firms have an on-site inspection scheduled within a three year period. The subsequent reliance on off-site supervisory activity in recent years has impacted the Bank of Greece's ability to have a holistic overview of the high-risk firms it supervises.

#### *DNFBPs*

327. There are varying levels of understanding of ML/TF risks among the supervisory authorities in the DNFBPs sectors.

328. HGC overall has a good understanding of its sectoral risk and a robust risk methodology to determine the highest risk firms in its sector. HAASOB uses data derived from annual returns and outcomes of individual firm reviews to form a view of sector and firm level risk.

329. IAPR was involved in the development of the NRA and demonstrated that it has some understanding of sector level risk. However, the authority does not translate such risk profiles into the targeting of specific supervisory activities among the supervised firms. Furthermore, there is no proactive risk assessment at the firm level, and the IAPR determines firms for its inspection on a reactive basis where tax evasion has been identified, rather than their ML/TF risk. The IAPR has little or no understanding of sector or firm risk in relation to real estate agencies, high-value goods traders and auctions houses. Furthermore, the IAPR acknowledges the NRA finding that there are probably more unauthorised real estate agents than authorised ones operating in the sector, which, in itself significantly increases the risk in this area<sup>25</sup>.

330. AML/CFT oversight of pawnbrokers was recently transferred to the jurisdiction of the Economic Police and Cyber Crime Unit from that of IAPR in 2018. The Unit is currently in the process of understanding the specific characteristics and ML/TF risks in the sector. Greece could not demonstrate that firm risk in this area was

<sup>25</sup> Estimate derives from the Real Estate Federation of Greece (OMASE) and is quoted at par. 8.7.1.5 of the NRA.

adequately understood among the authorities and it appeared that little, if any, evaluation of risk had been carried out by the former supervisor (IAPR).

331. Greek authorities did not demonstrate a good understanding of ML/TF risks in relation to lawyers and notaries and could not clearly articulate the supervisory regime for notaries. The NRA recognises the high-level risks posed by the notary and legal sectors (e.g. facilitating tax evasion through property sales and the formation and management of companies). However, there is an insufficient understanding and identification of ML/TF risks in the sector or across firms by the relevant supervisory authorities.

### *Risk-based supervision of compliance with AML/CFT requirements*

#### *FIs*

332. The Bank of Greece and HCMC apply a risk-based approach to AML/CFT supervision. However, resource constraints in recent years have impacted on its effectiveness by limiting the type and amount of supervisory activity they have been able to carry out. This is particularly the case for the Bank of Greece, who have had to divert resource to activities connected to the Greek debt-crisis. FIs are required to submit detailed compliance reports on annual basis. These are reviewed by the Bank of Greece or HCMC as part of their off-site inspections of the firms. Reports cover areas, including high risk customers and products offered, and are to be used to update risk profile of each FI. The AML Unit of the Bank of Greece can request further information from firms at any time. The HCMC uses a detailed questionnaire, which allows them to target firms for on-site inspections in a more information/data driven manner. The Bank of Greece also carries out thematic desk-based reviews, which have focussed on, for example, the Mossack-Fonseca Papers and ensuring CIs compliance with requirements related with customers at risk of tax evasion, introduced in 2012. This was a significant area of focus for Bank of Greece and took a significant amount of resource. It resulted in a large number of tax crimes being referred to the FIU and was referenced by the Managing Director of the IMF at the FATF Plenary in June 2017.<sup>26</sup>

333. The number of onsite inspections of FIs is low and has reduced significantly since 2011 (see Table 6.1). On-site inspections carried out by the Bank of Greece usually last between 12 and 36 weeks with two or more people. These cover a range of factors depending on the institutions, but appropriateness of AML/CFT IT systems has been a consistent priority area in recent years, and it is common for the inspection team to have someone with IT expertise on it. Beneficial ownership requirements, UN sanctions screening systems, KYC and compliance with tax evasion controls are also common areas of Bank of Greece's supervisory focus. Onsite inspections by the HCMC are often shorter, but IT system and tax evasion control are also a major focus for HCMC. Bank of Greece and HCMC both carry out onsite inspections based on the receipt of information from wider sources, e.g. other agencies, and two unscheduled inspections on CIs by Bank of Greece were underway during the on-site visit. However, this has a knock-on effect on the inspection strategy and cannot easily be absorbed due to the lack of available resources.

<sup>26</sup>. [www.fatf-gafi.org/media/fatf/documents/speeches/Speech-IMF-MD-Christine-Lagarde-22June2017.pdf](http://www.fatf-gafi.org/media/fatf/documents/speeches/Speech-IMF-MD-Christine-Lagarde-22June2017.pdf)

334. The assessment team identified that Bank of Greece has not conducted its on-site inspection to some firms categorised as high risk since 2009, although Bank of Greece suggests that these firms were only categorised as high risk in 2015. Furthermore, Bank of Greece only visited only one FI in 2015, whereas 232 off-site inspections took place including its thematic work (see Table 6.1 below). Bank of Greece indicates that the low number of on-site inspections in 2015 and 2016 was a result of a significant part of its AML staff being diverted to work on capital controls' implementation and audits. The lower numbers should also be considered within the context of a period of significant consolidation within the banking sector: the four significant banks, which hold over 90 percent of the banking sector's assets, absorbed 15 other CIs.

335. Notwithstanding this, the number of onsite inspections for all types of FIs needs to be significantly increased in order to supplement the offsite analysis and ensure firms are subject to a wider range of supervisory engagement. HCMC concentrate inspections on higher risk firms. The team was informed that there are firms under HCMC supervision, which have not been subject to an on-site inspection in 10 years, but these are lower risk, e.g. have very few customers and transactions and/or entities found to be applying satisfactory AML/CFT procedures in previous inspections and/or entities providing services of very low risk etc.

336. The Bank of Greece and HCMC recognise that their units are insufficiently staffed, which impacts their supervisory capability, but are currently looking to recruit additional staff. This will be particularly important as financial activity (e.g. capital market transactions) grows as the economy recovers

Table 6.1. AML/CFT On-site Inspection to FIs

| Type of Institution                          | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018     | Grand Total |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| <b>Bank of Greece</b>                        |           |           |           |           |           |           |           |          |             |
| <b>Credit Institutions</b>                   | 20        | 15        | 13        | 13        | 1         | 1         | 4         | 5        | <b>72</b>   |
| <b>MVTS</b>                                  | 5         |           | 1         |           |           | 1         | 1         | 1        | <b>9</b>    |
| <b>Life Insurance Companies</b>              | 10        | 2         | 2         |           |           | 1         | 1         |          | <b>16</b>   |
| <b>Bureaux de Change</b>                     | 1         |           |           |           |           |           |           |          | <b>1</b>    |
| <b>Leasing Companies</b>                     |           | 1         |           |           |           |           |           |          | <b>1</b>    |
| <b>Total number of inspections</b>           | <b>36</b> | <b>18</b> | <b>16</b> | <b>13</b> | <b>1</b>  | <b>3</b>  | <b>6</b>  | <b>6</b> | <b>99</b>   |
| <b>HCMC</b>                                  |           |           |           |           |           |           |           |          |             |
| <b>Fund &amp; Asset management companies</b> | 0         | 1         | 2         | 0         | 2         | 2         | 3         | 0        | <b>10</b>   |
| <b>Receival &amp; Transmission companies</b> | 15        | 10        | 24        | 20        | 10        | 7         | 1         |          | <b>87</b>   |
| <b>Investment Services Firms</b>             | 21        | 13        | 3         | 7         | 9         | 10        | 7         | 7        | <b>77</b>   |
| <b>Portfolio Investment companies</b>        | 0         | 0         | 0         | 0         | 0         | 0         | 0         | 0        | <b>0</b>    |
| <b>Total number of inspections</b>           | <b>36</b> | <b>24</b> | <b>29</b> | <b>27</b> | <b>21</b> | <b>19</b> | <b>11</b> | <b>7</b> | <b>174</b>  |

*DNFBPs*

337. There are major inconsistencies in intensity of supervision for DNFBPs and major variations in the implementation of a risk based approach.

338. HGC mainly carries out its off-site inspections for land based gambling firms and also conducts a limited number of on-site inspections mainly as a follow-up action. Such follow-up is determined by the risks identified on off-site inspections and by alerts received from police, or HFIU. The nine casinos have a member of staff from the HGC on a daily basis, who are specialised in auditing and monitor their systems and controls. Previously, a HGC representative would be on-site at the casinos 24 hours per day for monitoring purposes, but this has recently been reduced to daily attendance or remotely through new technology (VPNs, cameras, etc.). There are currently no definitive controls over online gambling, but legislation to bring controls in was being developed at the time of the onsite.

339. HAASOB undertook detailed inspections for all audit firms in 2009-10 upon establishment of HAASOB and currently conducts inspections for firms on a 2-3 year cycle. HAASOB maintains its assessment database, which includes information or profile of the firms and accumulates findings of the inspections, to monitor the inspection programme. It also undertakes thematic reviews on specific areas. It has an agreement with US Audit agency and joint-inspections have been carried out with them since 2015. This is seen as a positive aspect of the supervisory regime by HAASOB. Furthermore, HAASOB is providing mutual legal assistance to Georgia on audit supervision following a successful European Commission tender. This is also a positive reflection on the expertise of the HAASOB.

340. IAPR does not have a proactive supervision strategy based on an ML/TF risk assessment for the sectors under its supervision and does not apply a risk-based approach to its supervisory activity. Supervision is focussed on ensuring that accountants are compliant with their professional standards, and on-site inspections are only usually carried out where possible tax evasion cases have been identified. There has not been any supervision of high value dealers for five years, and the IAPR have noted that there are serious deficiencies in supervision of this sector. In addition, serious weakness was identified in the supervision to real estate agents, which include failure to conduct inspections or update the supervisory policies and procedures. HFIU has asked all notaries to provide it with information on foreign property purchases, due the lack of STRs submitted in this sector (see para 97). However, it is not clear how this information can be utilised by HFIU in practice, or if it contributes to a risk-based supervision by the IAPR to the agents. IAPR noted that the authority is seriously under-resourced to have an adequate supervisory regime, and its main focus is on the accountancy sector, with little ability to oversee the other sectors within its remit.

341. The Hellenic Police does not seem to apply a risk-based approach to its supervision of pawnbrokers. The supervision is mostly relying on visits to pawnbrokers' shops solely to check that the register of pawned items is up to date. This seems to be done on a random basis. Since the Hellenic Police does not have sufficient understanding of the risks associated with the sector, its supervision cannot be carried out on a risk-based basis. Furthermore, the assessment team is concerned that AML/CT supervision of pawnbrokers may be deprioritised due to the broad remit and conflicting demands of the Hellenic Police Financial Police Unit and Cyber Crime Unit.

342. Greek authorities did not provide many details on their approach to the supervision of lawyers and notaries. However, it would appear that lawyers and notaries are not supervised on a risk based approach for the purpose of AML/CFT. The assessment team was informed that notaries are overseen by public prosecutors, who can investigate allegations of breaches of obligations or misconduct; lawyers committees carry out a similar function for lawyers. The Ministry of Justice explained that lawyers are lower risk because they work with AML/CFT laws, so have a good understanding of the requirements. This was seen as a mitigation and reason for requiring less proactive supervision in the sector.

### *Remedial actions and effective, proportionate and dissuasive sanctions*

#### *FIs*

343. The Bank of Greece and HCMC take corrective measures where FIs do not meet their AML/CFT requirements. They have also fined natural and legal persons. Corrective measure and fines can be imposed together as well as individually. Firms are asked to correct failings, and the supervisory authorities follow up these remedial actions with a clear deadline, generally by requiring firms to attest that appropriate remedial actions have been undertaken through off-site inspections. The Bank of Greece and HCMC explained that FIs largely comply with their corrective measures, due to their concern about the reputational damage to the firms that they would incur if more serious public measures were taken.

344. While the relevant law equips the Bank of Greece and HCMC with a wide range of sanctions, they appear to heavily rely on corrective measures and fines. No other remedial actions have been used against FIs, though there is an ongoing case (see Case Study 6.1 below). Furthermore, the number of fines imposed by Bank of Greece and HCMC for failings of AML/CFT requirements have been low and infrequent. The interview with representatives of FIs during the on-site visit suggested that such fines are not dissuasive and there was no or only limited awareness of fines among the FIs the assessment team spoke with.

Table 6.2. AML/CFT Remedial Actions and Sanctions Imposed to FIs

|  | 2011    | 2012    | 2013      | 2014    | 2015    | 2016   | 2017    | 2018<br>As of Oct |
|--|---------|---------|-----------|---------|---------|--------|---------|-------------------|
| <b>Bank of Greece</b>                        |         |         |           |         |         |        |         |                   |
| <b>Credit Institutions</b>                   |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 220 000 | 164 000 | 790 000   | 955 000 | 330 000 | 0      | 670 000 |                   |
| number of FIs concerned                      | 2       | 1       | 4         | 6       | 3       |        | 3       |                   |
| total monetary fines to natural persons      | 0       | 0       | 1 195 000 | 0       | 0       | 0      | 0       | 1 325 500         |
| natural persons concerned                    |         |         | 9         |         |         |        |         | 12                |
| number of corrective measures imposed        | 0       | 4       | 5         | 30      | 7       | 0      | 15      |                   |
| <b>Insurance Companies</b>                   |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 0       | 129 500 | 34 500    | 0       | 0       | 0      | 0       |                   |
| number of FIs concerned                      |         | 3       | 3         |         |         |        |         |                   |
| number of corrective measures imposed        | 0       | 5       | 6         | 0       | 0       | 0      | 0       |                   |
| <b>MVTS</b>                                  |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 120 000 | 0       | 0         | 0       | 0       | 0      | 0       |                   |
| number of FIs concerned                      | 3       |         |           |         |         |        |         |                   |
| number of corrective measures imposed        | 0       | 0       | 0         | 0       | 0       | 0      | 0       |                   |
| <b>Leasing Companies</b>                     |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 0       | 0       | 0         | 40 000  | 0       | 0      | 0       |                   |
| number of FIs concerned                      |         |         |           | 1       |         |        |         |                   |
| number of corrective measures imposed        | 0       | 0       | 0         | 5       | 0       | 0      | 0       |                   |
| Total monetary fines per year                | 340 000 | 293 500 | 2 019 500 | 995 000 | 330 000 | 0      | 670 000 | 1 352 500         |
| TOTAL FINES (EUR)                            |         |         |           |         |         |        |         | 6 000 500         |
| <b>HCMC</b>                                  |         |         |           |         |         |        |         |                   |
| <b>Fund &amp; Asset Management Companies</b> |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of FIs fined                          | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of corrective measures imposed        | 0       | 1       | 1         | 0       | 0       | 0      | 0       | 0                 |
| <b>Receival &amp; Transmission Companies</b> |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of FIs fined                          | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of corrective measures imposed        | 4       | 0       | 17        | 3       | 3       | 1      | 0       | 0                 |
| <b>Investment Services Firms</b>             |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 52 000  | 25 000  | 30 000    | 0       | 0       | 20 000 | 0       | 0                 |
| number of FIs fined                          | 3       | 1       | 1         | 0       | 0       | 2      | 0       | 0                 |
| number of corrective measures imposed        | 15      | 2       | 3         | 3       | 4       | 3      | 1       | 0                 |
| <b>Portfolio Investment Companies</b>        |         |         |           |         |         |        |         |                   |
| total monetary fines to FIs                  | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of FIs fined                          | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| number of corrective measures imposed        | 0       | 0       | 0         | 0       | 0       | 0      | 0       | 0                 |
| Total monetary fines per year                | 52 000  | 25 000  | 30 000    | 0       | 0       | 20 000 | 0       | 0                 |
| TOTAL FINES                                  |         |         |           |         |         |        |         | 127 000           |

**Case Studies 6.1: Remedial Actions Taken by Bank of Greece against CI**

In October 2018, the Credit and Insurance Committee (CIC) of the Bank of Greece imposed total fines of EUR 1 352 500 to 12 high executives of a bank. It is considered that the bank was responsible for specific violations in relation to the formation of the economic/transacting profile of the companies and their UBOs, as well as a number of unusual transactions concerning both funded and non-funded firms.

The Bank of Greece also determined to impose a fine of EUR 400 000 to the bank for violations of capital controls' provisions and concluded that the bank breached the AML framework in specific transactions: which the Bank of Greece, however, decided to postpone in order to carry out a single assessment for the violations of the AML framework, including report of the regular audit on the bank's AML systems and procedures.

A forthcoming CIC Decision is to be expected to impose fines to the Bank, as well as the appropriate corrective measures, which includes: a) Internal Audit to examine the proper and effective operation of the AML IT system, b) upgrade of the IT system to effectively perform the continuous monitoring and detection of suspicious activity, c) provision of extensive data on the pending alerts generated by the specialised AML IT system via the annual AMLRO report.

*DNFBPs*

345. Overall, remedial actions are very rarely imposed against breaches of AML/CFT requirements across the DNFBPs sectors. Although L.4557/2018 provides a wide range of remedial actions for supervisory authorities, the assessment team was not convinced that these would be used in the DNFBP sectors in practice.

346. HGC has forced several companies to declare inactive to the tax authority, which acts as a de facto licence revocation. Although these cases have not been related to breaches of the AML/CFT requirements, firms failed to meet their financial obligations. HGC has also co-operated with the Maltese authority to assist with the removal of a licence for an online gambling website.

347. HAASOB generally takes corrective actions and directs audit firms to take remedial actions in case where need to strengthen their compliance. This includes recommendation to facilitate firms' full compliance with the requirements, determined by the HAASOB's Disciplinary Board. However, there has been no sanction imposed to breaches of AML/CFT requirements.

348. IAPR also has not sanctioned any obliged entities for breaches of AML/CFT requirements by any of the sectors under its supervision.

349. Lawyers and notaries can be debarred in case where they ignore AML/CFT requirements. The assessment team was informed that there have been 14 cases of disbarment for lawyers since 2017, including for their actual involvement in the money laundering offence, and four notaries were removed from the profession for forgery of documents and misappropriating of funds.

### *Impact of supervisory actions on compliance*

#### *FIs*

350. The Bank of Greece and HCMC are of the view that their supervisory actions contribute to improvement in the level of compliance with the AML/CFT requirements of FIs. HCMC records show a downward trend in the number of corrective measure and fines imposed, and there were no breaches of AML/CFT requirements found during the on-site inspections of the seven financial institutions performed in 2018. However, it is not clear how much of this downward trend can be attributed to the dissuasiveness of sanctions, or the significant contraction of capital market activity.

351. L.4557/2018 adopted in July 2018 allows Bank of Greece and HCMC to impose smaller fines for AML/CFT failures. HCMC believe that this will provide a greater deterrence as previously the minimum fine that could be imposed was euro 10,000, which was often seen as disproportionate for minor breaches, so was not used. This led to a heavier reliance on corrective actions. However, the assessment team could not determine the impact of new sanctions regime under the new law due to its recent nature. The Bank of Greece and HCMC, take corrective measures against FIs and monitor and follow up to ensure that issues are rectified. This follow-up is generally carried out through off-site inspections, however, onsite follow up is carried out where necessary.

352. There is a significant case study where Bank of Greece looked at measures by FIs to stop tax evasion. This has been cited as an example of good practice (see Case Studies 6.2 below).

#### **Case Studies 6.2: Bank of Greece's Thematic Review on Supervisory Actions against Tax Evasion**

Following the adoption of Governor's Act 2652/2012, which amended AML/CFT regulations, Bank of Greece conducted a thematic review on the measures taken by CIs to combat tax evasion. Those thematic inspections, which were embedded to a Prior Action set out in the MoU between Greece and the Troika (i.e. EC, ECB and IMF), were subject to a very thorough review by the IMF.

Bank of Greece took number of supervisory actions in order to promote a clear understanding of the requirements newly introduced, and also assess effective implementation by the obligated entities and in particular the CIs accepting deposits. These actions include a variety actions, starting with outreach or awareness raising (meetings with CIs), issuance of guidance off-site and then on-site inspections (in three separate phases, based on the CIs' size) to determine their level of compliance.

This chain of actions ultimately resulted in imposition of a number of corrective measures and fines of EUR 1 305 000 in total.

353. The Bank of Greece does find common failures in firms in relation to issues such as omission in detection or handling of STRs (see Table 5.1 in Chapter 5). Bank of Greece insists that this large number of breach identification in this area comes from significant supervisory focus on specific areas, and that these issues tend not to be significant. Notwithstanding this, Bank of Greece recognises that continued focus on these areas is required to further improve standards.

354. The contraction of the capital market in Greece during the last decade is one reason for the reduction of the total fines imposed by HCMC. This is because the active clients have established relationships with FIs and are well known to them. Overall, HCMC is of the view that the level of compliance with AML/CFT requirements of FIs has improved. No breaches were noticed during the on-site inspections performed in 2018, which is an indication that the actions of the HCMC promote better compliance to adequate and effective AML/TF procedures

#### *DNFBPs*

355. Greek authorities did not provide the assessment team with clear evidence that supervision by the authorities has had an impact compliance with the AML/CFT requirements in the DNFBPs sectors. Furthermore, the limited number and types of their remedial actions, as explained above, are suggest fundamental improvements are required.

#### ***Promoting a clear understanding of AML/CFT obligations and ML/TF risks***

#### *FIs*

356. Information obtained from representatives of different types of FIs suggested that actions to promote the understanding of the AML/CFT obligations among FIs was not consistent. CIs reported goods relationships and regular communication with the Bank of Greece. They also felt that the Bank of Greece's supervision was adequate. Bank of Greece also informed the assessment team that it has promoted a clear understanding of AML/CFT obligations as part of on-site inspections, through relevant regulatory information on its website, and via a quarterly circular to FIs regarding developments at FATF, including on high-risk jurisdictions. However, most of the guidance and information issued by Bank of Greece is targeted to CIs, and there is a lack of sector specific guidance for other non-banking firms. Bank of Greece is working on revision of its sectoral regulation (BCC Decision) in line with the newly adopted L.4557/2018 to specify obligations on all FIs, particularly in relation to RBA. Bank of Greece also reported that it is planning to hold awareness raising events on the NRA, and would like to provide more guidance and outreach to specific sectors. However, a lack of resource to date has hampered these initiatives. HCMC has in the past produced guidance on a range of areas and has also run workshops for its obliged persons, but this has not happened in recent years due to resource constraints.

#### *DNFBPs*

357. The DNFBP supervisory authorities, except for HGC, do not generally provide their sectoral guidance to the firms to promote an understanding of AML/CFT obligations. Representatives of DNFBP met during the onsite felt that guidance was

required to help them implement the requirements of L. 4557/2018. At the time of the onsite this had not been provided except by the IAPR, which had published a circular for obliged persons explaining AML obligations and sanctions in case of non-compliance.

### *Overall conclusions on IO.3*

358. The Bank of Greece and HCMC are the strongest of Greece's supervisory authorities. They have a good understanding of risk and strong entry controls for FIs. A lack of resources has reduced their ability to consistently apply the full range of supervisory and corrective measures available to them and must be addressed as a priority. The level of recurring AML/CFT breaches reported suggests that supervisory continued focus is required in certain key areas. Among DNFBPs, entry controls across the sectors are not sufficient to prevent criminals from market entry, supervisors' understanding of risk varies significantly and supervision is largely inadequate, even in higher risk sectors. Owing to the seriousness of the shortcomings and relevant importance of the DNFBP sector (see Chapter 1), major improvements are required to enhance Greece's effectiveness.

**Greece is rated as having a moderate level of effectiveness for IO.3.**



## Chapter 7. LEGAL PERSONS AND ARRANGEMENTS

### Key Finding and Recommended Actions

#### *Key Findings*

- a) The General Electronic Commercial Registry (GEMI) database contains comprehensive basic information on most legal persons established in Greece. This information is publicly available, accessible online in Greek and free of charge.
- b) Clear rules requiring companies to maintain basic information on their establishment and control ensure that competent authorities have access to basic information on most types of legal persons through the GEMI database. The information is consistently accurate, although there can be delays in updating it. Authorities were not able to demonstrate that sanctions have been imposed in cases where information on the companies register has not been updated in accordance with the law.
- c) Greek authorities place significant emphasis on the need for FIs to identify beneficial ownership. The new AML/CFT law establishes a public beneficial ownership database based on the new requirements for legal persons to collect and store information about the beneficial owner. However, this database is currently in design phase and was not operational by the end of the on-site visit.
- d) Greece has several databases that can be used to identify some aspects of beneficial ownership and was one of the first EU member states to introduce a bank account register (BAR). Greece also has a comprehensive tax database (ELENXIS), which is accessible by all competent authorities that carry out financial investigations.
- e) Greece has recently enacted legislation to abolish bearer shares, although bearer shares will not completely disappear until January 2020 and at the time of the onsite there were over 10 000 *sociétés anonymes* (SA) corporations (active and inactive) with bearer shares.
- f) Access to accurate and up to date basic and beneficial ownership on shipping companies is limited due to the fact that company records are maintained separately in a paper based format. There are differing views on the level of risk this presents; however, such companies have frequently issued bearer shares and used complex structures established in offshore locations.

***Recommended Actions***

- a) Greece should continue to develop its understanding of the ML/TF risks that specific legal persons pose.
- b) Greece should ensure that the beneficial ownership register is fully operational without delay. This includes ensuring that information that is currently held at individual obliged entities is migrated across and verified for accuracy.
- c) Greece should ensure that basic information on shipping companies is able to be accessed electronically and is accurate and up to date.
- d) Greece should introduce measures to ensure accurate and up-to-date information on the beneficial ownership of shipping companies is collected and easily accessible by the competent authorities.
- e) Greece should ensure that all bearer shares are converted into the registered shares within the timescales set out in the legislation. This should extend to all legal persons in the country including shipping companies.
- f) The Greek authorities should ensure that obliged persons are carrying out robust CDD measures to identify and to verify beneficial ownership in line with the legal requirements.
- g) Greece should determine if there are any legal restrictions that hinder LEAs from timely access to beneficial ownership information and assess whether these can be removed.

359. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The Recommendations relevant for the assessment of effectiveness under this section are R.24-25.<sup>27</sup>

**Immediate Outcome 5 (Legal Persons and Arrangements)*****Public availability of information on the creation and types of legal persons and arrangements***

360. Information on the types of legal persons is available publicly on websites of the Greek authorities, relevant legal framework for creation of a company on the GEMI website. No such information on legal arrangements for trusts is available, since they cannot be created in Greece. Foreign trusts can and do operate in Greece.

<sup>27</sup>. The availability of accurate and up-to-date basic and beneficial ownership information is also assessed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. In some cases, the findings may differ due to differences in the FATF and Global Forum's respective methodologies, objectives and scope of the standards.

### *Identification, assessment and understanding of ML/TF risks and vulnerabilities of legal entities created in the country*

361. There is no comprehensive assessment of ML/TF risks associated with all types of legal persons created in the country. Greek authorities have a basic understanding of ML/TF risks of some legal entities created in the country. The NRA highlights the risk posed in each sector by certain legal entities established in Greece and elsewhere and the Greek authorities also acknowledge the ML/TF risks through the abuse of legal professions, which provide trust and company services, e.g. lawyers and notaries.

362. Offshore companies and complex legal arrangements also feature as high-risk factors in most of the sectors analysed in the assessment.

363. Obligated persons are expected to apply appropriate levels of due diligence in verifying basic and beneficial ownership information when entering into relationships and on an ongoing basis. The Bank of Greece and HCMC particularly focus on the firm's identification and verification of beneficial ownership of offshore companies, having recognised the risk they present.

364. Legal persons can only be created in Greece once an individual Tax Identification Number (TIN) for that entity has been created. Greek authorities see this as a significant defence against the risk of misuse of companies. However, law enforcement agencies observed that there was evidence of companies being misused in many of the ML cases they handled. The assessment team was provided with case studies that supported this view, including ones that involved the use of "strawmen".

365. There appears to be a lack of comprehensive beneficial ownership information in relation to shipping companies. Representatives from the private sector that the assessment team met during the on-site visit, described this as a high-risk sector due to fact that such companies regularly have complex structures and there is often an associated culture of secrecy. The Greek authorities dismissed the risk on the basis that it was common knowledge in terms of who the major shipping company owners were. Greek shipping companies established under L. 959/1979 are required to submit a memorandum of association to the Greek shipping authority (Ministry of Maritime Affairs and Insular Policy, MMAIP) at point of establishment. This includes information such the names of the founders - shareholders as well as the shares they hold and is meant to be kept updated. However, it is often out of date and not checked for accuracy by the authorities. Some foreign shipping companies are established in Greece as branches of parent companies established in other territories. These are not classed as legal persons and are subject to very little scrutiny or ongoing oversight and the Greek authorities rely on the information and documentation from the shipping company's country of origin.

366. A registry for shipping companies is maintained separately by Ministry of Shipping and Island Policy. This is publicly available in paper format and can be searched manually. The assessment team were not able to determine how easy this would be in practise and it is unclear how easy it would be for the authorities to quickly access this information. The Greek authorities explained that there are plans to introduce an electronic register in the future and that beneficial ownership information for shipping companies will be held on the beneficial ownership register when it becomes operational.

### *Mitigating measures to prevent the misuse of legal persons and arrangements*

367. Greece has several measures in place to enhance the transparency of legal persons and arrangements.

368. All legal persons, except for most of shipping companies, are required to be registered with GEMI, and the IAPR for tax purposes. Beyond that information, GEMI maintains all the decisions by the relevant bodies (e.g. general assembly, or board of directors) of legal persons. Such information held in GEMI is publicly available electronically. As mentioned above, the Greek authorities explained that basic information on shipping is held separately and can be manually searched.

369. SAs are the most common types of company in Greece. When SA companies are established they are required to provide a declaration of legal ownership from the board of directors. All changes in ownership are required to be notified to GEMI and these changes are notified to the IAPR for tax and social security reasons.

370. Since the enactment of L.4557/2018, legal persons governed by Greek law are required to collect beneficial ownership information and hold it in a register at their premises. This is not publicly available and searchable, although it is intended that this information will be centralised through the Beneficial Ownership Register when it is established. Nevertheless, at the time of the on-site visit the Beneficial Ownership register was not operational. There is no way of telling if legal persons are meeting the new obligation to hold beneficial ownership information, and no checks have been carried out by the authorities to determine this. Furthermore, no sanctions were in force at the time of the onsite for failure to meet these obligations.

371. Obligated persons are required to identify and verify the identity of beneficial owners for customers that are legal persons. FIs are expected to form a strong picture of beneficial ownership, which the Bank of Greece and HCMC consider when looking at firms' systems and controls as part of ongoing supervision. However, Greek authorities were not able to clearly demonstrate to the assessment team how other obliged persons (i.e. non FIs) determine beneficial ownership in practice, or the extent to which supervisory authorities check for this during their supervisory engagement.

372. At the time of the onsite there were over 10 300 companies that had issued bearer shares in Greece. Under the new law these shares are required to be converted into registered shares by June 2019. However, at the time of the onsite, thousands of these bearer shares were still in circulation, meaning there is still a lack of transparency relating to the beneficial ownership of a large number of firms.

### *Timely access to adequate, accurate and current basic and beneficial ownership information on legal persons created in the country*

373. HFIU has swift access to a wide range of information held in the databases and registries. This includes the Tax database, the Greek Bank Account Register and the GEMI, which holds and maintains basic information on legal persons.

374. There is a good interlink between the systems, which different parties operate. For example, the assessment team was informed that information held on GEMI, is updated when any changes in information registered in the Tax database are automatically notified to the Tax Authorities. Furthermore, GEMI is connected to the

*e-justice portal*, which inter-connects the business registries of all EU member countries to share basic information among them. Information held in GEMI seems generally accurate. Competent authorities are required to notify GEMI when they find inconsistencies in information. Although levels of accuracy are generally high, the assessment team was informed that there can occasionally be delays from the time inconsistencies are notified to GSIS and the time the information is updated on the system. This is possibly due to a lack of resource in GSIS.

375. Greek authorities, LEAs as well as HFIU, believe that they can get accurate and updated basic and beneficial ownership information relatively easily. This was demonstrated in one of the case studies presented during the onsite. However, there does not appear to be a clear and consistent approach to accessing this information in a single place (i.e. different components of beneficial ownership may be held in one or more of several databases). The central Beneficial Ownership Registry will help improve access to this type of information and its establishment should be a priority for Greece.

376. Access by LEAs to some types of detailed information, e.g. transaction information held in obliged persons, requires a court order, and this may also cause a delay in accessing it. Greek authorities have sought information from other jurisdictions and have also provided information on Greek nationals to other countries, through the regular international co-operation channels between authorities. While there is no specific mechanism in Greece to monitor the quality of assistance received from other countries in this regard, they recognise difficulties in getting information particularly on offshore companies and from countries that are reluctant to co-operate with.

#### ***Timely access to adequate, accurate and current basic and beneficial ownership information on legal arrangements***

377. Legal arrangements cannot be created under Greek law. However, there is no prohibition against the formation or administration of foreign trusts within Greece. Trusts established in foreign countries, operating in Greece, have mandatorily TIN number and are enlisted in the ETAXIS Registry in order to be taxed accordingly. Information on these foreign trusts must be gathered by obliged persons carrying out CDD checks. Furthermore, L.4557/2018 requires express trusts to collect and hold beneficial ownership information on related persons at their headquarters. However, the assessment team was not informed of any operational information on these requirements. Information on foreign trust-relevant parties is available from CDD information collected by obliged entities or foreign counterparts.

#### ***Effectiveness, proportionality and dissuasiveness of sanctions***

378. There are fairly significant fines available to the authorities, where legal persons fail to meet their reporting obligations in relation to basic information provided to the GEMI. These range from EUR 10 000 to 100 000 in cases of late submission or no submission of 1) annual reports, 2) Decisions on General Assembly, or 3) Decisions of board of directors (see Table 7.1 below). However, very few fines have been imposed in practice. The Greek authorities claim that this is due to the robust nature of the system, which means information is kept largely up to date, rather than lack of detection.

**Table 7.1. Number of Fines Imposed for non-compliance with the Registry Requirements**

| Type of Breach                  | No. of Fines imposed | 2016 | 2017 | 2018 |
|---------------------------------|----------------------|------|------|------|
| Annual Reports                  | 0                    | 0    | 0    | 0    |
| Decisions on General Assembly   | 0                    | 0    | 0    | 0    |
| Decisions of Board of Directors | 5                    | 3    | 0    | 2    |
| Other                           | 0                    | 0    | 0    | 0    |

379. L.4557/2018 sets out sanctions against breach by legal person or foreign express trusts in compliance with the requirement to collect and maintain beneficial ownership information: which include suspension of issuance of a tax good standing certificate, and fine with EUR 10 000. However, these sanctions were not in place at the time of the onsite and will only come into force 60 days after the Beneficial Ownership Register becomes operational.

380. Greek authorities have recorded failures by obliged persons to conduct proper due diligence. For example, where CIs failed to apply appropriate procedures for the identification of ultimate beneficial owner of legal persons. Although the supervisory authorities take action where breaches of CDD requirements by obliged persons are found, these are largely limited to corrective measures (see Chapter 5 and 6).

### **Overall conclusions on IO.5**

381. Greece is taking positive steps to improve the effectiveness of its system in relation to basic and beneficial ownership information (e.g. plans to move the shipping register to an electronic system and to centralise beneficial ownership information). Greece has some measures in place to make legal persons and arrangements transparent, including the GEMI registry, which contains generally accurate and up-to-date basic information. However, major improvements are needed to fully assess and understand the vulnerabilities of all types of legal persons and to ensure swift access to accurate and up-to-date beneficial ownership information for all types of legal persons.

**Greece is rated as having a moderate level of effectiveness for IO.5.**

## Chapter 8. INTERNATIONAL CO-OPERATION

### Key Finding and Recommended Actions

#### *Key Findings*

- a) The Hellenic Financial Intelligence Unit (HFIU) and Hellenic Police have dedicated units for international co-operation. This enables them to effectively exchange information internationally with foreign counterparts. International requests are prioritised and every attempt is made to respond within two to ten days. Feedback from international counterparts is generally positive.
- b) Hellenic Police and other LEAs actively engage in international co-operation and co-ordination, many of which resulted in successful outcomes. Further, the Hellenic Asset Recovery Office (ARO) and the Camden Asset Recovery Inter-Agency Network (CARIN) contact point successfully trace illicit proceeds of crime abroad and provide legal and beneficial ownership information to foreign counterparts.
- c) Bank of Greece has a good record of accomplishment of providing timely assistance on a range of issues, such as information requests for fit and proper assessments. The Bank of Greece and Hellenic Capital Markets Commission (HCMC) have numerous MoU with EU and third countries, which facilitate other forms of co-operation.
- d) Greece both receives and seeks MLA and international co-operation in numerous cases, some of which are related to ML and TF.
- e) Greece employs a full range of tools in mutual legal assistance (MLA) and international co-operation and has concluded numerous international treaties and several bilateral and multilateral memoranda of understanding (MoU) with other countries. In particular, Greece utilises tools for co-operation within the European Union (EU), including Eurojust and the European Judicial Network (EJN). However, Greece's participation in JITs is somewhat limited.
- f) Although other forms of international co-operation are generally effective, some case studies demonstrate that judicial MLA and extradition requests are often delayed in the courts or by the need translate requests made in languages other than Greek.

- g) In the case of judicially based legal assistance, the range of predicate offences, the full extent of co-operation, and the quality and appropriateness of assistance sought and received cannot be determined. Due to lack of comprehensive statistics or other data that give such details, or an overview of the final results of MLA, it is impossible to conclude that Greece has an effective regime for judicially based legal assistance.
- h) Feedback received from other countries on international co-operation was largely positive. However, in relation to MLA, some countries noted that assistance requests from Greece are not always good quality and one country suggests that requests are usually limited to simple crimes.

#### *Recommended Actions*

- a) To address delays in judicial proceedings involving MLA and extradition, the MoJ and Office of Judicial Assistance and Extraditions of the Public Prosecutor's Office of the Athens Court of Appeal (Greece's Central Authority) should examine the case management, prioritisation of tasks and resource allocation among relevant judges and prosecutors and implement clear systems for the prioritisation and management of EAW, EIO, MLA and extradition requests.
- b) Greece should develop more comprehensive national statistics regarding extraditions, EAW, EIO, MLA and international co-operation conducted through direct contact, including sufficient details to enable Greece to evaluate their results, identify the difficulties and, if needed, take the necessary measures to improve them.
- c) Greece should provide specialised and systematic training in the use of international co-operation tools, including JITs, and further develop circulars and other facilitative material for personnel dealing with extradition and MLA and to enhance their ability to proactively seek assistance in complex cases, in line with Greece's ML/TF risks.
- d) DNFBP supervisors should engage more fully in international co-operation with their foreign counterparts.

382. The relevant Immediate Outcome considered and assessed in this chapter is IO.2. The Recommendations relevant for the assessment of effectiveness under this section are R.36-40.

## Immediate Outcome 2 (International Co-operation)

### *Providing constructive and timely MLA and extradition*

383. Greece provides mutual legal assistance (MLA) and extradition in accordance with the requirements set out in international treaties and domestic legislation. Procedure for executing MLA and extradition depends on whether the requesting country is within the EU. For EU countries, the European arrest warrant (EAW) and European Investigation Order (EIO) are used. These provide for simplified procedures, including direct communication with regional Courts of Appeal and other competent authorities. Greek authorities use these measures with good results. Requests sent within the EU system may be sent directly to the relevant authority. Greece's central authority is not always notified of these requests, resulting in a lack of information on the number of requests made and received or the underlying charges for these requests. Although such direct communication makes MLA more efficient, the lack of information impairs Greece's ability to determine the effectiveness of their own systems.

384. Greek authorities provided some statistics, primarily related to extradition and EAW. However, the statistics do not reflect what type of ML is involved, the predicate offence, the assistance sought, or how much time was required to execute requests. This lack of detailed information prevents the assessment team from developing a comprehensive analysis of Greece's effectiveness in this area. The difficulties in providing relevant information to the assessment team indicate the need for more effective resource allocation and stronger case management capacity in this area. Greek authorities did provide the assessment team with some case studies to provide examples of constructive and timely execution of MLA and extradition requests, particularly within the EU legal framework.

385. Within the EU framework, Greek authorities make good use of the European Judicial Network (EJN). Greece has designated nine EJN Contact Points to facilitate judicial co-operation in criminal matters, primarily with other EU Member States. These Contact Points comprise three senior prosecutors from the Appeals Court of Athens and Thessaloniki, three senior officials from the Hellenic Ministry of Justice Transparency and Human Rights and three senior judicial secretaries from the Public Prosecutor's Office at the Appeals Courts of Athens and Thessaloniki. Using this network, Greek authorities exchange legal and practical information with the Contact Points of other countries to help ensure that requests for assistance are compliant with relevant legal and evidentiary requirements.

### *Mutual Legal Assistance (MLA)*

386. The Greek Criminal Procedure Code (CPC) sets out a suitably comprehensive legal framework for MLA, which enables the authorities to provide a broad range of assistance in relation to investigations, prosecutions and related proceedings concerning ML, associated predicate offences and TF. The central authority for extradition and MLA is the International Legal Assistance Department in the Ministry of Justice, Transparency and Human Rights. Public Prosecutors Offices at the Courts of Appeal are responsible for executing requests for judicial assistance, with a specialised Departments of Extradition and Judicial Assistance in the Appeals Courts of Athens and Thessaloniki.

387. For the period 2014 – 2018, the Greek Central Authority estimates receiving a total of 2 038 requests for MLA. The following Table 8.1: Incoming MLA Requests related to ML Offences (All Courts) indicates only the number of MLA requests received that relate to ML offences.

**Table 8.1: Incoming MLA Requests related to ML Offences (All Courts)**

| PUBLIC PROSECUTOR'S OFFICES TO THE COURTS OF APPEAL | MLA                              |                   | Total     |
|---|----------------------------------|-------------------|-----------|
|   | 2014-2018 (1 <sup>st</sup> half) | Special Requests* |           |
| Athens  | 28                               | 1                 | 29        |
| Lamia   | --                               | --                | --        |
| Piraeus   | 1                                | --                | 1         |
| Nafplion  | --                               | --                | --        |
| Patras  | --                               | --                | --        |
| Corfu   | --                               | --                | --        |
| Ioannina  | 9                                | --                | 9         |
| Larisa  | 9                                | --                | 9         |
| Thessaloniki  | 14                               | 2                 | 16        |
| Aegean  | 6                                | 2                 | 8         |
| Crete   | 1                                | --                | 1         |
| Thrace  | --                               | --                | --        |
| Dodekanisa  | --                               | 3                 | 3         |
| Western Macedonia                                   | --                               | --                | --        |
| Kalamata  | 1                                | --                | 1         |
| Western Sterea Greece                               | --                               | --                | --        |
| Northern Aegean                                     | --                               | --                | --        |
| Eastern Crete                                       | 1                                | --                | 1         |
| Eyvoia  | --                               | --                | --        |
| <b>Total</b>  | <b>70</b>                        | <b>8</b>          | <b>78</b> |

\*Requests for property confiscation, seizure of proceeds of crime, etc.

Source: MoJ.

388. As indicated by the figures above, the Athens Court of Appeal receives the most MLA requests. The Public Prosecutor's Office for the Athens Court of Appeal provided the number of incoming and outgoing MLA and EIO requests that it handles on an annual basis (See Table 8.2: MLA/EIO Requests related to ML Offences, below). However, given the lack of any additional details regarding the figures in these two tables, the assessment team does not consider them to be probative of effectiveness.

**Table 8.2 MLA/EIO Requests related to ML Offences**

| YEAR         | INCOMING  | OUTGOING  |
|--------------|-----------|-----------|
| 2014         | 27        | 3         |
| 2015         | 20        | 16        |
| 2016         | 20        | 12        |
| 2017         | 13        | 8         |
| 2018         | 4         | 5         |
| <b>TOTAL</b> | <b>84</b> | <b>44</b> |

Source: MoJ.

389. Information provided by Greek authorities show that 5 out of 28 MLA requests in ML investigations were refused. In these cases, the requesting party characterised the cases as ML. However, the underlying predicate offence was misdemeanour fraud. Since the predicate offence was a misdemeanour, the assistance sought (lifting bank secrecy) could not be granted under Greek law. This limitation creates a gap in the range of assistance Greek authorities can provide which impairs Greece's effectiveness in this area.

390. Greek authorities were unable to provide information regarding the timeliness of responses to MLA requests but indicated that MLA requests are considered high priority as a matter of general principle and responses are provided as soon as possible. The feedback received from members of the FATF Global Network was either positive or did not express any problems with either the timeliness or the quality of MLA provided; nor did any member report requests being refused.

391. Greek authorities did provide case examples demonstrating effective provision of the full range of MLA tools. These cases involved obtaining evidence, enforcement of judgments, seizing assets, allowing participation of foreign authorities in domestic law enforcement operations, providing judicial records, taking depositions, tracing funds, examination of suspects, examination of suspects by foreign officers, and lifting bank secrecy. In these cases, the time taken to complete the requests was generally reasonable based on the assistance sought, and in urgent cases, expedited execution was provided. However, there was usually a delay in the communications between the MoJ and the competent court. These delays ranged from two weeks to over a month, even in cases designated as urgent. Greek authorities indicate that any such delays would only be caused by the need for translating the requests. Greek authorities accept requests made in English and French, but such requests must be translated before they can be disseminated to the appropriate operational authorities for execution. Although the need for translation is understandable and Greece's willingness to accept requests in languages other than Greek is unquestionably helpful to foreign authorities, assessors fear that the resources needed to expedite translations in urgent cases have not been allocated as needed. Assessors also remain concerned that these delays, coupled with challenges in the judicial system described in IO.7 and IO.8, may have a negative impact on the ability of Greek authorities to consistently provide MLA in a timely manner.

### *Extradition*

392. For the period 2014 – 2018, the Greek Central Authority estimates receiving a total of 336 requests for extradition. Greek authorities provided limited statistics on extradition requests received in ML cases (See Table 8.3: Incoming Extradition/EAW Requests related to ML Offences 2014 – June 2018 and Table 8.4: Extradition Requests Received – Athens (Non-EAW), below). Greek authorities do not maintain specific statistics on the types of predicate offences underlying these ML requests.

**Table 8.3: Incoming Extradition/EAW Requests related to ML Offences 2014 – June 2018**

| Public Prosecutor's Office to the Courts of Appeal | Number of incoming requests |
|--|-----------------------------|
| Athens   | 9                           |
| Lamia  | --                          |
| Piraeus  | --                          |
| Nafplion   | --                          |
| Psatras  | --                          |
| Corfu  | --                          |
| Ioannina   | --                          |
| Larisa   | --                          |
| Thessaloniki                                       | 3                           |
| Aegean   | --                          |
| Crete  | --                          |
| Thrace   | --                          |
| Dodekanisa   | --                          |
| Western Macedonia                                  | --                          |
| Kalamata   | --                          |
| Western Sterea Greece                              | --                          |
| Northern Aegean                                    | --                          |
| Eastern Crete                                      | --                          |
| Eyvoia   | --                          |
| Total  | 12                          |

Source: MoJ.

**Table 8.4: Extradition Requests Received – Athens (Non-EAW)**

| YEAR | TOTAL ARRESTS | ARRESTS FOR EXTRADITION | ARRESTS FOR M/L OFFENCES | RESULTS   |
|------|---------------|-------------------------|--------------------------|---|
| 2014 | 90            | 27                      | -                        | -   |
| 2015 | 85            | 32                      | 1                        | Extradited  |
| 2016 | 81            | 39                      | 2                        | 1 Extradition refused - improper request (vague description of facts)<br>1 Extradition granted      |
| 2017 | 82            | 41                      | 1                        | Greek national – extradition refused; tried in Greece   |
| 2018 | 81            | 34                      | 1                        | Greek national – extradition refused; domestic prosecution dismissed on expiry of limitation period |

Source: MoJ.

393. The majority of extradition cases in Greece related to ML are the result of an EAW, a mechanism which functions reasonably well in Greece. Under an EAW, Greece does extradite its own nationals, on the condition that they be repatriated to Greece to serve any custodial sentence. The following table reflects the number of times this has occurred, although it is not limited to ML or TF cases.

**Table 8.5: EAW Executed Annually against Greek Nationals**

| Year         | Number of EAW executed against a Greek national |
|--------------|---|
| 2014         | 8   |
| 2015         | 9   |
| 2016         | 8   |
| 2017         | 4   |
| <b>Total</b> | <b>29</b>                                       |

Source: Moj.

394. As noted in the tables below, Greek authorities received five requests for extradition in ML cases (other than EAW) between 2014 and June 2018. Of these requests, three were granted, and one resulted in extradition for trial of an internationally wanted terrorism fugitive and TF risk. See **Case Studies 3.1** in IO.6 (*K.D. Case*). Two of the five requests were not granted because Greek law prohibits the extradition of Greek nationals (or persons who were Greek nationals when the relevant offence was committed). In feedback received, two FATF countries from outside the EU were critical of Greece's refusal to extradite its own nationals.

395. The Greek Criminal Procedure Code (CPC) requires that prosecution proceed *ex officio* following receipt of information that an offence has been committed (Art.36 - 43). Greek authorities stress that this provision is applied vigorously and, in the context of extradition, arrests are made solely upon locating a person who is the subject of an Interpol Red Notice. The table below indicates the total number of Greek nationals against whom charges have been brought in Greece for offences committed abroad. However, no information is available regarding the offences involved or the outcome.

**Table 8.6: Greek Nationals Charged in Greece upon Refusal of Extradition Requests**

| Year         | Number of Greek nationals charged |
|--------------|-----------------------------------|
| 2014         | 4                                 |
| 2015         | 3                                 |
| 2016         | 2                                 |
| 2017         | 2                                 |
| 2018         | 9                                 |
| <b>Total</b> | <b>20</b>                         |

Source: Interpol NCB Athens.

396. Greek authorities provided two case examples of Greek nationals being tried domestically for foreign offences. In one case, the accused was tried and convicted domestically.<sup>28</sup> In the other case, prosecution commenced, but was dismissed when the statute of limitations barred further action. Given the delays that can occur in executing extradition requests, the lack of statistics and limited number of cases presented, the

<sup>28</sup> Greek authorities advise that, in another case, not related to ML, two members of the Public Prosecutor's Office of the Appeal Court of Athens were rewarded with honours by the United States FBI for their co-operation in the domestic trial and conviction of a Greek national for crimes committed in the US.

assessment team has concerns that such dismissals of domestic prosecutions could occur with some frequency.

397. As in the case of MLA, Greek authorities were unable to provide statistics regarding the timeliness of responses to extradition requests. However, some of the case summaries described the timelines in which key activities took place. In these cases, Greek authorities worked closely with foreign counterparts to obtain evidence, arrest and extradite foreign nationals in Greece who were involved in arms trafficking. (See Case Studies 8.1: MLA and Extradition Cases). These cases illustrated close co-ordination among LEAs, including use of special techniques to gather requested evidence within expedited timeframes. However, Assessors noted a pattern similar to that in MLA cases: operational functions took place within expected timeframes, but there were delays in the judicial and administrative processes. Assessors have concerns that difficulties referred to in IO.7 and IO.8 also have a negative effect in the context of extradition.

#### Case Studies 8.2: MLA and Extradition Cases

*WT Case, Athens, 2017:* On 24 January 2017, Greece's Central Authority received an urgent request for MLA via email. The request sought audio-visual material and other evidence related to an event taking place in Greece during the first week of February. The request was sent to the Special Investigating Judge on 30 January. The requested operation took place and a supplemental request was submitted to the Central Authority, which was forwarded to the same Special Investigating Judge on 6 February. On 9 February, the subject was arrested with a view toward extradition. The MLA request for evidence was completed on 31 March 2017. However, the extradition case remained pending before the courts until 13 December 2017, when an irrevocable judgment was issued. An additional three months expired before the final decision of extradition was issued by the Minister of Justice, Transparency and Human Rights. The accused was extradited on 5 April 2018.

*GRNA Case, Athens, 2015:* US authorities sought the arrest of a US citizen accused of purchasing missile systems. Greek authorities arrested the requested individual on 8 December 2015 and kept the individual detained while evidence was gathered under a parallel MLA request. The accused consented to extradition on 17 December 2015; nevertheless, almost four months expired from the time of this consent until the final decision approving extradition was issued.

398. Greek authorities acknowledge delays in the judicial processes for MLA and extradition, blaming a lack of judges with specific expertise and the complexities of the Greek Code of Criminal Procedure. To address the shortage of specialised judiciary personnel, the MoJ recently increased the number of seats available at the school for judges and prosecutors. Greece also introduced assistant positions for prosecutors and judges to increase the number of available staff. The Public Prosecutor of the Athens Court of Appeal issued a directive to the Head of the Department of Extradition and Judicial Assistance to prioritise and diligently monitor the status of crucial cases. The

MoJ formed a new department in September 2018 to focus on training needs of the judiciary. However, these initiatives had not yet taken effect at the time of the on-site visit.

***Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements***

399. Greece generally seeks timely and appropriate legal assistance in cases with transnational elements, including TF and some ML cases. Although Greek authorities could not provide comprehensive statistics, several case studies support this conclusion, and, for the period 2014 – 2018, the Greek Central Authority estimates making a total of 846 requests for MLA and 68 requests for extradition. However, as described in relation to prosecutions under IO.7, the primary focus in these cases remains the predicate offence. While this may be consistent with Greece’s national strategy to focus on tax and corruption crime, assessors are concerned that the ML offence is seen only as ancillary to the predicate crime. Assistance is not frequently sought for complex or third party ML cases, although this may not be of great weight considering Greece’s risk profile.

400. Feedback from the international community regarding requests received from Greece is somewhat mixed. Greece seems to engage in MLA more effectively with EU partners than with non-EU countries. Some feedback indicates good use of MLA mechanisms; some indicates that assistance requests are not always good quality and one country suggests that requests are usually limited to simple crimes. These criticisms indicate that Greek authorities responsible for generating MLA requests may be under resourced, or that resources are not appropriately allocated. The assessment team has concerns that Greek authorities do not utilise MLA mechanisms to the extent expected given their geographical context and risk profile.

401. The same limitations in available information and statistics described above in relation to incoming requests for MLA apply in the case of outgoing requests for MLA and extradition made by Greek authorities. The following Table 8.7: Outgoing MLA Extradition/EAW Requests related to ML Offences indicates only the number of MLA and extradition requests made by the Greek Courts of Appeal. For the number of outgoing MLA and EIO requests made on an annual basis by the Public Prosecutor’s Office for the Athens Court of Appeal, see Table 8.2 above.

Table 8.7 Outgoing MLA Extradition/EAW Requests related to ML Offences

| PUBLIC PROSECUTOR'S OFFICES TO<br>THE COURT OF APPEAL IN GREECE | MLA | EXTRADITION/EAW |
|---|-----|-----------------|
| Athens  | 30  | 12              |
| Lamia   | --  | --              |
| Piraeus   | --  | --              |
| Nafplion  | --  | --              |
| Patras  | --  | --              |
| Corfu   | --  | --              |
| Ioannina  | 2   | 5               |
| Larisa  | --  | --              |
| Thessaloniki  | 2   | --              |
| Aegean  | --  | --              |
| Crete   | --  | --              |
| Thrace  | --  | --              |
| Dodekanisa  | --  | --              |
| Western Macedonia   | --  | --              |
| Kalamata  | --  | --              |
| Western Sterea Greece   | --  | --              |
| Northern Aegean   | --  | --              |
| Eastern Crete   | --  | --              |
| Eyvoia  | --  | --              |
| TOTAL   | 34  | 17              |

Source: MoJ.

402. Aside from these statistics, Greek authorities did provide case examples demonstrating good use of MLA tools. In these cases, MLA requests were used to trace laundered assets abroad, obtain evidence and engage in joint law enforcement operations abroad. The following are two examples of those cases, which remain on-going at the time of the on-site visit.

**Box 8.1. MLA Requests made by Greece**

*Hospital Equipment Procurement, 2016:* A foreign company paid a commission to the Chairman of a Non-Profit Foundation to ensure being awarded a procurement contract to supply hospital equipment. This payment originated from a Swiss account and was made to a British Virgin Islands company established in Monaco and managed from Panama. Greece's Corruption Prosecutor made an MLA request to the Swiss Competent Authority obtained substantial information concerning a hidden agreement between the Chairman of the Foundation and the foreign Company. Using information obtained from Switzerland, Greek authorities were able to trace the illicit funds from their origin, through multiple bank accounts, countries, individuals and different currencies. *Trial pending.*

*Lunapharm, 2016:* Greek authorities requested MLA regarding entities suspected of being engaged in illegal cross-border trafficking in stolen pharmaceuticals and related ML. Despite delays of many months by the requested country, Greek authorities successfully obtained evidence of the illicit activities. Based on information gathered in response to the Greek request, the requested country opened its own investigation, which has become a complex and much-publicised investigation into the sale of stolen and possibly ineffective cancer drugs in the requested country. *Investigation on-going.*

### ***Seeking and providing other forms of international co-operation for AML/CFT purposes***

403. Greek authorities engage actively in all areas of informal international co-operation using a flexible and collaborative approach and is achieving good results from successful cross-border co-operation. Competent authorities regularly seek forms of international co-operation, other than MLA or extradition, to exchange financial intelligence and other information in an appropriate and timely manner with foreign counterparts. In particular, the cases studies provided indicate the use of co-ordinated cross-border investigation and supervisory activities in various areas.

404. Greece is active in the co-operation network established in Eurojust. Greece's National Desk at Eurojust is run by a senior Public Prosecutor of the Court of First Instance, assisted by two Public Prosecutors and a secretariat. Data published by Eurojust indicates that Greece initiates cases, participates in cases originated by other countries and in multi-lateral co-ordination meetings to an extent that is generally consistent with Greece's context. Greece is frequently named as a member either making or receiving the most requests, particularly related to migrant smuggling.<sup>29</sup>

<sup>29</sup> Eurojust Annual Reports 2014 - 2018 obtained from [www.eurojust.europa.eu/doclibrary/corporate/Pages/annual-reports.aspx](http://www.eurojust.europa.eu/doclibrary/corporate/Pages/annual-reports.aspx)

**Table 8.8: Cases Involving Co-operation with Eurojust**

| Year  | Cases involving ML | Stand-alone / ML Only |
|-------|--------------------|-----------------------|
| 2014  | 12                 | 4                     |
| 2015  | 43                 | 7                     |
| 2016  | 22                 | 3                     |
| 2017  | 25                 | 3                     |
| 2018* | 10                 | 2                     |

\*1<sup>st</sup> semester

Source: Eurojust Liaison for Greece.

405. Despite Greece's active participation in other aspects of Eurojust, Greece has not yet made significant use of Joint Investigation Teams (JITs). To date, Greece has only participated in two JITs, which is fewer than might be expected, given Greece's geographical characteristics. Given that co-operation within the JIT can eliminate the need for formal MLA requests, assessors are concerned that Greek authorities could make better use of this mechanism to enhance its effectiveness in ML and TF cases with cross-border elements.

#### *HFIU*

406. HFIU is an active member of the Egmont Group since 1998, and effectively exchanges information and financial intelligence via FIU.NET, the Egmont Secure Web and 21 bilateral MOUs. The AML Authority, of which HFIU is a part, includes the International Relations and Research Department (IRRD), an operational department dedicated to the exchange of information with foreign FIUs and analysis of foreign requests (see IO.6 for additional details). Via the IRRD, HFIU participates regularly in operational co-operation and information exchange with foreign FIUs. The IRDD received six additional staff in 2018, which demonstrably enhanced HFIU's ability to effectively participate in international information exchange.

407. Table 8.9 below illustrates the impact of Greece's national policy to address tax evasion as consequence of the financial crisis. HFIU indicates that in pursuing tax crimes, their focus was primarily domestic. For that reason, the number of outgoing requests was relatively low. However, as indicated by the data for 2017 and the first half of 2018, the number of outgoing requests to foreign counterparts has been increasing significantly, particularly since increase in IRRD's staff. Incoming communications have remained generally steady; however, the numbers for the first half of 2018 indicate a substantial increase for the year. Should this increase continue, HFIU may need to reconsider its staffing levels.

Table 8.9: HFIU Foreign Information Exchange

| Year  | Outgoing Communications |                                |                                  | Incoming Communications |                                |                                  |
|-------|-------------------------|--------------------------------|----------------------------------|-------------------------|--------------------------------|----------------------------------|
|       | <i>Total</i>            | <i>Request for Information</i> | <i>Spontaneous Dissemination</i> | <i>Total</i>            | <i>Request for Information</i> | <i>Spontaneous Dissemination</i> |
| 2014  | 89                      | 70                             | 19                               | 162                     | 125                            | 37                               |
| 2015  | 27                      | 19                             | 8                                | 201                     | 145                            | 56                               |
| 2016  | 15                      | 11                             | 4                                | 212                     | 171                            | 41                               |
| 2017  | 64                      | 51                             | 13                               | 206                     | 133                            | 73                               |
| 2018* | 146                     | 130                            | 16                               | 177                     | 94                             | 83                               |

\*1st semester

Source: HFIU.

408. HFIU policy requires all requests to be answered as soon as possible, and at least within ten days from the day that the request was initially received. Please see related discussion in IO.6 for statistics on the time required to process incoming information requests. HFIU IRRD reports that responses are provided for the majority of urgent requests within hours of receipt. Generally feedback from some international partners supports this finding. However in a limited number of requests, delays were reported and sometimes failure to respond. Greek authorities are aware of this limited number of cases in which there was delay in responding; however they assert delay was caused by the complexity of the information required to satisfy the request.

#### *LEAs*

#### HP

409. Hellenic Police Services encompasses several divisions, units, desks and liaison officers that are central to international co-operation. Among these are IPCD, FPD, CTU, Europol Single Point of Contact (SPOC) and a network of HP liaison officers posted abroad. These are all mature entities with a clear legal basis for engaging in direct international co-operation and information exchange, and strong security and confidentiality protocols. Like HFIU, the Hellenic Police has a policy to address urgent requests immediately. Other cases are addressed as quickly as possible on a first come, first served basis. Requests sent according to Framework Decision 2006/960/JHA (widely known as the "Swedish Initiative"), are executed in accordance with the prescribed timelines, if not sooner.

410. The International Police Co-operation Division (IPCD) Secretariat, part of the Hellenic Police Security Branch, generally receives incoming requests and performs a preliminary assessment and prioritisation exercise, following instructions of the Director of the Division. Requests for assistance are then assigned to the relevant IPCD department based on the channels through which they were received and the nature of the request. The relevant department then responds via the selected channel. Currently, there is no case management system for these requests. However, Greek authorities have identified this as a weakness and are planning implementation of an automated case management system, as well as a SPOC system. The SPOC system is expected to be fully operational by the end of 2019 and, although the assessment team cannot consider this as a factor contributing to Greece's effectiveness for the purposes of this report, it is an encouraging development.

411. The Financial Police Division (FPD), investigates all financial crime and effectively co-operates with other EU and non-EU countries to exchange information via the International Police Co-operation Division (IPCD). Table 8.10: FPD International Information Exchange illustrates the number of information requests related to ML and predicate offences executed by FPD.

**Table 8.10: FPD International Information Exchange**

| 2014 | 2015 | 2016 | 2017 | 2018* |
|------|------|------|------|-------|
| 76   | 258  | 427  | 427  | 309   |

\*1st semester

Source: Hellenic Police.

412. The Special Violent Crime Division, Counter Terrorism Unit (CTU) performs various functions related to international co-operation related to terrorism and TF. Upon judicial request, CTU executes MLA requests and extradition arrests related to TF and terrorist offences. CTU exploits all communication channels for the direct exchange of information with foreign agencies. Its primary channels of communication are Hellenic Police liaisons abroad and foreign police liaisons in Greece, Europol's SIENA platform and Police Working Group on Terrorism.

**Table 8.11: Information Exchanged via SIENA on TF/Terrorism Cases  
20/6/2017 - 20/6/2018**

| Message Type    | Sent | Received | Total |
|-----------------|------|----------|-------|
| Answer          | 30   | 187      | 217   |
| Cancellation    | 4    | 30       | 34    |
| Fast No Answer  | 0    | 8        | 8     |
| For Information | 56   | 211      | 267   |
| Request         | 37   | 325      | 362   |
| Total           | 127  | 761      | 888   |

Source: Hellenic Police.

413. CTU also uses the Single Point of Contact (SPOC) mechanism to facilitate communications between EU member states and Eurojust and, when appropriate, to channel requests for US TFTP Searches under the framework of EU-US TFTP (Terrorist Finance Tracking Programme) Agreement. To respond to foreign requests, CTU has direct access to, or can obtain information from, all domestic databases. See the following tables for figures regarding the volume of information exchanged by CTU.

**Table 8.12: Information Exchange via EU-US TFTP**

| YEAR  | Sent | Received | Total |
|-------|------|----------|-------|
| 2014  | 0    | 0        | 0     |
| 2015  | 0    | 0        | 0     |
| 2016  | 0    | 0        | 0     |
| 2017  | 2    | 2        | 4     |
| 2018* | 1    | Pending  | 1     |

\*1<sup>st</sup> semester

Source: Hellenic Police.

**Table 8.13: Information Exchange: Greece and Europol Member States – Terrorism/TF**

| YEAR  | Sent | Received | Total |
|-------|------|----------|-------|
| 2014  | 127  | 331      | 458   |
| 2015  | 160  | 802      | 962   |
| 2016  | 423  | 1 459    | 1 882 |
| 2017  | 326  | 1 138    | 1 464 |
| 2018* | 86   | 259      | 345   |

\*1<sup>st</sup> semester

Source: Hellenic Police.

414. In 2015, terror attacks in Europe galvanised counter-terrorism units worldwide. International co-operation, particularly among European counterparts, was strengthened, and CTU made good use of the mechanisms at its disposal to meet increasing demands for information exchange. Based on these figures and information reviewed in relation to IO.9, the CTU has clearly demonstrated its effectiveness as a channel for international co-operation. Should this trend continue, CTU may need to consider whether its current resource levels remain sufficient to meet increasing demand.

**Table 8.14: Information Exchange: Greece and Europol Member States – ML**

| YEAR  | Sent | Received | Total |
|-------|------|----------|-------|
| 2014  | 124  | 265      | 389   |
| 2015  | 152  | 340      | 492   |
| 2016  | 221  | 483      | 704   |
| 2017  | 341  | 729      | 1 070 |
| 2018* | 126  | 333      | 459   |

\*1<sup>st</sup> semester

Source: Hellenic Police.

**Table 8.15: Cases Shared upon Request via Interpol**

| YEAR  | Cases Sent | Cases Received | Total |
|-------|------------|----------------|-------|
| 2017  | 92         | 3              | 95    |
| 2018* | 53         | 2              | 55    |

\*1<sup>st</sup> semester

Source: Hellenic Police.

### SSFECU/SDOE

415. SSFECU/SDOE co-operates with counterparts and diagonally and participates in numerous EUROPOL collaborative programmes. SSFECU/SDOE also co-operates with OLAF in a wide variety of investigations. The Hellenic Asset Recovery Office (HARO) within SSFECU/SDOE co-operates with the corresponding departments of the Member States of the European Union to detect and trace assets deriving from cross-border criminal activities that may be the subject of legal assistance for freezing, seizure or confiscation. Greece is also a member of the CARIN network, and the HARO is an active CARIN contact point.

416. During the years 2013-2017, HARO has made 84 and received and answered 181 asset tracing requests related to ML and related predicate offences from other EU AROs and members of the CARIN network. However, each request may concern more than one natural or legal persons. More specifically, during the years 2013-2017 the Hellenic ARO investigated in total 581 natural persons and 301 legal persons due to asset tracing requests.

417. During this period, the average time taken to process AML/CFT-related information requests received from the Hellenic Asset Recovery Office via ARO and CARIN network was about 26 days. In 2018, the average time has decreased to 12 days due to Hellenic ARO's direct access to SIENA Network. The time to process requests depends on the nature of information requested and whether SSFECU/SDOE has direct access to the requested information. More time may be required for more complex requests or if additional investigation is required.

### Centre for Securities Studies (KEMEA)

418. KEMEA it seeks partnerships and develops initiatives with EU and international counterparts for implementation of research and training projects focussing on prevention and disruption of ML/TF. In recent years, KEMEA has been enhancing its cross-border and international collaborations with organisations, and security agencies, research and education centres and academic entities of both the public and private sector for AML/CFT purposes. In 2017 hosted and trained 36 police officers from 19 countries on strategic intelligence analysis.

### IAPR

419. The International Economic Relations Directorate of IAPR, is the Competent Authority for the administrative co-operation in tax matters through its Department of International Administrative Co-operation (Central Liaison Office) (DIAC). In that capacity, DIAC regularly shares information with foreign authorities on tax matters.

(See Table 8.16 below.) In its role as DNFBP supervisor, the IAPR has not made or received any requests to exchange information with foreign counterparts.

**Table 8.16: International Requests for Exchange of Information between IAPR and Foreign Competent Authorities**

| Year         | Incoming   | Outgoing     | Total        |
|--------------|------------|--------------|--------------|
| 2014         | 64         | 176          | 240          |
| 2015         | 69         | 115          | 184          |
| 2016         | 50         | 173          | 223          |
| 2017         | 97         | 280          | 377          |
| 2018         | 58         | 393          | 451          |
| <b>Total</b> | <b>338</b> | <b>1 137</b> | <b>1 475</b> |

Source: IAPR.

### Customs

420. The Greek Customs Service engages in information exchange on a systematic basis with the competent services of both EU member states and third countries. Like Hellenic Police, the Greek Customs Service is a mature entity with clear legal bases for engaging in direct international co-operation and information exchange, and strong security and confidentiality protocols. In addition to numerous bilateral and multilateral agreements, avenues of information exchange include participation in the World Customs Organisation (WCO), Southeast European Law Enforcement Centre (SELEC).

421. The following tables reflect formal incoming and outgoing requests for assistance with EU member states and with third countries. It does not reflect informal information exchange that occurs as a part of daily operations or joint operations with foreign counterparts. Based on these figures, the assessment team has concerns that Greek Customs may not always be responsive to foreign requests for assistance or proactively pursue responses from foreign counterparts in every case. However, given the level of effectiveness with which Customs undertakes international co-operation and co-ordination using other channels, the assessment team considers this to be a minor issue.

**Table 8.17: Customs Assistance Requests with EU Member States**

| YEAR         | Requests for Assistance |                 | Assistance Provided |                 |
|--------------|-------------------------|-----------------|---------------------|-----------------|
|              | <i>Incoming</i>         | <i>Outgoing</i> | <i>Incoming</i>     | <i>Outgoing</i> |
| 2014         | 21                      | 34              | 17                  | 8               |
| 2015         | 14                      | 58              | 24                  | 13              |
| 2016         | 20                      | 67              | 40*                 | 19              |
| <b>TOTAL</b> | <b>55</b>               | <b>159</b>      | <b>81</b>           | <b>40</b>       |

Source: Hellenic Customs Service.

**Table 8.18: Customs Assistance Requests with Third Countries**

| YEAR  | Requests for Assistance |                 | Assistance Provided |                 |
|-------|-------------------------|-----------------|---------------------|-----------------|
|       | <i>Incoming</i>         | <i>Outgoing</i> | <i>Incoming</i>     | <i>Outgoing</i> |
| 2014  | 75                      | 77              | 47                  | 45              |
| 2015  | 74                      | 69              | 45                  | 57              |
| 2016  | 111                     | 89              | 83                  | 113             |
| TOTAL | 260                     | 235             | 175                 | 215             |

Source: Hellenic Customs Service.

422. Customs participates extensively in joint operations with many international, regional and domestic agencies. In addition to operations related to predicate offences, Customs has engaged in joint operations related to illicit cross-border movement of cash. The assessment team reviewed information on Joint Operations for 2014 – 2018, which clearly demonstrated Hellenic Customs as an effective partner in international co-operation. The table below, reflecting Joint Operations for 2017 – 2018, provides an illustrative example.

**Table 8.19. Customs Joint Operations 2017 – 2018**

| Underlying Crime                                 | International Partner | Domestic Partner | Operational Phase       |
|--|-----------------------|------------------|-------------------------|
| Fraud - Tobacco & Tobacco Products               | WCO                   | --               | 1/3/17-21/3/17          |
| Fraud - Tobacco & Tobacco Products               | SELEC                 | Police           | 6/3/17-17/3/17          |
| Illicit cash movement                            | HELLAS-RUSSIA         | --               | 15/12/2016-15/1/2017    |
| Illicit cash movement                            | OLAF                  | --               | 20/3/2017-26/3/2017     |
| Illicit cash movement                            | HELLAS-RUSSIA         | --               | 15/12/2017-15/1/2018    |
| Cultural Goods                                   | WCO-INTERPOL          | Police           | 20-30/11/2017           |
| Counterfeit goods                                | EUROPOL               | Police           | 27/2/2017-09/03/2017    |
| Counterfeit goods                                | OLAF                  | --               | 06/03/2017-17/03/2017   |
| Counterfeit goods                                | INTERPOL              | Police           | 12/9/2017-19/9/2017     |
| Illicit trade of stolen goods                    | SELEC                 | Police           | 16-17/5/2017            |
| Illicit trade of stolen goods                    | EUROPOL               | Police           | 25/9/2017-29/9/2017     |
| Drugs - Precursors                               | INCB                  | --               | 17/10/2016-16/01/2017   |
| Counterfeit goods                                | INTERPOL              | Police           | 12/2017-03/2018         |
| Arms, parts thereof, ammunition, explosives etc. | EUROPOL               | Police           | 27-29/01/2017           |
| Environmental Crime                              | WCO - INTERPOL        | Police           | 30/01/2017-19/02/2017   |
| Drugs - Heroine                                  | ZKA - EUROPOL         | Police           | 13-17/03/2017           |
| Arms, parts thereof, ammunition, explosives etc. | EUROPOL               | Police           | 01-30/04/2017           |
| Drugs - Heroine                                  | ZKA - EUROPOL         | Police           | 15-19/05/2017           |
| Illicit cash movement                            | HELLAS-RUSSIA         | --               | 15/12/2017-15/1/2018    |
| Counterfeit goods                                | EUROPOL               | Police           | 16/04/2018 - 11/05/2018 |
| Counterfeit goods                                | EUROPOL               | Police           | 27/11/2017 - 28/02/2018 |
| Counterfeit goods                                | EUROPOL               | Police           | 01/12/2017 - 31/03/2018 |
| Counterfeit goods                                | SELEC                 | Police           | 12 - 23/03/2018         |
| Counterfeit goods                                | INTERPOL              | Police           | 09-16/10/2018           |

| Underlying Crime                                 | International Partner | Domestic Partner | Operational Phase        |
|--|-----------------------|------------------|--------------------------|
| Stolen vehicles & their parts                    | EUROPOL               | Police           | 25 - 29/09/2018          |
| Stolen vehicles & their parts                    | EUROPOL               | Police           | 24/09 - 03/10/2018       |
| Counterfeit goods                                | INTERPOL              | Police           | 24/12/2018 - 30/04/2019* |
| Fraud - Undervaluation                           | OLAF                  | --               | 19 - 30/11/2018*         |
| Strategic goods (Dual use)                       | WCO                   | --               | 09 - 30/04/2018          |
| New Psychotropic Substances                      | WCO                   | --               | 23/04 - 13/05/2018       |
| Environmental Crime                              | WCO                   | --               | 01 - 31/05/2018          |
| Toxic Waste                                      | WCO                   | --               | 21/05 - 23/07/2018       |
| Drugs - Cocaine                                  | WCO                   | --               | 25/06 - 09/07/2018       |
| Fraud - Excise                                   | FRONTEX               | --               | 15 - 22/06/2018          |
| Illegal transport of eels                        | INTERPOL              | Police           | 1/08 - 30/08/2018        |
| Drugs - Other                                    | EMPACT                | Police           | 10/09 - 14/09/2018       |
| Drugs - Other                                    | INTERPOL              | Police           | 17-23/9/2018             |
| Drugs - Other                                    | group POMPIDOY        | Police           | 10-16/9/2018             |
| Drugs - Cocaine                                  | EMPACT                | Police           | 06 -09/09/2018           |
| Arms, parts thereof, ammunition, explosives etc. | EUROPOL               | Police           | 17 -23/09/2018           |
| Arms, parts thereof, ammunition, explosives etc. | EMPACT                | Police           | 19-22/11/2018*           |
| Drugs - Other                                    | EMPACT                | Police           | 26-29/11/2018*           |
| Drugs - Other                                    | WCO                   | Police           | 22-30/10/2018            |
| Cultural Goods                                   | HELLAS-RUSSIA         | Police           | 15/12/2017-15/1/2018     |

\*Operations initiated after the on-site visit were not considered by assessors in determining effectiveness.

Source: Hellenic Customs Service.

### Hellenic Coast Guard

423. The HCG applies the provisions of international and European agreements and conventions, participates and supports the actions of international organisations and institutions, and co-operates closely with national and foreign security authorities both operationally and at the level of information exchange. Since June 2016, HCG has had in place an Action Plan of Operations with the Hellenic Police and EUROPOL for investigating and prosecuting networks of organised, illegal human trafficking and related crimes.

### *FI and DNFBP Supervisors*

#### Bank of Greece

424. Bank of Greece has a solid legal basis for unobstructed exchange of information and co-operation with its foreign counterparts for AML/CFT purposes. Bank of Greece adheres to the provisions of European legislation as well as to the procedures and standards set by the Basel Committee on Banking Supervision, the European Central Bank, the European Banking Authority (EBA) and FATF, concerning co-operation between authorities at cross-border level. Bank of Greece actively seeks co-operation with international counterparts through participation in EU supervisory colleges, working groups and liaison with other AML/CFT supervisors. It has a long-standing co-operative relationship with BAFIN and Banque de France regarding

implementation of TFS. However, outside of that relationship, it has recorded only six outgoing requests for assistance from 2013 to mid-year 2018.

425. Thirty-five official requests for assistance/provisions of information have been received (outside of the relationship with BAFIN and Banque de France referred to above) for the years 2013-mid 2018, of which only one was refused. It should be noted that the Bank of Greece has also satisfied requests for assistance forwarded by the HCMC on behalf of the latter's foreign counterparts.

426. Furthermore, the Banking Supervision Department of the Bank of Greece received and replied to 46 enquiries from foreign competent authorities in relation to the fit & proper assessment of persons who had held various positions in Greek banks, as well as in branches of foreign credit institutions established in Greece. Respectively, the Insurance Supervision Department received 10 requests for information by foreign competent authorities (all were replied) concerning insurance companies' Board members Bank of Greece has a good record of accomplishment of providing timely assistance on a range of issues, such as information requests for fit and proper assessments.

#### HCMC

427. The HCMC as capital market supervisor and regulator is an active member of the European Securities and Markets Authority (ESMA). HCMC is a member of Standing Committee IV of IOSCO on enforcement and the exchange of information, as well as member of the IOSCO Screening Group, which screens, following a rigorous process, applications of securities regulators around the world.

428. The Bank of Greece and HCMC have numerous memoranda of understanding with EU and third countries to facilitate other forms of co-operation. HCMC has sought and provided information related to market abuse and other issues in the ambit of its competences, including receipt and dissemination of unsolicited information. However, no information exchanges are known to have related directly to ML/TF.

#### Hellenic Gaming Commission

429. The HGC has developed a series of contacts with foreign bodies, either by participating as a member in networks representing the regulatory authorities at European and international level, or by participating in the working groups of the European Commission (e.g. the EC Expert Group on Online Gambling). It also participates in the Gaming Regulators European Forum (GREF) and the International Association of Gaming Regulators (IAGR). It has received 3 requests for assistance from foreign counterparts in relation to ML since 2016; all of which were answered.

#### HAASOB

430. The HAASOB does not have agreements for co-operation for AML issues with foreign counterpart authorities. However, it participates in European and international organisations that aim to promote international co-operation between regulators of the audit profession. Assessors considered the example of a confidential case example in which the HAASOB effectively provided assistance to a foreign counterpart, which is summarised below.

**Case Study 8.1. Investigation for Foreign Regulator**

A foreign regulator suspected that Greek subsidiaries of an international investment group had engaged in fraud that led to the collapse of the group. The foreign regulator requested assistance from the HAASOB to investigate those suspicions. The HAASOB inspectors carried out reviews on audit documentation and provided the results to the requesting authority. *Case on-going.*

431. The assessment team was not provided with any further information from other supervisors in relation to international co-operation in other sectors.

***International exchange of basic and beneficial ownership information of legal persons and arrangements***

432. To a large extent, Greek authorities respond to requests for co-operation in relation to basic and, where available, beneficial ownership information of legal persons and arrangements. See Chapter 7 and IO.5 for further information as to the availability of basic and beneficial ownership information and discussion of IO.6 above for information regarding exchange of information by HFIU. Approximately one third of foreign requests to HFIU include a request for beneficial ownership information (see the table below for specific information). HFIU indicated that, when foreign information requests include a request for beneficial ownership information, the requested information is always provided. This statement is consistent with HFIU's position referred to in IO.5 that it does not have difficulty obtaining beneficial ownership information.

**Table 8.20: Foreign Requests Satisfied with Beneficial Ownership Information**

| Year         | Total requests received | Requests requiring BO information |
|--------------|-------------------------|-----------------------------------|
| 2014         | 125                     | 31                                |
| 2015         | 145                     | 32                                |
| 2016         | 171                     | 59                                |
| 2017         | 133                     | 53                                |
| 2018*        | 94                      | 42                                |
| <b>Total</b> | <b>668</b>              | <b>217</b>                        |

\* 1<sup>st</sup> semester.

Source: HFIU.

**SSFECU/SDOE**

433. During the years, 2015-2017 SSFECU/SDOE has answered Europol and Interpol requests for information concerning 433 legal persons. SSFECU/SDOE has direct access to the taxation registry for legal persons, which contains basic ownership information for legal persons and information about the members of the board.

434. Furthermore, during the years 2013-2017 the Hellenic ARO has answered asset-tracing requests for 301 legal persons under investigation coming from other EU AROs and members of the CARIN network.

## HCMC

435. CMC has received requests for information related to beneficial ownership, market abuse, unauthorised provision of services, and provision of unregistered products from foreign competent authorities. Many incoming requests relate to highly complex structures and require information from outside the HCMC, usually from the Bank of Greece. The usual timeframe for HCMC to respond varied from one month to more time for the more complex requests. HCMC also makes requests for information from other competent authorities for its own investigations related to infringements of the domestic capital market legislation, including beneficial ownership, market abuse, unauthorised provision of services, provision of unregistered products.

**Table 8.21: HCMC Information Exchange of BO Information**

| Requests        | 2015 | 2016 | 2017 |
|-----------------|------|------|------|
| <b>Outgoing</b> | 19   | 9    | 19   |
| <b>Incoming</b> | 11   | 4    | --   |

Source: HCMC.

### Overall conclusions on IO.2

436. Generally, Greek authorities demonstrate a strong commitment to international co-operation and, on an operational level, HFIU and LEAs generally demonstrate effective co-operation with international partners. However, delays in judicial processes and related issues identified in Immediate Outcomes 7 and 8 negatively impact the ability of Greek authorities to consistently provide or seek timely MLA and extradition, and there is a gap in the range of assistance Greek authorities can provide which impairs Greece's effectiveness in this area. Lack of statistics hinder the ability of Greek authorities to assess and improve their own effectiveness in relation to MLA and international co-operation and prevent assessors from comprehensively analysing the effectiveness of Greece's systems for seeking and requesting MLA and extradition. Moderate improvements are needed to address these issues.

**Greece is rated as having a substantial level of effectiveness for IO.2.**

## TECHNICAL COMPLIANCE ANNEX

This annex provides detailed analysis of the level of compliance with the FATF 40 Recommendations in numerical order. It does not include descriptive text on the country situation or risks, and is limited to the analysis of technical criteria for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

Where both the FATF requirements and national laws or regulations remain the same, this report refers to analysis conducted as part of the previous Mutual Evaluation in 2007. This report is available from:

<http://www.fatf-afi.org/media/fatf/documents/reports/mer/MER%20Greece.pdf>.

### Recommendation 1 – Assessing risks and applying a risk-based approach

These requirements were added to the FATF Recommendations when they were revised in 2012 and therefore were not assessed under the mutual evaluation of Greece in 2007.

**Criterion 1.1** – Greece completed its first National Money Laundering and Terrorist Financing Risk Assessment (NRA) in May 2018, which provides a high-level overview of a range of ML threats and risks in Greece, including areas thought to pose low risk.

**Criterion 1.2** – The Strategy Committee for addressing money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction (Strategy Committee), established in accordance with L.4557/2018, is an interdepartmental body to set out the national strategy to address ML/TF and PF. The Committee consists of the 16 relevant ministries or agencies, and is chaired by the General Secretary of Economic Policy of the MoF. The Committee is tasked with conducting and updating the national risk assessment (NRA) and proposing policies and specific measures to upgrade the national AML/CFT regime. The Strategy Committee is responsible for the co-ordinating the process of preparing, regularly reviewing, updating and publishing risk assessments since (L.4557/2018, Art.8(7)(a)). Prior to enactment of L.4557/2018, the Central Co-ordination Authority co-ordinated preparation of the 2018 NRA.

**Criterion 1.3** – Art.8(7)(a) of L.4557/2018 requires that the Strategy Committee regularly review, update and publish risk assessments. Art.8(9) requires the Strategy Committee to report in the first quarter of each year on the outcome of risk assessments conducted in the preceding year.

**Criterion 1.4** – The Central Co-ordinating Body is responsible for informing the AML/CFT Authority, competent authorities and representatives of obliged persons of the NRA results (L.4557/2018, Art.7(1)(h)). Art.8(7)(a)(iv)-(v) requires the Strategy Committee to make risk assessments available to competent authorities and obliged persons

**Criterion 1.5** – Law 4557/2018 requires Greek competent authorities to allocate resources and implement preventive measures based on their understanding of risk (Art. 6(2)). The Central Co-ordinating Body makes recommendations to the Strategy Committee to apply measures and allocate resources in accordance with risk (Art. 7(1)(i)). The Strategy Committee is obligated to use the NRA as a basis for policy-making, legislative, regulatory or organisational measures and for prioritising allocation of available resources (Art. 8(7)(ii)).

**Criterion 1.6** – Law 4557/2018 provides that the Hellenic Gaming Commission may exempt specific gambling services in accordance with the criteria in c.1.6(a) (Art. 6(5)). Other competent authorities may differentiate the obligations imposed on obliged persons based on risk, among other considerations (Art.6(3)a)), but they do have to power to create exemptions.

**Criterion 1.7** – Law 4557/2018 requires the Strategy Committee to use the NRA to identify sectors of higher ML/TF risk and plan enhanced measures for obliged persons in high risk cases (Art. 8(7)(a)(i)). Competent authorities may impose additional or stricter measures to address increased risk (Art. 6(3)(a)). However, there is no specific requirement to take enhanced measures in response to higher risks identified in the NRA or EU supranational risk assessment (EUSRA); nor is the NRA or EUSRA listed among the factors indicating higher risk in Annex II.

**Criterion 1.8** – Competent authorities may allow obliged persons to perform simplified CDD in certain cases where activities or transactions present lower risk (L.4557/2018, Art.6(3)(a)). Obligated persons may determine the extent to which due diligence measures may be applied on a risk basis (Art. 15). However, these simplified measures are not expressly required to be consistent with the country’s assessment of its ML/TF risks.

**Criterion 1.9** – Law 4557/2018 generally requires competent authorities to ensure that obliged persons comply with AML/CFT obligations (Art. 6(2)) and specifically requires competent authorities to consider the risk assessments submitted by obliged persons, obliged persons’ exercise of discretion in application of risk based measures and adequacy of CDD measures and internal procedures (Art. 6(3)(e)). Obligated persons are required to demonstrate to competent authorities that CDD measures are appropriate to risk and applied consistently and effectively (Art. 13(9)).

**Criterion 1.10** – FIs and DNFBPs are required to take some steps to identify, assess, and understand their ML/TF risks.

**(a), (c), (d)** Obligated persons are required to document their risk assessments, keep them up-to-date and make them available to the competent authorities (L.4557/2018, Art. 35(2)).

**(b)** Law 4557/2018 requires obliged persons to consider all relevant risk factors when determining the level of overall risk and the appropriate level and type of mitigation to be applied (Art. 15(2), 16, 35(1) and Annexes I and II).

**Criterion 1.11** – Law 4557/2018 requires:

- obliged persons to have internal policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate identified ML/TF risks (Art. 35(3) and (4));

- senior management to monitor and enhance the measures taken, where appropriate (Art. 35(4));
- obliged persons to take enhanced measures to manage and mitigate the risks where higher risks are identified (Art. 16(1)).

**Criterion 1.12** – Greece permits obliged persons to apply simplified CDD measures only when the relationship or transaction presents a lower degree of ML/TF risk (Art. 15(1)). FIs are not permitted to apply simplified CDD where there is ML/TF suspicion (BCC Decision 281/2009, par.5.17) (PISC Rule 154, Art.6(1)). However, it is not clear whether sectoral rules for DNFBPs also prohibit simplified CDD where there is ML/TF suspicion.

### *Weighting and conclusion*

Greece completed its first in May 2018, which provides a high-level overview of a range of ML threats and risks in Greece, including areas thought to pose low risk. A mechanism to implement or to provide information on the results of the NRAs is in place. However, obliged entities are not required to apply enhanced and simplified measures explicitly in consistent with the findings identified in the NRA or EU supranational risk assessment.

**Recommendation 1 is rated LC.**

## **Recommendation 2 - National Co-operation and Co-ordination**

In its 3rd mutual evaluation report (MER), Greece was rated partially compliant with former R.31. In Greece's 2011 10<sup>th</sup> Follow-up Report (FUR), compliance was notably improved by creation of the Central Co-ordinating Agency, the high level Strategic Committee and the AML/CFT Consultation Forum, which provide both domestic co-ordination and review of the AML/CFT system's effectiveness.

**Criterion 2.1** – Greece has developed its national AML/CFT Action Plan as a part of the National AML/CFT Strategy, which is to be developed based on the findings of the NRA. This plan describes a set of actions, already approved by competent authorities, and is closely interconnected to the results of the NRA. However, the National Strategy was not approved before the end of the on-site visit.<sup>30</sup> Law 4557/2018 requires the Strategy Committee to regularly review the NRA and related policies (Art. 8(7)(a)(ii)).

**Criterion 2.2** – Under Law 4557/2018, the Strategy Committee is the authority responsible for national AML/CFT policies (Art.8).

**Criterion 2.3** – On a policy level, the Strategy Committee provides a mechanism for policy makers, the HFIU, LEAs, supervisors and other competent authorities to co-operate and co-ordinate domestically (L.4557/2018, Art.8). At the operational level, the Central Co-ordinating Body (Greece's MoF) is tasked with increasing the level of co-operation between competent authorities, HFIU and the Strategy Committee (L.4557/2018, Art.7(1)). LEAs and the HFIU exchange information concerning the development and implementation of AML/CFT policies and activities, both with each other and with supervisory authorities.

<sup>30</sup> The National Strategy was approved on 29 January 2019.

**Criterion 2.4** – Under Law 4557/2018, the same co-operation and co-ordination measures described above specifically apply in the context of financing of proliferation of weapons of mass destruction.

**Criterion 2.5** – L.4557/2018 prescribes provisions, which are aimed at ensuring the compatibility of the AML/CFT requirements with its legal framework on the confidentiality and personal data protection under L.2472/1997, Greece’s data protection and privacy legislation. For example, the competent AML/CFT authorities are required to have high professional competence in matters of confidentiality and personal data protection (Art.6); the Strategy Committee is responsible for ensuring shall ensure personal data protection in identifying, analysis, and addressing national ML/TF risks (Art.8(7)(a)); and the Beneficial Owner Central Register for legal persons and the Beneficial Owner Registry for trusts are required to shall comply with L.2472/1992 (Art.20(2), and 21(1)). In addition, data protection officers are appointed within each competent authority in accordance with EU Reg. 679/2016, Art.37. These officers regularly co-operate and co-ordinate with the Hellenic Data Protection Authority.

### *Weighting and conclusion*

Greece has a strong legal framework and mechanisms in place for national co-ordination and co-operation at the policymaking and operational level. However, Greece has not yet developed national AML/CFT policies (National Strategy) which are informed by the risks identified, and are regularly reviewed.

**Recommendation 2 is rated LC.**

## **Recommendation 3 - Money laundering offence**

In its 3rd MER, Greece was rated PC for old R. 1 and R.2, which contained the previous requirements in this area. The main technical deficiencies for R.1 included a EUR 15 000 threshold for ML, inadequate criminalisation of self-laundering and of TF as a predicate offence; requirement to prove all elements of the predicate offence. Main technical deficiencies for R.2 were lack of liability for legal persons, lack of dissuasive penalties and an ineffective administrative sanctions regime. Most of these deficiencies were addressed in Greece’s 10<sup>th</sup> FUR.

**Criterion 3.1** – ML is criminalised on the basis of Art. 3(1)(b)&(c) of the Vienna Convention and Art. 6(1) of the Palermo Convention (L.4557/2018, Art. 2).

**Criteria 3.2** – Greece combines a list of predicate offences and a threshold approach to designate predicate offences for ML, thereby covering a wide range of offences and a range of offences in each of the designated categories of offences (L.4557/2018, Art. 4).

**Criteria 3.3** – Greece’s combined approach (see c.3.2) includes a list of serious offences and all offences punishable by imprisonment for a minimum of more than six months that generated any type of economic benefit (L.4557/2018, Art. 4).

**Criterion 3.4.** – Under Law 4557/2018, the ML offence extends to any type of property derived from an offence and there are no limitations regarding value (Art.2). Property that directly or indirectly represents the proceeds of crime may be confiscated (Art.40).

**Criterion 3.5.** – A person does not have to be prosecuted or convicted for a predicate offence to be prosecuted or convicted for ML (L.4557/2018 Art.39(2)).

**Criterion 3.6.** – Predicate offences for money laundering include conduct that occurred in another country, which constitutes an offence in that country, and which would have constituted a predicate offence had it occurred domestically (L.4557/2018, Art.2(3)).

**Criterion 3.7.** – A person may be punished for both a predicate offence and ML, so long as the circumstances of the ML acts are different of those from the predicate offence (L.4557/2018, Art.39(1)(e)). As described in Greece’s 3<sup>rd</sup> Round MER, imposing a punishment for ML based on the same facts would run counter the principle of *ne bis in idem* (double jeopardy.) Therefore, self-laundering is criminalised to the extent that it is consistent with fundamental principles of domestic law.

**Criterion 3.8.** – Intent, knowledge and purpose required to prove the ML offence can be inferred from objective factual circumstances (Principle of Ethical Evidence, Criminal Procedure Code, Article 177).

**Criterion 3.9.** – Natural persons convicted of ML are liable to proportionate and dissuasive criminal sanctions (AML/CFT Act, Art.39).

**Criterion 3.10.** – As noted in the 3<sup>rd</sup> Round MER, neither Greek law nor legal doctrine recognise the principle of corporate criminal liability. However, mandatory administrative sanctions apply against legal persons as long as one or more person who manages or administers the business knew, should have known, or were negligently unaware that an illicit financial benefit would accrue to the legal person because of the ML offence (L.4557/2018, Art.45(1) and (2)). These sanctions do not preclude civil, disciplinary or criminal liability of the persons who manage or administer the funds or affairs of the legal entities or the imposition of more severe sanctions against the legal person, should such be available. (Id., Art.45(4) and (6)). Sanctions (Art.45(1) and (2)) appear to be proportionate and dissuasive.

**Criterion 3.11.** – Under Law 4557/2018, appropriate ancillary offences are included in the offence of ML (Art.2(f); see also Greek Penal Code, Art.42 - 49).

### **Weighting and conclusion**

Generally, Greece has a strong framework for criminalising ML.

**Recommendation 3 is rated C.**

## **Recommendation 4 - Confiscation and provisional measures**

In its 3<sup>rd</sup> MER, Greece was rated LC with former R.3, which contained the previous requirements in this area. Primary technical deficiencies included inability to confiscate indirect proceeds, limitations of seizure powers, inability to void or prevent relevant transactions. These were largely addressed in the 10<sup>th</sup> FUR.

**Criterion 4.1.** – Greece has measures, including legislative measures, that enable the confiscation of property laundered, proceeds, or instrumentalities used or intended for use in ML/TF or predicate offences (L.4557/2018, Art. 40(1) and (2), 42(1)).

**Criterion 4.2.** – Greece has some measures in place that enable their competent authorities to take the actions referred to in paragraphs (a) – (d) of this criterion. However, it is not clear whether applications to freeze or seize property can be made *ex parte* by authorities other than the AML Authority and SSFECU/SDOE or whether steps can be taken to void actions that prejudice Greece’s ability to freeze, seize or recover property subject to confiscation.

**(a)** The competent authorities that have the ability to identify, trace and evaluate property that is subject to confiscation are:

- The Special Secretariat of the Financial and Economic Crime Unit (SSFECU/SDOE): Law 3842/2010, Art. 88(3);
- Financial Police Division (FPD): Law 4249/2014, Art. 44(2) and (3);
- Internal Affairs Division (IAD): Law 2713/1999, Art. 6(2).

The majority of the Hellenic Police Services (HPS) do not have direct access to financial information due to the banking, tax and financial secrecy. However, they are empowered to co-operate and co-ordinate with the AML/CFT Authority and the AML/CFT Authority is empowered to share confidential information with to competent investigating authorities (L.4557/2018, Art.34(1) and Order 1507/17/1908154.)

**(b)** An investigating judge, with the consent of a public prosecutor, may carry out provisional measures, such as freezing or seizing, to prevent any dealing, transfer or disposal of property subject to confiscation (Law 4022/2011, Art.2(5)-(6)). The SSFECU/SDOE and IAD also have similar powers: SSFECU/SDOE: Law 3296/2004, Art.5(e); IAD Law 2713/1999, Art.6(3).

**(c)** Competent authorities cannot prevent or void actions that may prejudice Greece’s ability to freeze, seize or recover assets subject to confiscation.

**(d)** The Hellenic Police are able to take any appropriate investigative measures under the Criminal Procedure Code (CPC) Art.178 – 179, 209 – 232, 253 – 269. SSFECU/SDOE are empowered to investigate under Law 3296/2004, Art.30(5)-(6). Economic crime and corruption crime prosecutors and investigative judges can take or direct appropriate investigative measures (Law 2523/1997, Art.17A(3), (4) and (8); Law 4022/2011, Art.2(5)-(6).

**Criterion 4.3.** – Law 4557/2018 provides protection for the rights of bona fide third parties (Art.40(2)).

**Criterion 4.4.** – SSFECU/SDOE is empowered to manage and, when necessary, dispose of property frozen seized or confiscated (Law 4478/2017, Art.5; Ministerial Decision (MD) No. 24296/29-03-2018, Art.1).

### **Weighting and conclusion**

Mechanisms are in place that meet the requirements of R.4. However, it is not clear whether applications to freeze or seize property can be made *ex parte* by authorities other than SSFECU/SDOE or whether steps can be taken to void actions that prejudice Greece’s ability to freeze, seize or recover property subject to confiscation.

**Recommendation 4 is rated LC.**

## Recommendation 5 - Terrorist financing offence

In the 3<sup>rd</sup> MER, Greece was rated PC with the former recommendation in this area. The key technical deficiencies included the limited scope of funds; delays in freezing terrorist assets; no adequate guidance to FIs and DNFBPs; and no sanctions for failure to following the freezing requests. These deficiencies were largely addressed according to Greece's 10<sup>th</sup> FUR, with a shortcoming remaining in corporate criminal liability.

**Criterion 5.1** – Greece has ratified the International Convention for the Suppression of the Financing of Terrorism, and criminalises TF offence (L.3034/2002) (Penal Code, Art.187A(6)).

**Criterion 5.2** – Any person, who provides, receives, manages or collects any kind of assets, tangible or intangible, movable or immovable, or any kind of financial instruments, regardless of their mode of acquisition, to a terrorist organisation or an individual terrorist, in the knowledge that these assets are to be used, irrespective of the commission of specific terrorist acts, shall be punished by imprisonment of up to ten (10) years (Penal Code, Art. 26, 27, 187A(6)). Greece confirmed that the definition of “assets” is wide enough to cover economic resources.

**Criterion 5.2bis** – Greece criminalises financing someone to become a terrorist (Penal Code, Art.187A(6)). However, Greece is in the process of transposing EU Directive 541/2017 into the national legal framework, and there have been no prosecutions of the TF offences under this criterion. This suggests that the scope of the provision of the Penal Code is not wide enough to include financing of individuals who travel to a State other than their States of residence or nationality for the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training.

**Criterion 5.3** – The TF offence extends to any funds or other assets, regardless of their source (Penal Code, Art.187A(6)).

**Criterion 5.4** – The TF offence in Greece shall be prosecuted irrespective of whether the funds were actually used to carry out or attempt a terrorist act or are linked to a specific terrorist act (Penal Code, Art.187A(6)).

**Criterion 5.5** – Greece Penal Code does not set out a provision that enable explicitly the intent and knowledge required to prove the TF offence to be interfered from objective factual circumstances. However, Art.177 of the Code of Criminal Procedure sets out the principle of moral evidence. The provision says “the judges are not obliged to follow any legal rules of evidence, but they must decide according to their conviction, following the voice of their conscience and being guided by the impartial judgement which results from the proceedings, with respect to the truth of the facts, the trustworthiness of the witnesses and the value of the other pieces of evidence”. The jurisprudence further ensures that the element of intent is to be deduced from objective factual circumstances (Full Criminal Plenary Session of the Court of Areios Pagos, No. 1/2018).

**Criterion 5.6** – Natural persons who convicted TF shall be punished with imprisonment up to ten years (Penal Code, art. 187A(6)). The criminal sanction appears proportionate and dissuasive.

**Criterion 5.7** – Criminal co-operate liability and sanctions are not possible due to the fundamental principles of the Greece civil law legal system under Constitution.

Instead, administrative liability is applicable to legal persons with regard to ML and any of the predicate offences including TF offence under Art.187A of the Penal Code. The sanctions includes (a) temporary or permanent removal of the operating licence of the business, or disqualification from the practice of commercial activities; (b) permanent or provisional exclusion from entitlement to public benefits or aid or from public tendering procedures; or (c) fine of an amount ranging from EUR 20 000 to EUR 3 000 000 (L.3251/2004, art. 41).

However, the scope of administrative liability for TF appears to be limited. The sanctions are only applicable to a legal person where the TF offence was committed by a natural person who has a leading position within the legal person, or by a lower-ranked executive or an agent of the legal person.

**Criterion 5.8** – Greece Penal Code prescribes offence to (a) attempt to commit the TF offence, (b) participate as an accomplice in a TF offence or attempted offence, (c) instigate others to commit a TF offence and (d) be accessory to TF commission by a group person acting with a common purpose (Penal Code, Art.42-49, and 187A(6)).

**Criterion 5.9** – TF offences are designated as a ML predicate offence (4457/2018, Art. 4(b)).

**Criterion 5.10** – Art. 8 of the Penal Code prescribes that the Greek penal laws apply to nationals and foreigners regardless of the laws of the place of commission, for a list of criminal acts committed abroad, including TF offences (Art.8(a)).

### **Weighting and Conclusion**

Greece has criminalised terrorist financing. However, concerns remain, in particular, the lack of specific provision to criminalise financing the travel of individuals who travel to foreign states for the purpose of planning, preparing or participating in terrorist acts, and its limited scope of administrative liability.

**Recommendation 5 is rated LC.**

## **Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing**

In its 3rd MER, Greece was rated PC with the former recommendations in this area. The key technical deficiencies included inadequate legislative framework; lack of guidance; lack of procedures for de-listing, unfreezing or paying basic living expense; and inability to take action without delay. According to the 10th follow-up report, Greece has taken actions to raise the level of compliance, while an issue remains in relation to DNFbps.

### **Criterion 6.1** –

*In relation to UNSCRs 1267/1989 and the 1988 regime*

**(a)** At the national level, the Financial Sanctions Unit (FSU) is the competent authority responsible for implementing the TFS measures pursuant to the relevant UNSCRs and EU Regulations and Decisions. The FSU is also responsible for designating natural and

legal person as targets of TFS measures under Art. 43 of the new AML/CFT Law (L.4557/2018, Art.48(3) and 50). MOFA is in practice responsible for communicating Greece's designation proposals to the relevant UN committees, while Law 4557/2018, other than Art.43(1), does not explicitly set out a formal mechanism.

**(b)-(c)** The FSU identifies a natural or legal person for designation, based on sufficiently accurate information or evidence from the judicial or law enforcement agencies (L.4557/2018, Art.50(1)). Greece issued the Presidential Decrees to incorporate relevant UNSCRs with the national legal framework, and established the mechanism for identifying targets based on the designation criteria set out in the relevant UNSCRs (e.g. P.D.352/2001 and M.D.58316 for implementation of the UNSCR 1267 and 1988 respectively).

**(d)-(e)** Procedures necessary to make a proposal for designation to the relevant UN Sanction Committees are in place. Greece has issued the Presidential/Ministerial Decrees, which transpose the relevant resolutions into the Greek legal framework, and the decrees prescribe the procedures/standard forms in line with the relevant UNSCRs.

### **Criterion 6.2 –**

#### *In relation to UNSCR 1373 regime*

The TFS obligations pursuant to UNSCR 1373 are implemented at the EU level (CP 2001/931/CFSP, and Regulation 2580/2001) and at national level (L.4557/2018, Art.50).

**(a)** At the EU level, the EU Council is responsible for deciding on the designation of persons and entities. At the national level, FSU is responsible for the designation of natural and legal person pursuant to UNSCR 1373 (L.4557/2018, Art.50(1)).

**(b)** At the EU level, see c.6.2(a) above. At the national level, FSU is identified to be responsible for domestic designation for TFS measures. Such designation shall be based on the accurate information, evidence submitted by the judicial or law enforcement authorities (L.4557/2018, Art.50(1)(a)-(d)). This provision also obliges FSU to prepare and keep the list with sufficient supplementary data for effective identification.

**(c)** At the EU level, Group PC 931, setting implementation of CP 2001/931/CFSP examines and evaluates freezing requests received, to determine whether they meet the criteria set by the UNSCR 1373. At the national level, FSU shall examine such requests to determine whether there are serious reasons for deciding to order asset freezing obligation (L.4557/2018, Art.50).

**(d)** At the EU level, the Common Position Working Party assesses and evaluate whether the information for designation meets the criteria set out in CP 2001/931/CFSP. Designation decision shall be based on serious credible evidence without condition upon the existence of an investigation or conviction (CP 2001/931/CFSP, Art.1(2) and (4)).

At the national level, FSU, upon receipt of the foreign request, shall examine whether there are serious reasons for freezing (L.4557/2018, Art.50(4)).

**(e)** When requesting foreign counties for their TFS measures on a person or entity, the FSU shall provide supporting information and evidence to the foreign competent

authorities. This include information or evidence from the judicial or law enforcement agencies (L.4557/2018, Art.50(4)).

**Criterion 6.3 –**

**(a)** At the EU level, all Member States are required to communicate all relevant information available to them under the EU regulations on TFS. The Member States shall provide the widest possible assistance in countering terrorism, through police and judicial co-operation in criminal matters.

At the national level, FSU are required to collect and evaluate any information provided by the police and prosecutorial authorities (L.4557/2018, Art.48(3)(c)).

**(b)** At the EU level, designations shall take place without prior notice to the person or entities to be identified (Regulation 1982/2009, preamble (5), and Art.7(a)(1)). Exceptionally, notice must be given before the decision is taken in order not to compromise the effect of the first freezing order. The listed person or entity has the right to appeal against the listing decision in the Court of Justice of the EU, and to seek to have the listing annulled.

At the national level, Greece operates *ex parte* against a person or entity, who has been identified and whose designation is being considered, without prior notice (L.4557/2018, Art.50(7)).

**Criterion 6.4 –** In the EU framework, implementation of TFS pursuant to UNSCRs 1267/1989 and 1988 does not occur without delay. There is often a delay between the date of the UN designation and its transposition into the EU law.

However, the national legal framework addressed this gap, and Greece implements TFS without delay (L.4557/2018, Art.43(1)(d)). UNSCR 1267 and its successor resolutions have been all incorporated into the national legal framework by the Presidential Decrees. Art.4 of P.D. 56 prescribes that TFS measures shall be imposed against persons and entities on the list pursuant to UNSCR 1267, which is to be regularly updated. Therefore, Greece confirmed that asset freezing shall be applied to persons and entities, those who are newly designated by the 1267 Committee, automatically without any additional administrative process.

**Criterion 6.5 –**

**(a)** For UNSCRs 1267/1989 and 1988, EU regulations transposing UNSC decisions are directly applicable in all EU Member States on the day of publication in the Official Journal of the EU (OJEU). There is an obligation on all natural and legal persons to freeze all funds, financial assets, or economic resources of all designated persons and entities (irrespective of their nationality). However, the delays noted above in transposing UN designations into EU Regulations (see c.6.4).

For UNSCR 1373, the obligation for natural and legal persons to freeze the assets of designated persons derives automatically from the entry into force of EU regulation, without any delay and without notice to the designated individuals and entities. However EU internals are not subject to the freezing measures of CP 2001/931/CFSP. This leaves a gap in EU implementation of TFS pursuant to UNSCR 1373.

At the national level, the TFS obligation under the UNSCRs, EU Decisions or Regulations is in effect immediately once they are transposed into the Greek legal framework by issuing Presidential/Ministerial Decrees (L.4557/2018, Art.43(1)) (See c.6.4). Greece designates natural and legal persons by its own motion pursuant to UNSCR 1373, and requires the obliged entities to freeze the assets of those designated natural/legal person (L.4557/2018, Art.43(1)).

Breaches of the freezing obligation by the obliged persons are penalised by imprisonment of up to ten years and fine ranging from EUR 10 000 to 500 000 (L.4557/2018, Art.43(1)(h) and 50(16)). Further, the competent supervisory authority shall impose administrative sanctions, as well (L.4557/2018, Art.43(1)(i)) There is no provision under L.4557/2018, to impose sanctions against such breaches by natural and legal persons, other than obliged persons. However, according to Art.2 of L. 92/1967, all natural persons and entities who violate the TFS obligations set out by Art. 1 of the Presidential Decrees are punished by imprisonment of up to five (5) years.

Nevertheless, listing of persons and entities newly designated pursuant to UNSCR 1373 is only shared with the obliged persons and not publicly available. Therefore, it is not certain whether the TFS measures against natural and legal persons designated by Greece pursuant to UNSCR 1373 are adequately taken by natural persons and entities, who have no access to the list.

**(b)** At the EU level, for UNSCRs 1267/1989 and 1988, the freezing obligation extends to all funds/other assets that belong to, are owned, held or controlled by a designated person/entity. The obligation to freeze the funds or assets of persons and entities acting on behalf of, or at the direction of, designated persons or entities is met by the requirement to freeze funds or assets “controlled by” a designated entity, which extends to persons acting on their behalf in relation to those funds (Regulation 881/2002, Art.2) (Regulation 753/2011, Art. 3).

For UNSCR 1373, the freezing obligation in EU regulation 2580/2001(Art.1 (a) and Art.2 (1)(a)) does not cover a sufficiently broad range of assets, although subsequent regulations cover a wider range and largely address the gap (Regulations 881/2002 Art.2(2)).

At the national level, obliged entities shall freeze assets, bank accounts, safe deposit boxes which belong to the designated person or entity. Greece confirmed that the TFS measures related to terrorism and TF are applicable to all the types of funds or other assets, including economic resources (Penal Code, Art.187A(6), P.D. 26/2005, P.D. 67/2010, P.D.20/2013, P.D.117/2015, P.D.42/2016, P.D. 62/2016, and P.D.113/2016).

**(c)** At the EU level, EU nationals and persons within the EU are prohibited from making funds and other assets available to designated persons and entities (Regulation 881/2002, Art.2 (2)) (Regulation 1286/2009, Art.1(2)) (Regulation 753/2011, Art.4) (Regulation 754/2011, Art.1).

At the national level, it is prohibited to provide financial or investment services to the designated person or entity (L.4557/2018, Art.43(1) and 50(3) for UNSCR 1267/1989 and 1988, and 1373 respectively). The deficiencies identified in c.6.5(a) above are also concerned with this sub-criterion.

**(d)** At the EU level, EU designations are published in OJEF and the website, and included in a consolidated financial sanctions database maintained by the European Commission.

For UNSCRS 1267/1989 and 1988, FOFA shall forward any Resolutions and Regulations as well as their amendments by the relevant UNSCRs, EU Regulations or EU Directives to FSU immediately upon their issuance. FSU, then, shall notify obliged entities of the designation, and implement asset freezing pursuant to the UNSRs, by issuing a freezing order (L.4557/2018, Art.43(1)(a) to (d)). For UNSCR 1373, the FSU shall inform without delay all obliged persons of the designation and order the asset freezing and prohibition of providing financial services to the designated persons and entities (L.4557/2018, Art.50(2)-(3)).

**(e)** At the EU level, natural and legal persons (including FIs/DNFBPs) are required to immediately provide any information about accounts and amounts frozen (Regulation 881/2002, Art.5.1) (Regulation 2580/2001, Art. 4) (Regulation 753/2011, Art.8).

At the National level, FSU shall request obliged entities to report whether they hold any assets to be frozen or they had/have any business relationships with the designated person/entity, as well as other relevant data and information (L.4557/2018, Art.43(1)(b) and 50(2)).

**(f)** At the EU level, the rights of bona fide third parties acting in good faith are protected when undertaking freezing actions (Regulation 881/2002, Art.6) (Regulation 753/2001, Art.7) (Regulation 2580/2001, Art.4).

At the national level, person, whose assets are frozen, and any third party which holds a legitimate interest, have full rights to challenge the freezing of assets (L.4557/2018, Art.43(1)(e) and Art.50(9)).

#### **Criterion 6.6 -**

**(a)** The procedures, which were adopted by the relevant UN Committees, to submit a de-listing request are in place under the Presidential Decrees, which transposed and incorporated the resolution with the Greek legal framework. MOFA is responsible for its communication with the relevant UN Committees (e.g. P.D.67/2010 for UNSCR1735).

**(b)** For designations at the EU level, amendments to Regulation 2580/2001 are immediately effective in all EU Member States. The EC revises the list in its six-monthly review, or may de-list ad-hoc basis if there are no longer grounds for keeping a person or entity in the CP931 list.

For designations at the national level, FSU may revoke its asset freezing decision in its own initiative or an appeal of the designated person or beneficial owner of frozen assets or any third party having legitimate interest, if the Unit is convinced that there are no longer grounds for the decision (L.4557/2018, Art.50(8)).

**(c)** At the EU level, a listed individual or entity can write to the Council to have the designation reviewed or can challenge the relevant instrument in Court (TFEU, Art.263 (4)). TFEU Article 275 also allows legal challenges of a relevant CFSP Decision.

For designations at the national level, designated natural or legal persons can request the FSU to revoke its decision (L.4557/2018, Art. 50(8)). If the request is not accepted,

the person can appeal the criminal section of the Court of Areios Pagos (the Supreme Court) (Id. Art. 50(9)).

**(d) and (e)** At the EU level, listed natural and legal persons are notified about the listing, its reasons and legal consequences, their rights of due process, and the applicable de-listing procedures. These include the availability of the ombudsperson (for designations under UNSCR 1988) and focal point (for designations under UNSCR 1989).

At the national level, natural and legal persons to be designated shall be informed of the de-listing procedures of 1267/1989 Committee, and availability of the UN office of ombudsperson (PD 14/2015, Art.2)

**(f)** At the EU level, upon verification that the person/entity involved is not designated, the funds/assets must be unfrozen, according to EU Regulations 881/2002 and 2580/2001.

At the national level, there is no explicit provision for unfreezing in the case of false positive. However, Art.43(1)(e) in general allows natural and legal persons designated pursuant to UNSCR 1267/1989 and 1988 to contest the freezing order before the administrative courts within the period of 30 days from the designation. As for UNSCR 1373, see the sub-criterion c.6.6(c) above.

**(g)** De-listing and unfreezing decisions at the EU level are published in OJEU and the updated list of designated persons and entities is published on the website.

At the national level, FSU shall immediately inform the obliged persons of a delisting decision pursuant to the relevant UNSCRs or the EU Regulation or Decisions, and provide guidance in the unfreezing process (L.4557/2018, Art.43 (1)(b). The names of the natural and legal persons de-listed may be posted on the website of the Authority (L.4557/2018, Art.43 (1)(g)). However, it is not clear how de-listings and unfreezing of the natural and legal persons designated on Greece's own motion is to be communicated to the obliged persons.

**Criterion 6.7** – Both at the EU and national level, Greece has procedures in place to authorise access to frozen funds or other property necessary for basis expense, for payment of certain types of charges, or for payment for extraordinary expenses pursuant to UNSCR 1452 (Regulation 881/200, Art.2bis) (Regulation 753/2011) (Regulation 2580/2001, Art.5 to 6) (P.D.56/2005) (L.4557/2018, Art. 43(1)(f) and Art.50(11)).

### **Weighting and Conclusion**

Greece implements TFS measures pursuant to the relevant UNSCRs without delay in the national framework as well as the EU framework. However, some minor deficiencies are identified in the authority's communication about the national designations and de-listing of natural and legal persons.

**Recommendation 6 is rated LC.**

## Recommendation 7 – Targeted financial sanctions related to proliferation

These requirements were added to the FATF Recommendations when they were revised in 2012 and, therefore, were not assessed during Greece's 3rd mutual evaluation in 2007, and its follow-up process.

**Criterion 7.1** – Greece implements the requirements of UNSCR 1718 (DPRK) and 1737 (Iran) through the EU framework - Council Regulation No. 329/2007, Council Decisions 2013/183/CFSP, and Council Regulation No. 267/2012 and Council Decision 2010/413, respectively. EU Regulations require Greece to implement TFS measures upon the publication of designations in the Official Journal of the EU (OJEU). However, as described under c.6.4, transposition of designations under UNSCRs into the EU law does cause delay in implementation of TFS – particularly measures against DPRK.

At the national level, Law 4557/2018 prescribes the TFS measures to implement UNSCRs and EU regulations or Decisions relating to PF. Greece has the same legal mechanism for implementing the relevant UNSCRs by transposing them into the Greek legal framework by issuing Presidential Decrees as described in c.6.4 and 6.5 (L.4557/2018, Art.43(1)) (P.D.85/2009, Art.4 and P.D 3/2018, Art.8 for UNSCR 1718, or P.D.1/2018, Art.5 for UNSCR 2231).

### **Criterion 7.2** –

**(a) and (b)** The EU regulations require all natural and legal persons within or associated with the EU to freeze all the funds/other assets of designated persons and entities. However, as noted above in c.7.1, there have been delays in transposing the UN designations into the EU law and this may raise the question of asset freezing without prior notice to the designated person/entity.

At the national level, obliged entities shall freeze assets of the designated person or entity, including prohibition of account movement and the opening bank deposit boxes by the designated persons (L.4557/2018, Art.43(1) and (2)) Natural and legal persons shall freeze any financial or other assets or resources, including assets of every kind, whether tangible or intangible, movable or immovable, actual or potential, which potentially may be used to obtain funds, goods, or services such as vessels (P.D.85/2009, Art.4, and P.D 3/2018, Art8 for UNSCR 1718, or P.D.1/2018, Art.5 for UNSCR 2231).

**(c)** The regulations prohibit making available, directly or indirectly, funds or economic resources to designated persons or entities or for their benefit, unless otherwise authorised or notified in compliance with the relevant UN resolutions (Regulation 329/2007, Art.6.4) (Regulation 267/2012, Art.23.3).

At the national level, it is prohibited to provide financial or investment services to the designated persons. The FSU may allow the access to or use of the frozen assets, upon requests for a limited reasons the in accordance with the procedures set out by the relevant UNSCRs (L.4557/2018, Art.43(1)(d) and (f)).

**(d)** The lists of designated persons and entities are communicated to FIs and DNFBPs through the publication of a consolidated list on the EU site is available and can be downloaded at Common Foreign and Security Policy (CFSP).

At the national level, FSU shall promptly notify all obliged entities of the designation by UNSCR, EU Regulations or Decision. FSU also provide instruction for the action taken to the assets to be frozen (L.4557/2018, Art.43(1)(b)).

**(e)** Natural and legal persons (including FIs/DNFBPs) are required to provide immediately any information about accounts and amounts frozen under EU legislation (Regulation 329/2007, Art.10) (Regulation 267/2012, Art.40).

At the national level, FSU shall request obliged entities to report whether they hold any assets to be frozen or they had/have any business relationships with the designated person/entity, as well as other relevant data and information (L.4557/2018, Art.43(1)(b)).

**(f)** The rights of third parties acting in good faith are protected when undertaking freezing actions (Regulation 329/2007, Art.11) (Regulation 267/2012, Art.42).

At the national level, person whose assets were frozen and third parties having a legitimate interest have full rights to challenge the freezing of assets (L.4557/2018, Art.43(1)(e)).

**Criterion 7.3** – EU Member States to take all measures necessary to ensure that the EU regulations are implemented, and have effective, proportionate and dissuasive sanctions available for failing to comply with these requirements (Regulation 329/2007, Art.14) (Regulation 267/2012, Art.47).

At the national level, obliged persons, who fail to comply with the obligations relevant to TFS measures, e.g. concealing the information, business relationship with or assets of the designated persons, or refusing freezing such assets, shall be punished by imprisonment of up to 10 years and fines from EUR 10 000 to 500 000 (L.4557/2018, Art.43(1)(h)). Furthermore, Law 4557/2018 sets out a wide range of the administrative sanctions against obliged persons (Art.46(1)(a)(i)-(vi)).

Besides, according to Art.2 of Law 92/1967, all natural persons and entities, including non-obliged entities, who violate the provisions of the Presidential Decrees of Article 1 are punished by imprisonment of up to five (5) years. .

**Criterion 7.4** –

**(a)** and **(b)** The EU Regulations contain procedures for submitting delisting requests to the UN Security Council for designated persons and entities that no longer meet the criteria for designation. The Council of the EU communicates its designation decisions and the grounds for listing, to designated persons and entities who have the right to comment on them and to request a review of the decision. Such a request can be made, irrespective of whether a de-listing request is made at the UN level (for example, through the Focal Point mechanism). Where the UN delists a person/entity, the EU amends the relevant EU Regulations accordingly (Regulation 329/2007, Art.13.1(d) and (e)) (Regulation 267/2012, Art.46).

At the national level, while there is no explicit provision for unfreezing in the case of false positive, Art.43(1)(e) in general allows natural and legal persons designated pursuant to the relevant UNSCRs to contest the freezing order before the administrative courts within the period of 30 days from the designation.

However, there is no legal provision under Law 4557/2018, which enables listed persons and entities to petition a request for de-listing at the Focal Point for de-listing

established pursuant to UNSCR 1730, or informs designated persons or entities to petition the Focal Point directly.

**(c)** there are provisions for authorising access to funds or other assets, where the competent authorities of Member States have determined that the exemption conditions set out in resolutions 1718 and 1737 are met, and in accordance with the procedures set out in those resolutions (Regulation 329/2007, Art.7 and 8) (Regulation 267/2012, Art.24, 26, and 27).

At the national level, Art.43(1)(e) and (f) of Law 4557/2018 appear to prescribe certain conditions where it is allowed to access/unfrozen the assets, in accordance with the procedures set out by the relevant UNSCRs, although described not in detail under the law.

**(d)** See the analysis of c.7.2(c). At the national level, FSU shall immediately inform the interested parties of a delisting decision pursuant to the relevant UNSCRs or the EU Regulation or Decisions. The names of the natural and legal persons de-listed may be posted on the website of the Authority (L.4557/2018, Art.43 (1)(g)). Furthermore, FSU shall provide guidance in this regard (L.4557/2018, Art.43 (1)(b)).

#### **Criterion 7.5 –**

**(a)-(b)** The EU Regulations permit the payment to the frozen accounts of interests or other sums due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that these amounts are also subject to freezing measures (Regulation 329/2007, Art. 9) (Regulation 267/2012, Art. 29).

payments due under a contract entered into prior to the date of listing are permitted provided that prior notification is made to the UNSCR 1737 Committee, and determination that the payment is not related to any of the prohibitions under UNSCR 1718 (Regulation 329/2007, Art.8) (Regulation 267/2012, Art.24 to 25).

At the national level, Greece has transposed UNSCR 1718 and UNSCR 2231 into the domestic legal framework (P.D.85/2009) (P.D.1/2018). Further, Art.43(1)(e) and (f) of Law 4557/2018 appear to prescribe certain conditions where it is allowed to access/unfrozen the assets, in accordance with the procedures set out by the relevant UNSCRs, although described not in detail under the law.

#### **Weighting and Conclusion**

Greece implements the asset freezing requirements without delay under its national legal framework pursuant to the relevant UNSCRs. However, some minor deficiencies are identified in the de-listing procedures.

**Recommendation 7 is rated LC.**

### **Recommendation 8 – Non-profit organisations**

In the 3<sup>rd</sup> MER, Greece was rated NC with the former recommendation in this area. The report concluded that Greece did not implement any requirements in line with the FATF Standards. No progress was made in this area according to Greece's 10<sup>th</sup> FUR.

**Criterion 8.1 –**

**(a)** Greece has identified which subset of organisations fall within the FATF definition of NPO, based on a set of the criteria: field of actions, beneficiaries, target group and funding (see Table 1.3: Overview of NPO Sector in Greece in Chapter 1). Greece reported that the EU supranational risk assessment supplemented this process. However, the assessment team was not provided with any documentation, which confirms how the identification of this subset was made, including information about its methodology and information sources. Therefore, it is not clear to what extent the Greek authorities have conducted an accurate and comprehensive analysis.

The NRA has a very limited coverage of this sector in terms of TF. Greece has not yet fully identified the features and types of NPO likely to be at risk of terrorist financing abuse, and the nature of threats posed by terrorist entities to the NPOs, which are at risk as well as how terrorist actors abuse those NPOs. The NRA identified the risks of abuse of the NPOs in relation with ML and illegal migration to some extent due to Greece's geographical position and current refugee crisis. Greek authorities identified NPOs generally as low risk for TF in Greece. This comes from the fact that Greece has not found any cases or STRs where the NPO sector was actually involved in TF.

**(b)** In the NRA, Greek authorities have identified NPOs active in the context of the migration crisis as being at higher risk. This includes NPOs for developmental purposes, for the provision of emergency humanitarian aid in the event of natural disasters or other emergencies to populations of developing countries, for international protection, and for educational and social services. However, Greece has not taken further steps to identify the TF threat to NPOs beyond that context.

**(c)** Greek authorities have taken some steps to mitigate the risks related to the subset of the NPOs identified as being at risk. However, Greece has not yet fully identified the features, types of NPOs likely to be at the risk of TF abuse, or the nature of threats posed to NPOs. This inhibits Greece from wholly reviewing the adequacy of measures related to the NPO sector to take proportionate and effective actions to address the risks.

The MOF and the competent Ministers, which are responsible for licensing, registering, subsidising, controlling and overseeing NPOs, have been empowered to determine ways, measures and procedures to prevent the use of money for ML or TF (L.4557/2018, Art.9(4)). However, Greece has not yet issued such a joint ministerial decision

Ministry of Migratory Policy has established a new registry for Greek and foreign NPOs active in the field of international protection, migration and social integration issues, to deal with the possible abuse of NGOs associated with migrant crisis (M.D.7586/2018). Ministry of Labour, Social Security and Social Solidarity also has established a new registry for social case organisations and non-profit private social care (L.4455/2017) (Joint M.D. 16765/9/2017).

Greek authorities are aware of this lack of comprehensive view on their NPO sector based on a detailed risk assessment. To this end, Greece has set up a working group to report findings regarding the existing legal framework and supervision of NPOs, and develop guidelines aiming at effective investigations and audits concerning NPOs.

**(d)** Art. 8(7)(a) of L.4557/2018 requires the Strategy Committee to regularly review, update and publish national risk assessments. However, in the latest NRA in 2018, Greece assessed TF risks in the NPO sector to a limited extent. This raises questions whether such periodical re-assessment would ensure effective implementation of measures in the NPO sector.

**Criterion 8.2 –**

**(a)** Greece has several policies to promote accountability, integrity, and public confidence in the administration and management of NPOs. NPOs in Greece are required to comply with measures several actions 1) based on their legal form, and 2) their activities.

In Greece, NPOs can be established in the three types of legal forms: associations, foundations and civil companies (Greek Civil Code, Art.78, 108 and 741-8, respectively). While there is no single registry for NPOs, associations or civil companies must be registered with the Book of Associations of the Court of First Instance, and GEMI if a civil company has economic/commercial goals, while foundations must have a Presidential Decree issued (Greek Civil Code, Art. 78-9, 108). NPOs in Greece are required to obtain an individual Taxpayer's Identity Number (TIN) issued by the IAPR (the Tax Authority) to open a bank account: which is subject to EDD (BCC Decision 281/2009).

NPOs as well as other legal entities operating in Greece, are required to report their financial condition (L.4308/2014, Art 16(2)). Financial statements are compiled according to the size of entities. While the provision does not oblige the subset of NPOs to submit certified auditor reports due to their small size in general, they are required to provide their balance sheet, profit and loss account and net asset position to the Tax Authority.

Moreover, NPOs, which are subsidised by General Government bodies with more than EUR 3 000 euros subsidised institutions are required to publish information about among others their transactions on the Transparency Portal Website (L.4305/2014, Art16).<sup>31</sup> Art.13(2)(a) of L.4173/2013 requires NPOs to keep their accounting records, tax electronic mechanisms and tax records for at least five years.

The subset of the NPOs identified shall be further registered with one of the four registries, classified based on their purpose, which the competent authorities maintain under the respective legal frameworks.

- NGOs for international protection, migration and social integration shall be registered to the National Registry of Greek and Foreign Non-Governmental Organizations under Ministry of Migrant Policy (MD No 7586/2018).
- The Hellenic International Development Co-operation Department of the MoFA (YDAS-Hellenic Aid) maintains a special NGO register for developmental purposes or for the provision of emergency humanitarian or food aid in the event of natural disasters or other emergencies to populations of developing countries (L. 2731/1999). However, this registry has been inactive since 2011, and disbursement of funds to NGOs for all above purposes has been frozen.

<sup>31</sup> [The Transparency Program Initiative](#)

- The Ministry of Labour, Social Security and Social Solidarity maintains a registry of NPOs for social care and welfare services (L.4455/2017) (Joint M.D. 16765/9/17). Recording of employees, volunteers and beneficiaries as well as financial data (donations, state funding, private funding, money from European funds, etc.) have to be provided
- The Ministry of Education, Research and Religion/The Institute for Educational Policy is in charge of controlling the content of educational actions implemented in the context of refugee education by international organisations, non-governmental organisations and other institutions (L.3966/2011)(MD No 7586/2018).

**(b)** and **(c)** Greek authorities did not provide information on their outreach, educational programme or consultation processes in place to work with NPOs to develop best practices and policies to address TF risks.

**(d)** According to L.4557/2018, Art.9(4), competent ministers shall, by joint decision, oblige NPOs to execute their main transactions through credit institutions. At the end of the on-site visit, no such joint decision had been taken.

**Criterion 8.3** – Based on Art.9(4) of Law 4557/2018, the MoF and the competent Ministers responsible for licensing, registering, subsidising, controlling and overseeing civil society NPOs are obliged to determine ways, measures and procedures to prevent the use of money for ML or TF. These measures include record keeping and mandatory execution of the main transactions through CIs. However, Greece has not issued a joint Ministerial Decision for this purpose.

Greece has control mechanisms to monitor the NPOs, those funded by the relevant Ministry or the EC, to ensure the consistency of their funding with the purpose and objectives of the stated activities. MoFA obliges NPOs subsidised under L.2731/1999 to submit a report on their expenditure with full justification and legality (L.2731/1999, Art.12(3)). NPOs, funded by the EU for their activities in the refugee hotspots, are subject to strict scrutiny (EU Regulation 514/2014).

Art.13(2)(a) of L.4173/2013 requires NPOs to keep their accounting records, tax electronic mechanisms and tax memories for at least five years.

Overall, however, specific risk-based measures do not apply to NPOs at risk of terrorist financing abuse. Measures in place are implemented for the purpose of generic control over whole the NPO sector in Greece and do not have the specific aim of mitigating the TF risks in relation to the subset of NPOs.

**Criterion 8.4 –**

**(a)** Greece has general supervision or monitoring over the activities of NPOs in place. IAPR (the Tax Authority) in general monitors the fiscal condition of the NPO to ensure their non-profit purposes (POL 1006/2013, Art7). NPOs are also monitored in the context of labour issues and social security in general (L.4387/2016).

However, Greek authorities do not carry out its supervisory actions taken in relation to NPOs in a risk-based manner. Furthermore, Greece did not provide information whether the relevant authorities, particularly those who maintain the

aforementioned registries, monitor the compliance of the subset of the NPOs with the requirements of this Recommendation.

**(b)** The authorities, who maintain the aforementioned registries, are empowered to impose sanctions for violations of the requirements, those referred to in c.8.3, by NPOs or persons acting on behalf of these NPOs (MD No 7586/2018, Art.2-3)(Civil Code, Art.105, 118) (L. 2731/1999,Art.12(3))(L.4455, Art.7-9)(Joint M.D. 16765/9/17, Art.7). However, sanctions under these provisions are limited to de-registration or revocation of license. Therefore, Greece is not able to apply effective, proportionate and dissuasive sanctions for violations of the requirements.

**Criterion 8.5 –**

**(a)** Greece has one formal co-ordination mechanism in relation to NPOs. In the context of dealing with tackling human trafficking in particular, a co-ordination mechanism exists between specialised NGOs and the Office of the National Rapporteur on Trafficking in Human Beings via a permanent consultation forum (L.4198/2013, Art.6). Besides, Art.9(5) of L.4557/2018 requires co-ordination among the MoFA, Financial Police and the FIU.

However, there appears to be no other mechanism to ensure effective national co-operation, co-ordination and information sharing among relevant authorities and organisations that hold relevant information on NPOs in general for the purpose of CFT.

**(b)-(c)** The Special Secretariat of the Financial and Economic Crime Unit (SSFECU/SDOE) is empowered to control NPOs (P.D. 142/2017, Art.82-83). SSFECU/SDOE and the National Asset Recovery Office that is operating in SSFECU/SDOE have access to and receive any information or element concerning or relating with the exercise of their task and mission, following a relevant official order and have also access to the Taxation Information System (L.3296/2004, Art.30) (L.4170/2013, Art.62). Hellenic Statistical Authority (ELSTAT) examines non-profit institutions for income assessments (EU Regulation No.549/2013).

**(d)** The competent authorities, including those responsible for the NPO registries, are required to report immediately to the HFIU any cases where there is evidence or suspicion of attempted or committed ML/TF offence, regardless of all other actions taken by the authorities (L.4557/2018, Art.9(6)). However, the provision is applicable only to the relevant authorities. In addition, reporting suspicion under this provision is only addressed to the HFIU – not the authorities responsible for maintaining the registries, LEAs or SDOE who controls NPOs.

**Criterion 8.6 –** Greece uses the usual procedures and mechanisms of international co-operation to respond to requests of a third country concerning NPOs suspected of funding terrorism. The HFIU, the Hellenic Police International Police Co-operation Division (IPCD) and Hellenic Asset Recovery Office in SSFECU/SDOE are the central authorities for receiving and transmitting requests for international co-operation based information exchange (L.4557/2018, Art.34(2))(P.D. 178/2014,Art.8)(P.D. 142/2017, Art.80). However, there are no points of contact or procedures specific to requests related to NPOs suspected of TF or other forms of terrorist support.

### *Weighting and Conclusion*

Greek authorities identified the subset of organisations fall within the FATF definition of NPO, based on a set of criteria. The competent authorities maintain the specific registries of the subset of the NPOs, as well as the generic registrations applicable to all the NPOs. Generic or tax-related monitoring and supervision is in place over the whole NPO sector. SSFECU/SDOE have power to conduct TF investigation to the NPOs and access to the relevant information.

However, Greece has not fully assessed or identified the nature of TF threat and TF risks in the NPO sector. This hinders Greece from adequately applying risk-based measures to subset of the NPOs. Effective co-operation and co-ordination among the authorities in this field was present to a limited extent.

**Recommendation 8 is rated PC.**

### **Recommendation 9 – Financial institution secrecy laws**

In the 3rd MER, Greece was rated PC with the former recommendation in this area. The report concluded that Greece only partially lifted its bank secrecy. Greece has improved its compliance to a satisfactory level according to Greece's 10<sup>th</sup> FUR.

**Criterion 9.1** – FIs are in general subject to secrecy requirements. Credit institutions (CIs), such as banks, in Greece are subject to bank secrecy provision in relation to the deposits (Legislative Decree 1059/1971, Art.1(1)). Other non-banking financial institutions are subject to general professional secrecy legislation (L.4261/2014, Art.54) (L4557/2018, Art.27). However, the secrecy requirements will not be applied to the following cases.

#### *Sharing on Information between FIs and Competent Authorities*

The competent authorities supervising the FIs (Bank of Greece, HCMC) can request the FIs for any information, including all evidence or data of any nature or form, necessary for their AML/CFT supervision (L.4557/2018, Art 6(3)(g)). Furthermore, the FIU has full access to files held by FIs during its investigations and audits (L4557/2018, Art. 49 (4)). The judicial authorities are also granted to be informed of the books and records kept by FIs, in case of an investigation, examination or trial (L4557/2018, Art. 44).

#### *Sharing on Information between Competent Authorities domestically*

The competent authorities can share those information obtained from the FIs with other competent authorities, including the AML/CFT Authority (FIU), and between the AML/CFT Authority (FIU) and judicial authorities (L.4557/2018, Art.34(1)). The Financial Police also can access to the information held by the MoF (MD.7001/2/1445, Art.1).

#### *Sharing on Information between Competent Authorities internationally*

The FIU co-operates internationally with the FIUs of other EU member states (L.4557/2018, Art.34(2)). Furthermore, Greece confirmed that Art. 34(5) of Law 4557/2018, which allows the domestic competent authorities to exchange confidential information, also applies to the exchange of such information between Greek and foreign competent authorities.

Moreover, the Bank of Greece and the HCMC have sectoral legislation that allows the exchange of information internationally (L.4261/2014, Art.54(3) and (5)) (L.1969/1991, Art.(49C) 49D(2) and (3)), and implement sectoral EU-law. These allow them to conclude MOUs for the purpose of information exchange that may also extend to AML/TF issues.

Even though there is no further and more explicit general provision on the sharing of confidential information for competent authorities internationally, there seem to be no specific provisions of “financial secrecy laws” apparent that would inhibit the sharing of information among competent authorities internationally.

#### *Sharing of Information between FIs*

FIs can share information within the same group, or also other obliged persons of the same category or professional sector in Greece and other countries, which impose AML/CFT requirements on their FIs at the same level of Greece (L.4557/2018, Art.28(1), (3)).

#### ***Weighting and Conclusion***

Law 4557/2018 ensures that bank secrecy will not apply to supervisory actions by the competent authorities. The Financial Police is also empowered to access information hold by the FIs for its financial crime investigations.

**Recommendation 9 is rated C.**

### **Recommendation 10 – Customer due diligence**

In the 3<sup>rd</sup> MER, Greece was rated PC with the former recommendation in this area. The technical deficiencies were found in the various requirements, including its limited coverage of financial service sectors (particularly insurance brokers and agents); CDD measures taken in the limited situations; lack of clarity in the simplified due diligence measures; and insufficient measures to identify customers’ beneficial ownerships. Law4557/2018 has strengthened Greece’s AML/CFT preventive measures. These deficiencies were largely addressed according to Greece’s 10<sup>th</sup> FUR, with a single shortcoming in CDD exemption for FIs from the other EU member states.

**Criterion 10.1** – FIs shall not keep anonymous accounts, or accounts in fictitious names or without the full name of their holder (L.4557/2018, Art.11(1)).

**Criterion 10.2** – FIs shall apply CDD measures when (a) establishing business relations; (b) carrying out occasional transactions amounting to EUR 15 000 or more, whether the transaction is carried out in a single operation or in several operations that appear to be linked; (c) carrying out occasional transactions that are wire transfers amounting to 1 000 or more; (d) there is a suspicion of ML/TF, regardless of any exemption or threshold; and (e) there are doubts about the veracity, completeness or adequacy of previously obtained customer identification data (L.4557/2018, Art.12(1)(b)-(d) and (f)) (BCC Decision, Art.11.2.2).

**Criterion 10.3** – FIs shall identify the customer and verify that customer’s identity using documents, data or information obtained from a reliable and independent source (L.4557/2018, Art.13(1)(c)). The sectoral rules provide further details on the

documents required (BCC Decision 281/2009, Art.5.4 and 5.5) (PISC Rule 154, Art 4(1)) (HCMC Decision 506/2009, Art.2(1)).

**Criterion 10.4** – When any person is acting on behalf of others, FIs shall identify and verify the identity of that person as well as whom the person is acting on behalf of and his/her authorisation (L.4557/2018, Art.13(1)(a)) (BCC Decision 281/2009, Art.5.7) (PISC Rule 154, Art 4(1)) (HCMC Decision 506/2009, Art.2(1)).

**Criterion 10.5** – FIs shall identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, using the relevant information or data obtained from a reliable source (L.4557/2018, Art.13(1)(b)) (BCC Decision 281/2009, Art.5.4(ii)) (PISC Rule 154, Art 4(1)(b)) (HCMC Decision 1/506/2009, Annex II).

**Criterion 10.6** – FIs shall assess and obtain information on the purpose and intended nature of the business relationship or important transactions or activities of customer (L.4557/2018, Art.13(1)(c)) (BCC Decision 281/2009, Art.5.4(iii)) (PISC Rule 154, Art 4(1)(c))

**Criterion 10.7** – FIs shall conduct ongoing due diligence on the business relationship, including scrutinising transactions undertaken throughout the course of that relationship to ensure that the transactions are consistent with the FIs' knowledge of the customer, business and risk profile the source of funds. FIs are also required to ensure the documents, data or information held are kept up-to-date, at the appropriate time and depending on the customers' risk (L.4557/2018, Art.13(1)(d)) (BCC Decision 281/2009, Art.5.4(v)) (PISC Rule 154, Art 4(1)(d)).

**Criterion 10.8** – In cases where the customer is a legal person, trusts or similar legal arrangement, FIs shall take risk-based and adequate measures to understand the ownership and control structure of the customer (L.4557/2018, Art.13(1)(b) and (c)) (BCC Decision 281/2009, Art.5.4(ii) and (v)) (PISC Rule 154/2009, Art.4(1)(a) and (c)) (HCMC Decision 506/2009, Art.5(4)). See also c10.6, for the requirement in relation to the nature of customer's business.

**Criterion 10.9** – For customers that are legal persons or legal arrangements, FIs are required to identify the customer and verify the identity through: (a) name, legal form and proof of existence; (b) status of the companies and name of their representatives and of all persons authorised to manage the company's account; and (c) the registered office address (BCC Decision 281/2009, Art.5.5.2 and 5.6) (PISC Rule 154/2009, Art.4(1), 10 and Annex I) (HCMC Decision 506/2009, Annex I, amended by HCMC Decision 35/586/26.5.2011).

**Criterion 10.10** – FIs are required to identify the beneficial owners and verify their identification (See analysis on c.10.5). For customers that are legal persons, FIs shall obtain information on:

**(a)** the identity of natural persons who ultimately has a controlling ownership interest in a legal person (L.4557/2018, Art.3(1)(a)(i)) (BCC Decision 281/2009, Art.5.5.2(i)) (PISC Rule 154/2009, Art.2.2(a)(i)) (HCMC Decision 1/506/2009, Annex II); and

**(b)** the natural person(s) who exercise control over the management of a legal person through other means (L.4557/2018, Art.3(1)(a)(i)) (BCC Decision 281/2009, Art.5.5.2(ii)) (PISC Rule 154/2009, Art.2.2(a)(ii)).

(c) identity of the senior managing official where no natural person is identified under (a) or (b) (L.4557/2018, Art.3(17)(a)(ii) and (18)).

**Criterion 10.11** – FIs shall obtain information on the identity of settlor, trustee, protector (if any) and natural person(s) who is the beneficiary of a trust, the class of person(s), or natural person(s) who exercises ultimate control over the trust. This requirement is also applicable in the case of other legal entities or legal arrangements similar to trusts (L.4557/2018, Art.3(17)(b) and (c)) (BCC Decision 281/2009, Art.5.5.2 and 5.15.5) (PISC Rule 154/2009, Art.2.2(b)(i) and (ii)).

**Criterion 10.12**– FIs shall conduct additional CDD measures on the beneficiary of life insurance and other investment related insurance policies for beneficiaries as listed in this criterion. Verification of the identity of the beneficiary shall be made at the time of the pay-out (L. 4557/2018, Art. 13(4) and 14(4)) (PISC Rule 154/2009, Art.2.2(b)(i) and (ii), and 5(2))

**Criterion 10.13** – FIs shall take relevant risk factors into account, including types of customers in general, when determining whether to apply EDD measures (L.4557/2018, Act.16(1), (4) and Annex II). Beneficiary’s profile and characteristics are to be considered as one of the risk factors, because the definition of “customer” includes “beneficiary of the insurance policy” (PISC Rule 154/2009, Art.2(1) and 7(1)).

Furthermore, when FIs determined that a beneficiary of a life insurance policy presents a higher risk, FIs shall take additional measures, i.e. report to senior management and enhanced scrutiny, to determine whether the beneficiary, or beneficial owner of the beneficiary is a PEP, no later at the time of the payout (L.4557/20181, Art.18(2)). See C.12.4 for further analysis.

**Criterion 10.14** – FIs shall complete customers’ and beneficial owner’s identity verification before establishing the business relationship or conducting the transactions. FIs are allowed to do so during the course of the establishment of the business relationship, provided that (a) FI shall verify the identity as soon as practicable, (b) it is necessary so as not to interrupt the normal conduct of business, and (c) where there is little ML/TF risk (L.4557/2018, Art.14(1) and (2)) (BCC Decision 281/2009, Art.5.14) (PISC Rule 154/2009, Art.5(1) and (2)(b))

**Criterion 10.15** – FIs may establish the business relationship, prior to the verification of identity of the customer and the beneficial owner, if necessary not to interrupt the normal conduct of business and where there is little ML/TF risk (L.4557/2018, Art.14(2)). Further, the opening of an account with a FI may be allowed before conclusion of the customer CDD if there are adequate safeguards in place to ensure that transactions are not carried out by the customer or on its behalf (L.4557/2018, Art.14(3)).

**Criterion 10.16** – FIs shall apply CDD requirements to existing customers based on the risks, business profiles and the source of funds (where necessary), and conduct CDD at appropriate times, to ensure that the transactions or operations are consistent with the obliged person’s knowledge of the customers. Obligated persons apply CDD measures on a risk-sensitive basis according to specific criteria that include materiality considerations (L.4557/2018, Art.13(1)(d), (5), (7) and 9). (BCC Decision 281/2009, Art.5.8) (PISC Rule 154/2009, Art.5(4)) (HCMC Decision 506/2009, Art.3).

**Criterion 10.17** – FIs shall apply enhanced due diligence where the ML/TF risk is higher. Sectoral rules shall further define appropriate measures to be taken (L.4557/2018, Art.16(1) and (4), 17, 18 and Annex II) (BCC Decision 281/2009, Par.5.15 to 5.15.(11) and 5.16) (PISC Rule 154, Art.7 to 9) (HCMC Decision 506/2009, Art.2(4) and (6)).

**Criterion 10.18** – FIs are allowed to apply simplified customer due diligence measures (SDD) and adjust the threshold, time or manner of the CDD obligations, only when FIs obtain sufficient information and ascertain that the risks associated with the business relationship or transaction is low, taking risk factors, e.g. types of customers, geographical areas, products/services and transactions or delivery channels, into account. The SDD-measures are to be adjusted accordingly (L.4557/2018, Art.14(2), 15(1) and Annex I).

Sectoral decision further specify the potentially lower-risk situations. Furthermore, SDD shall not be applicable where there is ML/TF suspicion (L.4557/2018, Art.12(1)(e)) (BCC Decision 281/2009, par.5.17) (PISC Rule 154, Art.3(1)(c) and 6(1)).

Some lower-risk cases listed in the aforementioned sectoral rules appear not to be based on appropriate risk assessment (e.g. if the customer is a FI situated in the EU member states, customer and beneficial owner identification and verification are not required). However, provisions of these sectoral rules are only applicable if they do not conflict with new provisions, which require FIs to conduct adequate risk analysis (L.4557/2018, Art.53(2)).

**Criterion 10.19** – When FIs are unable to comply with the relevant CDD measures, FIs are required: (a) not to carry out the transaction or not to establish business relationship or to terminate the business relationship; and (b) to consider submitting a STR to the FIU (L.4557/2018, Art.13(2)) (BCC Decision 281/2009, Art.5.4(vii)) (PISC Rule 154, Art.5(3)).

**Criterion 10.20** – FIs shall refrain from carrying out transactions where there is ML/TF suspicion until they file STR and complete the actions instructed by the HFIU. However, FIs are allowed to execute such suspicious transactions and file an STR simultaneously, in case where refraining from carrying out transactions is impossible or likely to hinder the efforts to pursue the customers (L.4557/2018, Art.23).

### **Weighting and Conclusion**

**Recommendation 10 is rated C.**

## **Recommendation 11 – Record-keeping**

In the 3<sup>rd</sup> MER, Greece was rated LC with the former recommendation in this area. The key technical deficiencies included a lack of the requirement to maintain business correspondences; and specific requirements or guidance to ensure the records sufficient enough for reconstruction of transactions and swift access to the information by the competent authorities.

**Criterion 11.1** – FIs shall retain all necessary documentations on all kinds of transactions for at least five years following the end of business relationship or

completion of the occasional transaction (L.4557/2018, Art.30) (BCC Decision 281/2009, Art.7(1), (2)) (PISC Rule 154, Art.13) (HCMC Circular 49/2012, C.1).

**Criterion 11.2** – FIs shall retain all information obtained through the CDD measures, including customer identifications, business correspondence, and internal documents concerning any decisions taken within an FI for at least five years following the end of a business relationship or the execution of occasional transaction (L.4557/2018, Art.30(1) and (4)) (BCC Decision 281/2009, Art.7(1), (2)) (PISC Rule 154, Art.13) (HCMC Circular 49/2012, C.1)

**Criterion 11.3** – FIs shall retain the documentation and information referred to c.11.1 and 2 for use in preventing, detecting and investigating ML/TF by competent authorities, including supervisory, prosecutorial and judicial authorities (L.4557/2018, Art.30).

In addition, FIs should retain originals or copies of the legal documents necessary for the identification of the transactions, and their record-keeping procedures should ensure reproduction of information on identification and transactions of customers, for the FIs to respond to requests for information by the competent authorities, including the AML/CFT Authority (FIU). (L4557/2018, Art. 30 (1)(b); (BCC Decision 281/2009, Art.7(2)) (PISC Rule 154, Art.13(2)) (HCMC Circular 49/2012, C.2)

**Criterion 11.4** – FIs shall ensure that all the aforementioned documentations of all kinds of transactions and on CDD information are available swiftly to the competent authorities (L.4557/2018, Art.30(4)) (BCC Decision 281/2009, Art.7(2)), (PISC Rule 154, Art.16(1),(2)) (HCMC Circular 49/2012, C.2).

### **Weighting and Conclusion**

FIs are required to maintain all necessary records on transactions, CDD information or other documentations for at least five years following the end of business relationship or completion of occasional transaction. The information is to be available swiftly to the competent authorities.

**Recommendation 11 is rated C.**

## **Recommendation 12 – Politically exposed persons**

In the 3rd MER, Greece was rated NC with the former recommendation in this area. The key technical deficiencies included the exemption of the requirement in the securities and insurance sectors; lacking the requirement to identify a source of wealth; and no senior management approval required. Most of the deficiencies were addressed according to Greece's 10<sup>th</sup> FUR. The 2012 Recommendations have been extended to domestic PEPs and the definition now also includes persons who have been entrusted a prominent function in an international organisation.

**Criterion 12.1** – Art.3(9)(a)-(j) of L.4557/2018 defines PEPs, with a set of categories of natural persons widely enough to cover the FATF definition.

In relation to foreign PEPs, FIs are required to:

**(a)** take appropriate risk-based procedures in determining whether a customer or the beneficial owner is a PEP (L.4557/2018, Art.18(1)(a));

**(b)** obtain senior management approval for establishing business relationship with a PEP (L.4557/2018, Art.1(b));

**(c)** take adequate measures to establish the source of wealth and source of funds that are involved in the business relationship or transactions (L.4557/2018, Art.18(1)(d)); and

**(d)** conduct enhanced ongoing monitoring of the business relationship with a PEP (L.4557/2018, Art.18(1)(d)).

**Criterion 12.2** – Law 4557/2018, Art.18(1), applies equally to domestic PEPs.

**Criterion 12.3** – The FIs shall apply requirements of c.12.1 and 12.2 to family members or close associates of PEPs (L.4557/2018, Art.18(1)).

**Criterion 12.4** – FIs shall take reasonable measures to determine whether the beneficiaries of a life insurance policy are PEPs at the latest at the pay-out. Where higher risks are identified, FIs are required to take additional measures: to inform senior management, to conduct enhanced scrutiny on the whole business relationship with the policyholder (L.4557/2018, Art.18(2)). There is no explicit provision to require FIs to consider filing an STR in this situation, but the general requirement to file an STR in case of suspicious transactions also covers the situation of the payout of policies.

### **Weighting and Conclusion**

Greece has appropriate measures in place for PEPs and their family members and associates. There is no explicit requirement requiring FIs to consider making a suspicious transaction report, where higher risks are identified, but given that the general requirement of filing STRs also extends to the situation of the payout of policies a downgrading does not seem appropriate.

**Recommendation 12 is rated C.**

## **Recommendation 13 – Correspondent banking**

In the 3<sup>rd</sup> MER, Greece was rated LC with the former recommendation in this area. Deficiencies were found in the narrow definition of “cross-border” and effective implementation of the measures.

**Criterion 13.1** – In relation to cross-border correspondent banking relationship with a third-country respondent institution, credit institutions are required to apply measures set out in the sub-criterion (a) - (d) (L.4557/2018, Art.17(1)(a) - (d)) (BCC Decision 281/2009, Art.5.15.9(a) - (f)). These requirements only apply to correspondent institutions domiciled in non-EU-jurisdictions.

Regarding EU-based correspondent institutions, CIs are required to request the EU-based correspondent institutions to complete and sign a questionnaire stating their AML/CFT policies and procedure (BCC Decision 281/2009, Art.5.13). This provision in this context recommends the Wolfsberg Group’s questionnaire, which covers the information required under c.13.1(a), (b) and (d). However, CIs are not obliged to use necessarily that questionnaire. There is no requirement for the CIs to obtain prior approval by senior management before establishing a correspondent relationship with EU-based correspondent institutions (c.13.1(c)).

**Criterion 13.2** – With respect to “payable-through accounts”, credit institutions shall be satisfied that respondent bank (a) has performed CDD obligation on its customers that have direct access to the accounts of the correspondent institution; and (b) is able to provide relevant CDD information to the correspondent institution upon request (L.4557/2018, Art.17(1)(e)) (BCC Decision 281/2009, Art.5.15.9(g)). However, the requirements only apply to correspondent institutions domiciled in non-EU-jurisdictions.

**Criterion 13.3** – Credit institutions are prohibited from entering into, or continuing correspondent banking relationships with (i) a shell bank, and also (ii) a bank which is known to permit a shell bank to use its accounts (L.4557/2018, Art.3(8) and 17(2)) (BCC Decision 281/2009, Art.5.15.9(g)).

### **Weighting and Conclusion**

In relation to cross-border correspondent banking relationships, FIs are required by law to take steps in line with R.13. However, the mandatory EDD measures regarding correspondent banking relationships apply only to respondent institutions outside the EEA. Instead, FIs are required to obtain from EU-based correspondent banks a completed and signed questionnaire, stating their AML/CFT policies and procedures.

**Recommendation 13 is rated PC.**

## **Recommendation 14 – Money or value transfer services**

In the 3<sup>rd</sup> MER, Greece was rated PC with the former recommendation in this area. The key technical deficiencies included concerns about effective supervision due to a lack of trained Bank of Greece staff specialised to the sector; existing of informal transfer services; and limited application of the FATF requirements to *bureaux de change* and money remittance companies. The deficiencies were not clearly addressed according to Greece’s 10<sup>th</sup> FUR.

**Criterion 14.1** – Legal entities, which provide payment service, shall be required to be licenced as a “payment institution” (L.4537/2018, Art.4(4) and 11). This authorisation is solely applicable to legal persons, and not to natural persons. This licensing requirement will not be applied to entities, which are licenced and supervised as credit institutions, and electronic money institutions (L.4537/2018, Art.1) (L.4021/2011, Art.10(3)).

Some payment service providers are exempted from the licensing requirement. However, such exemptions only apply to service providers which solely provide account information services (L 4537/2018, Art .34 (1)) and to post offices.

According to Art. 11(1) of Law 4537/2018, post office giro institutions do not need to be licensed as payment institutions in order to provide payment services, since they are entitled by the other law in Greece to provide payment services. In fact, the Hellenic Post Office (ELTA), is considered by law as a licensed institution for the provision of payment services (Law 2668/1998, Art.26(3)). Furthermore, ELTA is the only postal company in Greece entitled to offer payment services and is subject to AML Law and explicitly covered by the definition of “financial institution” (L. 4557/2018, Art.3(3)).

**Criterion 14.2** – Un-licensed business of providing payment services or issuing electronic money is subject to imprisonment or a fine, or both penalties. The legal representatives shall also be liable to these penalties (L.4261/2014, Art.59(4)(a)). The Bank of Greece may impose sanctions further, including publication of relevant information about breach cases on its website (L.4261/2014, Art.60) (L.4537/2018, Art.24(7)).

**Criterion 14.3** – Institutions, which act as intermediaries in funds transfer, including postal companies, *bureaux de change* and E-money institutions, are defined as “financial institutions”, and subject to AML/CFT provisions and supervision by the Bank of Greece (L.4557/2018, Art.3(3) and 6(2)).

**Criterion 14.4** – Payment institutions and their branches and agents shall be licensed and publicly registered by the Bank of Greece (L.4357/2018, Art.14). E-money service institutions are subject to be registered as well (L.4021/2011, Art.13(1)). Agents, through which payment institutions or e-money service institutions licensed in other EU member countries will provide service in Greece, are also required to be registered by the Bank of Greece (Bank of Greece Governor’s Act 2628/30.9.2010, Chap.VI, Art.1) (Bank of Greece Executive Committee Act 33/19.12.2013, Chap.E(1)).

**Criterion 14.5** – Payment institutions and e-money institutions are fully responsible for any acts of their employees, agents, branches and entities to which the institutions outsource activities (L.4537/2018, Art.21(2)) (L.4021/2011, Art.13(1)). MVTS providers are required to include their agents in their AML/CFT programmes as well as to monitor them for compliance with these programmes under the general provisions (BCC Decision 281/2009, Art. 12.3.1, 12.3.3, and 12.3.8).

Foreign payment institutions and e-money institutions operating through agents in Greece, shall designate a contact point as a compliance officer, who communicate with the Bank of Greece. The compliance officers shall ensure their agents’ implementation of the AML/CFT policies and the applicable Greece AML/CFT provisions (Bank of Greece Executive Committee Act 33/19.12.2013, Chap.E(2)) (Bank of Greece Governor’s Act 2628/30.9.2010, Chap.VI, Art.2).

### **Weighting and Conclusion**

**Recommendation 14 is rated C.**

## **Recommendation 15 – New technologies**

In the 3<sup>rd</sup> MER, Greece was rated PC with the former recommendation in this area. The key technical deficiencies included a lack of the requirement for the securities or insurance sector; a lack of requirements for the supervised institutions to prevent misuse of technical developments; and the limited means to mitigate the risks of non-face to face business. These deficiencies were sufficiently addressed according to Greece’s 10<sup>th</sup> FUR. The new R.15 now has more focus on assessing risks related to use of new or developing technologies, products and business practices, rather than non-face to face business in particular.

**Criterion 15.1** – In the NRA, Greece assessed and identified ML/TF risks associated with new products and use of technology with regard to the relevant Financial Institutions to some extent, in particular non-face-to-face transactions. The

assessment of the risks appears not so detailed, given the findings that new technologies, particularly for Fintech and mobile use, are not far developed in Greece, due also to capital controls and other specific measures.

Although not explicitly referred to new technologies, FIs are obliged to take appropriate steps to identify and assess the ML/TF risks, consider risk factors, including products, services, transactions or delivery channel (L.4557/2018, Art.35(1)).

**Criterion 15.2 -**

**(a)** FIs shall assess risks from the launch of new and existing products and services (BCC Decision 281/2009, Art.1(3)(i)). Moreover, credit institutions' procedures, systems and controls are revised regularly with a view to effective management of the risks from changes in the characteristics of existing customers, new customers, products and services (BCC Decision 281/2009, Art.4(7)). Internal Audit Unit of CIs shall control appropriate measures in place to ensure that AML/CFT risk has been taken into account in the CI's daily transactions, including measures in relation to development of new products (BCC Decision 281/2009, Art.9(3)).

However, there is no other provision which explicitly require FIs to undertake risk assessments prior to the launch or use of such products or services, and business practice and technologies, other than the general risk assessment requirement referred to c.15.1. As for insurance companies and their intermediaries, their compliance officers are required to provide consent in the planning/designing process of new products, which involve transactions with no physical presence of the customer (PISC Rule 154/2009, Art.8(4)).

**(b)** To mitigate ML/TF risks, FIs are required to consider the risks associated with the new products and new business practices, including new delivery mechanisms and apply the EDD (L.4557/2018, Art.16(4) in conjunction with Annex II(2)(e))

**Weighting and Conclusion**

FIs shall pay special attention to and take appropriate measures to products or transactions which might favour anonymity. However, there is no explicit requirement for FIs, other than insurance companies, to assess the ML/TF risks prior to launch or use of the new products, business practice and technologies.

**Recommendation 15 is rated LC.**

**Recommendation 16 - Wire transfers**

In its 3rd MER, Greece was rated PC with the former recommendation in this area. The deficiencies identified in the report included a lack of sanctions for non-compliance with the requirements, and sufficient supervision on credit institutions with the requirements. The 10th follow-up report concluded that compliance with the recommendation has been improved.

**Criterion 16.1** - FIs are required to ensure that wire transfers of EUR 1 000 or more are always accompanied by accurate originator and beneficiary information. The information shall include (i) the name, (ii) the account number or a unique transaction reference number in the absence of the account of both the originator and

the beneficiary, and (iii) the originator's address, or official personal document number, customer identification number or date and place of birth (Regulation 2015/847, Art.4(1) to (3)).

**Criterion 16.2** – Where several individual cross-border wire transfers from a single originator are bundle in a batch file for transmission to beneficiaries, the batch file shall contain accurate originator and beneficiary information, which are required in c.16.1 above (Regulation 2015/847, Art.6(1)).

**Criterion 16.3** – FIs shall ensure that cross-border wire transfers below EUR 1 000 are always accompanied by c.16.3 (a)(i) (b)(i) the name of the originator and beneficiary and c.16.3 (a)(ii) (b)(ii) the originator's and beneficiary's account number or unique transaction reference number in the absence of the account (Regulation 2015/847, Art.6(2)(a) and (b)).

**Criterion 16.4** – Where the FI has received the funds to be transferred in cash or in anonymous electronic money, or has reasonable grounds for suspecting money laundering or terrorist financing, the FI shall verify the information on the originator (Regulation 2015/847, Art.6(2-2)(a) and (b)).

**Criterion 16.5 & 16.6**– All FIs involved in the payment chain are established within the EU Member State, wire transfers shall be accompanied by at least the payment account number of both the originator and the beneficiary or the unique transaction identifier in the absence of the account (Regulation 2015/847, Art.5(1)).

The FI of the originator shall, within three working days of receiving a request for information from the FI of the beneficiary or from the intermediary FI, make available the originator and beneficiary information (Regulation 2015/847, Art.5(2)(a) and (b)).

FIs shall respond fully and without delay, including by means of a central contact point (appointed in line with Art.49 of the Regulation), to enquiries exclusively from the authorities responsible for AML/CFT, concerning the information required under this Regulation (Regulation 2015/847, Art.14).

**Criterion 16.7** – FIs of the originator and beneficiary shall retain records of the accurate originator and beneficiary information, required in c.16.1, for a period of five years (Regulation 2015/847, Art.16).

**Criterion 16.8** – The FI of the originator shall not execute any transfer of funds before ensuring full compliance with the requirements set above (Regulation 2015/847, Art.4(6)).

**Criterion 16.9** – Intermediary FIs shall ensure that all the information received on the originator and the beneficiary that accompanies a wire transfer is retained with it (Regulation 2015/847, Art.10).

**Criterion 16.10** – (Not applicable) See analysis on c.16.9.

**Criterion 16.11** – The intermediary FI shall implement effective procedures to detect cross-border wire transfer that lacks required originator or beneficiary information (Regulation 2015/847, Art.11).

**Criterion 16.12** – The intermediary FI shall establish effective risk-based procedures for determining whether to execute, reject or suspend a transfer of funds lacking the required payer and payee information and for taking the appropriate follow up action.

The intermediary FI shall report that failure, and the steps taken, to the competent supervisory authority (Regulation 2015/847, Art.12).

**Criterion 16.13** – The FI of the beneficiary shall implement effective procedures, including, where appropriate, ex-post monitoring or real-time monitoring, in order to detect cross-border wire transfer that lacks required originator or beneficiary information (Regulation 2015/847, Art.7(2))

**Criterion 16.14** – In the case of wire transfers exceeding EUR 1 000, whether those transfers are carried out in a single transaction or in several transactions which appear to be linked, the FI of the beneficiary shall verify the information on the beneficiary on the basis of documents, data or information obtained from a reliable and independent source (Regulation 2015/847, Art.7(3) and ). See also the analysis on c.16.7, for the record keeping requirement.

**Criterion 16.15** – The FI of the beneficiary shall implement effective risk-based procedures, including procedures based on the risk-sensitive basis, for determining whether to execute, reject or suspend a transfer of funds lacking the required complete originator and beneficiary information and for taking the appropriate follow-up action (Regulation 2015/847, Art.8).

**Criterion 16.16** – Requirements of this EU Regulation apply to transfers of funds, in any currency, which are sent or received by a payment service provider or an intermediary payment service provider established in the EU (Regulation 2015/847, Art.2(1)).

**Criterion 16.17** –

**(a)** The payment service provider shall take into account missing information on the originator or the beneficiary in determine whether an STR is to be filed (Regulation 2015/847, Art.13).

**(b)** Payment service providers are required to file an STR and the information available to the FIU of Greece (L.4557/2018, Art.22(1)). However, there is no explicit obligation under L.4557/2018 to require payment service providers to file an STR in any country affected by the suspicious wire transfer, in cases where a payment service provider controls both the sending and receiving end of the transfer.

**Criterion 16.18** – FIs conducting wire transfers are subject to the TFS requirements of the EU Regulations, and domestic measures under Law 4557/2018, which give effect to the relevant UNSCRs.

### **Weighting and Conclusion**

Greece implements the requirements through the EU Regulation, which covers most of the requirements of this Recommendation. There remains a minor shortcoming in STR requirement (c.16.17b).

**Recommendation 16 is rated LC.**

## **Recommendation 17 – Reliance on third parties**

In the 3rd MER, Greece was rated PC with the former recommendation in this area. The key deficiency identified was a lack of provisions for third party reliance in the AML Law or the sectoral rules, and exclusion of insurance brokers/agents from the

scope of the AML Law. These deficiencies were sufficiently addressed according to Greece's 10<sup>th</sup> FUR.

**Criterion 17.1 -**

FIs may rely on a third party to perform CDD measures under Art.19(1) of Law 4557/2018, for identification of the customer and the beneficial owner (L.4557/2018, Art.19). The ultimate responsibility for CDD measures shall remain with the FI (L.4557/2018, Art.19(1)). According to the law, only defined types of FIs (inter alia: credit institutions, investment firms, mutual funds, and insurance companies), which are located in a EU or FATF member state, can be accredited as "third party" (L.4557/2018, Art.19(1)).

**(a)** Obligated persons shall obtain from the third party all information regarding the customer and beneficial owner CDD requirements (L.4557/2018, Art.19(3)(a)) (BCC Decision 281/2009, Art.6(2)). Even though the legal provision does not explicitly require obliged person, to obtain such information immediately it follows from the law that information has to be transmitted when it is received. The Bank of Greece requirements for CIs and certain other FIs, additionally, require the immediate transmission explicitly.

**(b)** Obligated persons ensure that they receive immediately upon request relevant documentation from the third party (L.4557/2018, Art.19(3) (b)).

**(c)** Law 4557/2018 does not explicitly prescribe the requirement of c.17.1(c). FIs are allowed to rely on institutions only within the REU or in the FATF member countries (L.4557/2018, Art.19(1)-(3)). Meanwhile, credit institutions satisfy themselves that the third party shall apply appropriate CDD and record-keeping requirements in line with the decision by Bank of Greece, by other EU members, or other countries with an equivalent level of supervisory regime (BCC Decision 281/2009, Art.6(1)). However, the Decision is only applicable to FIs supervised by the Bank of Greece.

**Criterion 17.2 -** According to the law, only defined types of FIs, which are located in a EU or FATF member state, can be accredited as "third party" (L.4557/2018, Art.19(1)-(3)). FIs are required to assess country risk for AML/CFT purposes as general internal procedures under Art.35(1) of Law 4557/2018. However, there are no further specific requirements of FIs to take country specific risks into account for considering reliance on third party.

**Criterion 17.3 -**

**(a) and (b)** Where FIs rely on the third party belonging to the same financial group they have to make sure that the group applies AML/TF policies and procedures as well as CDD measures, in accordance with Greek law or the 4<sup>th</sup> AMLD (or equivalent provisions). Furthermore, FIs shall ensure that implementation of the aforementioned requirements is supervised at the group level by the authorities of EU or FATF member states (L 4557/2018, Art. 19(4)(a)-(c)).

**(c)** FIs are required to assess country risk for AML/CFT purposes generally under (L.4557/2018, Art.35(1)). However, there are no further specific requirements of FIs to take country specific risks into account for considering reliance on third party.

**Weighting and Conclusion**

There are minor deficiencies as FIs relying on a third party in an EU or FATF member state are not explicitly required to take country risk into account.

**Recommendation 17 is rated LC.**

**Recommendation 18 – Internal controls and foreign branches and subsidiaries**

In the 3<sup>rd</sup> MER, Greece was rated PC with the former recommendation in this area. While Greece has improved its compliance with the requirements, Greece's 10<sup>th</sup> FUR identified a shortcoming remaining in the area of the insurance sector.

**Criterion 18.1** – According to Art.35(3) of L.4557/2018, FIs are required to apply adequate and appropriate internal policies and procedures to effectively address the ML/TF risks and to ensure the compliance with the relevant obligations. Such policies, controls and procedures shall have regard to the nature and the size of FIs and concern:

**(a) and (b)** the assessment and management of risks, AML/CFT preventive measures and internal control, and the appointment of a compliance officer at management level, and employee screening (L.4557/2018, Art.35(3)(a)) (BCC Decision 281/2009, Art.1.3 (v) and 2) (PISC Rule 154, Art.15) (HCMC Rule 506/2009, Art.8);

**(c)** an on-going employee training programmes (L.4557/2018, Art.37) (BCC Decision 281/2009, Art.10) (PISC Rule 154, Art.18) (HCMC Rule 506/2009, Art.10(2)(g) and (h)); and

**(d)** an independent audit function to test the internal policies, controls and procedures (L.4557/2018, Art.35(3)(b)) (BCC Decision 281/2009, Art.9.2 and 9.4) (PISC Rule 154/2009, Art.16(4)).

As for FIs supervised by HCMC, it is required that the external auditor will assess and report on adequacy and efficiency of their AML/CFT preventive procedures (HCMC Rule 457/2007, Art.8) (HCMC Rule 506/2009, Art.9).

**Criterion 18.2** – Art.36 of Law 4557/2018, provides for internal procedures at group-level for FIs including foreign branches and representative offices abroad.

**(a)** FIs are required to implement group-wide policies and procedures for sharing AML/TF-information within the group (L.4557/2018, Art.36(1)) (BCC Decision 281/2009, Art.8.5). FIs are also required to evaluate customer's overall business portfolio, which is maintained group-wide (L.4557/2018, Art.13(3)).

**(b)** FIs are required to appoint a management officer as a co-ordinator to ensure the implementation of AML/CFT requirements at the group level. A management officer is responsible for exchanging information, including the report to be submitted to the FIU, among respective compliance officers of FIs of the same group (L.4557/2018, Art.36(5) and 38(2)) (BCC Decision 281/2009, Art.2.1.4, 2.2(vi) and (xix)) (PISC Rule 154/2009, Art.15(3)) (HCMC Decision 506/2009, Art.8(e)).

**(c)** FIs also shall install adequate and appropriate group-wide data protection policies and information sharing policies and procedures (L.4557/2018, Art.36(1)).

**Criterion 18.3** – FIs shall ensure the implementation of AML/CFT measures, consistent with Law 4557/2018, by their foreign branches and representative offices abroad. If such implementation of the law is not permitted by the host country legislation, FIs must apply additional measures to manage the ML/TF risks, and inform their respective supervisory authorities and the FIU (L.4557/2018, Art.36(2)) (BCC Decision 281/2009, Art.1.3(x) and 7.3) (PISC Rule 154/2009, Art.17(4)).

### **Weighting and Conclusion**

FIs are required to develop and implement programmes against ML/TF and are required to implement internal policies at the group level, including on data protection and information sharing within the group.

**Recommendation 18 is rated C.**

## **Recommendation 19 – Higher-risk countries**

In the 3<sup>rd</sup> MER, Greece was rated NC with the former recommendation in this area. The key technical deficiencies included a lack of requirements for the security and insurance sector, and insufficient guidance by the Bank of Greece, and ineffective implementation of the measures in general. Progress has been reported in the follow-up process.

**Criterion 19.1** – FIs shall take the EU-Commissions’ decisions, which take the FATF public statement into account, with regard to third countries with high ML/TF risk and strategic deficiencies into account and apply enhanced due diligence with persons established in such countries. (L.4557/2018, Art.16(1)) (Delegated Regulation (EU) 2016/1675).

FIs are generally required to examine transactions with particular attention, and conduct additional monitoring of business relationships and transactions with natural/legal persons from non-co-operative and non-compliant countries, according to country risk. Public announcement by the FATF is one of the criteria to apply EDD (BCC Decision 281/2009, Art.5.15 and 5.15.10) (PISC Rule 154/2009, Art/12(2) and 7(1)) (HCMC Decision 506/2009 Art.7(3)).

**Criterion 19.2** – The competent authorities may decide additional AML/CFT preventive measures of the obliged persons (L.4557/2018, Art.6(3)(a)). However, there is no further specific provision to specify such measures. Therefore, it is not fully clear whether Greek authorities such as the Bank of Greece and HCMC can generally apply countermeasures as listed in INR19. (e.g. requiring termination of a business relationship) independently, other than enhanced due diligence called for by the Commission, to the risk as required by R.19.

**Criterion 19.3** – The competent authorities shall inform the obliged persons of countries’ non-compliance with Community legislation and FATF recommendations (L.4557/2018, Art.6(2)(d)) (BCC Decision 281/2009, Art.5.15.10) (HCMC Decision 506/2009, Art. 7(3)) (PISC Rule 154/2009, Art12(2)).

The MOF and specifically the General Directorate for Economic Policy will forward public statements issued by the FATF to all competent authorities, requesting them to inform the respective obliged persons.

***Weighting and Conclusion***

FIs are required to consider country risks, according to variety of sources including the FATF public announcement. FIs have to apply enhanced due diligence with business relationships and transactions with natural/legal persons from such countries, which this is called for by the FATF. However, it is not fully clear whether Greek authorities are empowered to apply countermeasures independently beyond enhanced due diligence..

**Recommendation 19 is rated LC.**

**Recommendation 20 – Reporting of suspicious transaction**

In its 3rd Round ME, Greece was rated partially compliant with former R.13 and SR.IV, which contained the previous requirements in this area. The main technical deficiencies included limited coverage of the reporting obligation; scope issue arising from failure to cover all predicate offences and to fully criminalise TF. Most deficiencies were addressed under Greece's 10<sup>th</sup> FUR.

**Criterion 20.1** – Obligated persons and their staff, including managers, that have reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to TF, are required to promptly report their suspicions to the AML/CFT Authority. (L.4557/2018, Art.22(1)).

**Criterion 20.2** – Law 4557/2018 requires obliged persons to report all suspicious transactions, including attempted transactions, regardless of the amount of the transaction (Art. 22(1)).

***Weighting and Conclusion***

Greece's framework requiring STRs is consistent with R.20.

**Recommendation 20 is rated C.**

**Recommendation 21 – Tipping-off and confidentiality**

In its 3<sup>rd</sup> Round ME, Greece was rated compliant with former R.14, which contained the previous requirements in this area.

**Criterion 21.1** – Law 4557/2018, Art.26(1) protects obliged persons and their employees, including directors and officers, from both criminal and civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, so long as they have acted in good faith when reporting suspicious transactions. These protections are available even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred. Disclosure in good faith cannot be grounds for any detrimental change in an employment contract and Art.26(2) includes protection from threats or intimidation, which applies to any natural person who reports suspicions of ML/TF. Art.26(3) empowers competent authorities to establish procedures and mechanisms for protecting employees who report suspicions of ML/TF from retaliation or other forms of discrimination.

**Criterion 21.2** – Law 4557/2018, Art. 27(1) prohibits obliged persons and their directors and employees, including officers, from disclosing the fact that information has been transmitted or shall be transmitted to the AML/CFT Authority or other public authorities or has been sought by them or that an investigation is being or shall be carried out.

### **Weighting and Conclusion**

The protections required by this recommendation are in place.

**Recommendation 21 is rated C.**

## **Recommendation 22 – DNFBPs: Customer Due Diligence**

In the 3<sup>rd</sup> MER, Greece was rated NC with the former R.12, which contained the previous requirements in this area.

**Criterion 22.1** – Art.5(1) of Law 4557/2018 defines obliged persons, which includes DNFBPs (L.4557/2018, Art.5(1)). Therefore, all DNFBPs are all subject to the same CDD requirements and other preventive measures applied to FIs under this law. See analysis under R.10.

**(a) Casinos:** casino enterprises and casinos operating on ships or flying the Greek flag are required to verify the identity of customers at the entry to a premise (L.4557/2018, Art.14(5)). Casino are not allowed to issue winning certificates.

**On-line and land-based Gambling (other than Casinos):** on-line gambling providers are require to conduct CDD at the time of opening a gaming account and customers' registration. Any payment to the customers is solely made through FIs (R.129/2/7/.11.2014, Art.6).

As for land-based gambling providers, payment to the customers amounting to EUR 200 or more shall be made solely through FIs. Gambling providers are required to identify the customers and verify the identity upon making issuing winning certificate (R.129/2/7/.11.2014, Art.7).

**(b) - (e)** Specific activities of these DNFBPs listed under this criterion are subject to CDD measures under Law 4557/2018. However, the competent authorities supervising the DNFBPs, other than Casinos and CPAs, did only issue very few sectoral rules or guidance, which would further specify the detailed requirements.

**Criterion 22.2** – DNFBPs are subject to the same requirements as FIs (L.4557/2018, Art.30(2), and 14(5) for casinos) (HAASOB RA 004/2009, Art.4(c)) (R.129/2/7/.11.2014, Art.10). DNFBPs are required to maintain all necessary records on transactions, CDD information or other documentations for at least five years following the end of business relationship or completion of each transaction. The information is to be available swiftly to the competent authorities. See analysis on R.11.

**Criterion 22.3** – DNFBPs are subject to the same requirements as FIs (L.4557/2018, Art.18) (HAASOB RA 004/2009, Art.4(a)) (HGC R129/2/7.11.14, Art.5).

**Criterion 22.4** – DNFBPs are subject to the same requirements as FIs (L.4557/2018, Art.16(4) in conjunction with Annex II Nr.2c). However, the provision of this article does not wholly meet the requirements under R.15. Moreover, there are no sectoral

rules for DNFBPs, which specify the requirements including risk assessment and identification of new products, business practice and technologies, prior to their launch. See analysis on R.15.

**Criterion 22.5** – DNFBPs are subject to the same requirements as FIs (L.4557/2018, Art.19). DNFBPs are only allowed to rely on third parties, which meet certain conditions set out in Law 4557/2018, including limited types of FIs and location of third party. See analysis on R.17.

Furthermore, for the gambling sector, only credit institutions, which have a client relationship with the customer/Player of the obliged person, are eligible as third parties (HGC R129/2/7.11.14, Art.8).

### **Weighting and Conclusion**

Since Law 4557/2018 applies to DNFBPs as it does to FIs, the extent of preventive measures that need to apply to DNFBPs is, on the legal level, of a similar level as for FIs. There are particular exceptions where the Law requires respective competent authorities to issue certain guidance (i.e. Rec. 10.9.) where the authorities supervising DNFBPs have not taken action as required.

However, the law requires sectoral competent authorities to become active in providing guidance to obliged entities also to a larger extent (i.e. c.10.10). The nearly complete lack of such guidance with regard to DNFBPs will make a harmonised implementation by the obliged entities much more difficult. Thus, the quality of preventive measures on the legal level appears to be on a general scale reduced.

**Recommendation 22 is rated LC.**

## **Recommendation 23 – DNFBPs: Other measures**

In the 3<sup>rd</sup> MER, Greece was rated NC with the former recommendation in this area.

**Criterion 23.1** – DNFBPs, same as FIs, are required promptly to file an STR to the FIU, when there is ML/TF suspicion. (L.4557/2018, Art.22-29) (R.129/2/7.11.14, Art.9) (RA 004/2009). See also the analysis on R.20.

Lawyers, notaries and other independent legal professions and accountants are exempted from the requirements above, if the relevant information was obtained in the situations referred to in the footnote of R.23 (L.4557/2018, Art.22(2)).

**Criterion 23.2** – DNFBPs, same as FIs, are required to develop internal policies, procedures and control to implement AMLCFT requirements. Further detailed obligations are specified by the supervisory authorities' decisions (L.4557/2018, Art.35-37). HGC, IAPR and HAASOB issued sectoral rules, which further prescribe detailed requirements (R.129/2/7.11.14, Art.3) (Circular 1127/2010, Art.41) (L.4449/2017, Art.33). See also the analysis on R.18.

**Criterion 23.3** – DNFBPs are subject to the same requirements as FIs, and shall apply EDD to business relationships and transactions with natural and legal persons from higher risk countries (L.4557/2018, Art.16(1)).

HAASOB requires chartered auditors/accountants to consider termination of business relationship with clients who have their headquarters or principal activity in countries which do not implement or implement the FATF recommendations inadequately

(R.A.004/2009, par.4). However, there are no provisions or guidance that empower other supervisory authorities to require their supervised entities to apply countermeasures other than EDD consistent with INR19.

The competent authorities shall inform the obliged persons of countries' non-compliance with the EU law and FATF recommendations (L.4557/2018, Art.6(2)(d)).

**Criterion 23.4** – DNFBPs are subject to the same requirements as FIs (L.4557/2018, Art.22 and 27). In addition, HGC, IAPR and HAASOB issued sectoral rules or information (R.129/2/7.11.14, Art.9(5)) (Circular 1127/2010, Art.31 and 32) (RA 004/2009, Art.9). See analysis on R.21.

### **Weighting and Conclusion**

Since Law 4557/2018 applies to DNFBPs as it does to FIs, the extent of preventive measures that need to apply to DNFBPs is, on the legal level, of a similar level as for FIs. There are some exceptions where the Law does not provide for details that are addressed in the Recommendations (i.e. c.19.1 and 19.2 where L.4557/2018 does not specifically require obliged persons to take the FATF public statements into account). The lack of detailed sectoral rules/guidance for DNFBPs, particularly on dealing with customers from higher-risk countries, will make a harmonised implementation by them more difficult.

**Recommendation 23 is rated LC.**

## **Recommendation 24 – Transparency and beneficial ownership of legal persons**

In the 3rd MER, Greece was rated NC with the former recommendation in this area. The key technical deficiencies included lack of requirements to collect or make available information on beneficial ownership and ultimate control of legal persons and provide; access to adequate, accurate and current information. Most of the deficiencies remained not addressed according to Greece's 10<sup>th</sup> FUR.

**Criterion 24.1** – The different types of basic features of legal persons are defined in several pieces of legislation, as is the process for creating these entities. The General Electronic Commercial Registry (GEMI) provides processes for obtaining and recording basic information. Processes for obtaining and recording beneficial ownership information are set out in Law 4557/2018 Art, 20.6. This information will also be available on the Central Beneficial Ownership Register when operational.

**Criterion 24.2** – The recently completed NRA highlights certain legal persons that are higher risk and where enhanced CDD is required. These categories include special purpose vehicles, NPOs and companies that issue bearer shares. However, there is no comprehensive assessment of ML/TF risks associated with all types of legal persons created in the country.

**Criterion 24.3** – Most legal persons are required to register with GEMI under Law 3419/2005, Art.1. This register holds basic information including the company name, proof of incorporation, legal form and status, the address of the registered office, basic regulating powers and a list of directors. This is publicly available information, and includes the minimum requirements set out under this criterion. Art.1 establishes some exceptions, however, where registration is optional.

GEMI is linked to the national registers in other Member States through the European Central Platform within the framework of the system of interconnection of the registers of Directive 2012/17 / EU.

Shipping Companies that have the express purpose of owning and/or managing Greek merchant ships are required to register with the shipping company register under Law 959/1979, Art.2(1). The register holds basic information manually, which is also publicly available.

**Criterion 24.4** – Capital companies, limited liability companies and private companies, are obliged by both European and Greek law to keep a register of their shareholders and members. However, the physical location of this register is not notified to central registry. Article 20 of Law 4557/2018 requires corporate and other entities to retain sufficient and up to date information about beneficial ownership at their headquarters, including the nature and extent of the rights they hold.

**Criterion 24.5** – Law 3419/2005, Art.7(4) sets out that documents presented for registration in the GEMI are subject to verification of legality, accuracy, clarity and completeness by registry staff without undue delay. Capital companies are required to update changes in their basic information to the GEMI, though no specific deadlines are indicated (L.3419/2005, Art.16). There is a same requirement for shipping companies (L.959/1979, Art.51(3)). L.4548/2018 requires registered share companies to notify the GEMI of their general assembly and board of directors' decisions, which may include any changes in basic information within 20 days (Art.). However, there are no specific requirements for other types of legal persons to update the basic information referred to in criteria 24.3 and 24.4 on a timely basis.

**Criterion 24.6** – Art. 20(1) of Law 4557/2018 requires corporate and other entities established in Greece to collect and store sufficient, accurate and up to date information on their beneficial ownership. This information must be held on a register that is kept and maintained at company headquarters and registered in the Central Register of Beneficial Owners. Changes must be notified within 60 days. Failure to do so renders a legal entity liable to fines of 10 000 EUR (20 000 EUR for a second offence) and other sanctions. Competent authorities all have timely access to this information.

**Criterion 24.7** – Article 20(1) of Law 4557/2018 requires that beneficial ownership information is kept accurate and up to date. See c.24.6.

**Criterion 24.8** – Under Law 4557/2018, Art.20 requires measures be in place to ensure companies co-operate with competent authorities in determining the beneficial owner. A register of beneficial ownership information must be kept up to date by the compliance officer for listed companies or the executive of a relevant department for all other entities (Art.20(2)) and legal persons are obligated to provide both legal and beneficial ownership information to competent authorities upon request (Art.20(3)).

**Criterion 24.9** – Obligated persons are required to maintain CDD (including beneficial ownership) information and transaction information for five years after the end of the business relationship or the date of the occasional transaction (L.4557/2018, Art.30). All the information and records concerned with the registered companies are maintained by the GEMI, while there is no requirement that companies (or their

administrators, liquidators or other persons involved in the dissolution of the company) maintain the information and records. For shares companies, as an exception, company registries and documents are to be kept for 10 years from the date of dissolution by the firm's last liquidator or persons determined by a court (Law 4548/2018, Art.170(4)).

**Criterion 24.10** – As noted in c.24.8, obligated entities are required to provide basic and beneficial ownership information to all competent authorities on request. Further, LEAs and other competent authorities have the powers necessary to obtain timely access to basic and beneficial ownership information See c.27.3, and 29.3(a), where deficiencies in LEA access are identified.

**Criterion 24.11** – Greek companies are prohibited from issuing bearer shares beginning 13 June 2018 (Law 4548/2018, Art.40). Bearer shares currently in circulation must be registered by 1 January 2020 (Id., Art.184) and may only be transferred by notary or private document (L.4557/2018, Art.54(1)).

**Criterion 24.12** – (*Not met*) Greek authorities indicate that legislation requires information on nominee ownership to be made public. However, no citation for that legislation was provided and there are no provisions setting out requirements to hold or share information on nominators with the relevant authorities.

**Criterion 24.13** – Art.20(8) and (9) of Law 4557/2018 impose penalties of EUR 10 000 suspension of tax good standing certificates for legal persons and entities who breach obligations regarding beneficial ownership information. Additionally, a founder, board member or director who knowingly makes false or misleading statements to the public or prepares inaccurate or incomplete statutory reports, including required disclosures regarding beneficial ownership, are liable to fines ranging from 10 000 to 100 000 EUR and imprisonment (Law 4548/2018, Art.176-177.)

**Criterion 24.14** – Greece is able to provide international co-operation with regard to basic and beneficial ownership information with only minor limitations.

**(a)** The GEMI contains all basic information and is publically accessible. To facilitate access further, the GEMI is linked with other business registers in the European Justice Platform.

**(b)** All Greek companies are required to keep a shareholder registry, which Greek competent authorities have the right to request and share with foreign counterparts (see c.24.4 and c.40.8).

**(c)** Art.20(6) of Law 4557/2018 and Law 4489/2017 on EIO require the HFIU and other competent authorities to provide data from the Beneficial Owner Register to competent authorities of EU member states upon request. However, no such provision is made for other countries. Most, but not all, competent authorities in Greece are authorised to use investigative powers, in accordance with their domestic law, to obtain beneficial ownership information on behalf of foreign counterparts (see c.40.8).

**Criterion 24.15** – There is no formal mechanism to monitor the quality of assistance received from other countries regarding basic and beneficial ownership information or in locating beneficial owners residing abroad, other than statistical records kept by the ARO in relation to asset tracing.

### *Weighting and Conclusion*

While Greece has recently enhanced the framework in this regard (e.g. removing the ability to issue bearer shares and establishing a central beneficial ownership register), some gaps remain. These include no comprehensive assessment of ML/TF risks associated with all types of legal persons created in Greece, no requirement for companies (or their administrators, liquidators or other persons involved in the dissolution of the company) to maintain beneficial ownership information and records for any specific period except in the case of share companies.

**Recommendation 24 is rated LC.**

### **Recommendation 25 – Transparency and beneficial ownership of legal arrangements**

In the 3rd Round MER, R.34 was not considered to be applicable to Greece.

**Criterion 25.1** – Under Art.21(1) of Law 4557/2018, trustees of express trusts governed by the Greek law are required to collect and hold accurate and up to date information on the parties to the trust referred to in paragraph (a) of this criterion. Professional trustees, as obliged persons, are subject to the record keeping requirements set out in Art.30 (see c.24.9), including the requirement to hold information for five years. However, trustees are not required to hold basic information on other regulated agents of and service providers to the trust.

**Criterion 25.2** – The information collected above should be accurate and up to date and any changes must be registered within 60 days (L.4557/2018, Art.21(1)).

**Criterion 25.3** – Trustees are required to disclose their status to obliged entities as required under this criterion (L.4557/2018, Art.21(2)).

**Criterion 25.4** – Trustees are required by Law 4557/2018 to provide obliged entities with beneficial owner information on trusts (to the extent trustees are required to collect it – see c.25.1) (Art.21(2)). The HFIU and competent authorities have access to the same information (Art.21(3)). However, there is no requirement regarding information on assets of the trust.

**Criterion 25.5** – To the extent that the information referred to in this criterion is required to be held by trustees, FIs and DNFBPs, LEAs and other competent authorities have direct access to the limited beneficial owner information referred to in c.25.1 (L.4557/2018, Art. 21(3) and (4), regarding the HFIU and competent authorities; see also c.31.1(a) for powers available to LEAs).

**Criterion 25.6** – The competent authorities and HFIU are required to promptly provide the limited beneficial owner information referred to in c.25.1 and tax information on trusts to the FIUs and competent authorities of other EU member states (L.4557/2018, Art. 21(5)). However, no similar provision is made for competent authorities in other countries. See c.24.14 for further information.

**Criterion 25.7** – Article 21(8) and (9) of Law 4557/2018 impose a fine of EUR 10 000 and the suspension of special tax status for failure on liable persons and entities to comply with obligations related to basic and beneficial ownership information for trusts. In the event of a second or subsequent offence, the fine is doubled. However, it is unclear whether these fines would be dissuasive.

**Criterion 25.8** – Under Law 4557/2018, information regarding the trust described in c.25.1 is required to be filed in a register (Art.21(1)) and a penalty is imposed for failure to meet filing obligations (see c.25.7). Competent authorities have direct access to that register (Art.21(3)). For more generally applicable sanctions available to supervisory authorities, see c.27.4.

### **Weighting and Conclusion**

Although Greece has some elements in place to ensure transparency of trust governed by the Greek law and other types of legal arrangements, gaps remain, including gaps in the requirements to provide information on assets of the trust; availability of information on the residence of the trustee or any assets held or managed by a financial institution or DNFBP; lack of information exchange with non-EU competent authorities; and sanctions that are not dissuasive.

**Recommendation 25 is rated LC.**

## **Recommendation 26 – Regulation and supervision of financial institutions**

In the 3rd MER, Greece was rated PC with old R.23, which contained the previous requirements in this area. The main deficiencies included lack of coverage for all relevant sectors and limitation in application of fit and proper criteria. These deficiencies were largely addressed under Greece’s 10<sup>th</sup> FUR.

**Criterion 26.1** – Bank of Greece and HCMC are designated as the competent authorities responsible for regulating and supervising FIs’ AML/CFT requirements (L. 4557/2018, Art.6). Their supervision covers all persons and entities that fall under the FATF definition of FIs (L. 4557/2018, Art.5).

**Criterion 26.2** – All obliged FIs need to be authorised by the competent authorities before carrying out regulated activity (see Table 1.4 in Chapter 1). Shell banks are not permitted to be established under current legislation (L.4261/2014, Art13).

**Criterion 26.3** – The competent authorities shall refuse to authorise the incorporation, operation or registration of FIs unless they are convinced that the persons holding a substantial stake in the capital or controlling or actually managing the undertakings of such persons or their actual beneficial owners are appropriate and honourable persons (L.4557/2018, Art.6(3)(h)). Further, sectoral regulations below set out the conditions and procedures in detail.

### *Credit Institutions and other FIs*

FIs (including payment and e-money institutions, and insurance undertakings) seeking authorisation or to acquiring other FIs are subject to the Bank of Greece’s prudential assessment. This requires the obliged entities to provide the identity and information on the reputation, education, any criminal convictions, property, experience of the natural or legal persons that directly or indirectly exercise control over the institution, Board of Directors, the heads of the critical functions, and the AML/CFT compliance officer of the institution. FIs shall notify changes in any data or information, which was submitted in the authorisation process, or in the members of the administrative or management body. Bank of Greece may also seek such details at any time during the operation of institutions.

If the Bank of Greece has concerns over the suitability of these persons, it shall refuse authorisation. Bank of Greece may oppose acquisition proposals if there are reasonable grounds, including the ML/TF suspicion or increase of such risks in connection to the proposed acquisition (L.4261/2014, Art.10 to 16, 23 and 24) (Bank of Greece Executive Committee Act 22/12.7.2013, A.1(c), C and D) (L.4363/2016, Art.15, 16, 31 and 43(11)) (L.4531/2018, Art.5) (Bank of Greece Executive Committee Act 33/19.12/2013, A1 - (f) to (h) and (m) in particular – and B3) (Bank of Greece Executive Committee Act 120/11.7.2017, ) (Bank of Greece Executive Committee Act 142/11.6.2018).

*Investment firms, regulated markets and market operators, and investment intermediary societies anonymes*

The HCMC can only authorise the establishment of an investment firm if complies with all requirements set out in law and it is satisfied that the obliged entity can meet its operating obligations. The founder or shareholders of FIs are required to provide all the necessary information to HCMC when applying for authorisation. This includes information on the identity of the shareholders, reputation, experience and criminal record of members the board of directors. HCMC shall refuse the authorisation if it is not satisfied with their suitability (L.3606/2007, Art.11, 16 and 17).

Upon notification of an acquisition proposal, HCMC shall assess the reputation of and experience of any person who will direct the business of the investment firm resulting from the proposed acquisition, and the ML/TF suspicion or increase of such risks in connection to the proposed acquisition. HCMC may oppose acquisition proposals if there are reasonable grounds to do so (HCMC Decisions 3/452/1.11.2007, Art.4.1(e)).

#### **Criterion 26.4 -**

**(a)** The competent authorities regulate and supervise core principle institutions, banking and insurance institutions, in line with core principles, including consolidated group supervision for AML/CFT purposes (see also c.18).

**(b)** Law 4557/2018 requires the competent authorities to monitor the compliance of obliged persons with the provisions in that law, and empowers the authorities to take supervisory actions (Art.6(3)).

**Criterion 26.5 and 26.6** – Art.6(2) of Law 4557/2018 requires supervisory authorities to conduct risk-based supervision. The frequency, intensity and distribution of resources for supervising depend, among others on (a) the risk profile of obliged persons, and (b) on the NRA. It is not clear whether the provision covers (c) the characteristic of the FIs, including diversity and number of FIs and the degree of discretion allowed to them under the risk-based approach. The risk assessment of obliged persons, including the risks of non-compliance, is reviewed regularly and upon the occurrence of significant events or developments in their management or operation. The competent authorities also consider the ML/TF risks based on the NRA, other reports produced by EU or ESA.

#### **Weighting and Conclusion**

Greek authorities take strict regulatory measures in licensing FIs, to prevent criminals from entering the market, and their supervisory actions shall be conducted in a risk-based manner. However, this approach appears not explicitly include the analysis on

the characteristic of the FIs, including diversity and number of FIs and the degree of discretion allowed to them under the risk-based approach..

**Recommendation 26 is rated LC.**

### Recommendation 27 – Powers of supervisors

In the 3rd MER, Greece was rated PC with the former recommendation in this area. Most deficiencies related to effectiveness.

**Criterion 27.1** – Bank of Greece and HCMC are empowered to supervise the compliance of FIs with the AML/CFT requirements (L.4557/2018, Art.6(1)) (L.4261/2014, Art.4(1)) (L.4364/2016, Art.3(10)).

**Criterion 27.2** – Bank of Greece and HCMC are empowered to conduct regular or extraordinary inspections of FIs (including branches and subsidiaries as well as head office) to assess adequate implementation of the AML/CFT requirements (L.4557/2018, Art.6(3)(f)) (L.4261/2014, Art.4(3)) (L.4364/2016, Art.20).

**Criterion 27.3** – Bank of Greece and HCMC are able to request FIs for all data and information necessary for their supervisory and auditing tasks (L.4557/2018, Art.6(3)(g), and 30(4)) (L.4261/2014, Art.4(8)) (L.4364/2016, Art.23(3)).

**Criterion 27.4** – Bank of Greece and HCMC have powers to impose sanctions for FIs' failure to comply with the AML/CFT requirements (L.3691/2008, Art.6(3)(k)). Sanctions are ranging from fines (up to EUR 2 million for FIs, and 1 million for employees including board members) to withdrawal of authorisation, or removal of the persons (L.4557/2018, Art.45 and 46) (L.4261/2014, Art.56 to 59) (L.4364/2016, Art.3(10) and 19(6)) (BCC Decision 290/2009) (PISC Rule 154/2009, Art.19).

#### *Weighting and Conclusion*

**Recommendation 27 is rated C.**

### Recommendation 28 – Regulation and supervision of DNFBPs

In the 3rd MER, Greece was rated NC with the former R.24, which contained the previous requirements in this area.

**Criterion 28.1** –

**(a)-(b)** Casinos are licenced by HGC. HGC shall conduct fit and proper tests for those holding management functions, including by checking if their criminal background and if they have been subject to administrative sanctions (L.4512/2018, Art.364). The HGC is further required to monitor that shareholders of qualifying holding have integrity to ensure the proper running of a casino (L.4512/2018, Art.365).

**(c)** Casinos, designated as obliged persons under Law 4557/2018, are supervised by HGC for compliance with the AML/CFT requirements (Art.5 and 6(1)).

**Criterion 28.2& 28.3** – Law 4557/2018 designates competent authorities to supervise compliance of DNFBPs with the AML/CFT requirements set out in the law (Art.6(1)).

**Criterion 28.4** –

**(a)** The competent authorities are empowered to monitor compliance of the DNFBPs with the requirements set out in the law. To this end, the supervisory authorities are tasked to conduct regular or extraordinary inspections; to request from the respective DNFBPs information or data; and to impose disciplinary and administrative sanctions on breach (L.4557/2018, Art.6(3)(a)-(l)).

**(b)** The competent authorities shall refuse to authorise the incorporation, operation or registration of DNFBPs unless they are convinced that the persons holding a substantial stake in the capital or controlling or actually managing the undertakings of such persons or their actual beneficial owners are appropriate and honourable persons (L.4557/2018, Art.6(3)(h)). Further conditions and procedures in detail to implement this provision in each sector are not informed.

**(c)** The competent supervisory authorities may impose sanctions ranging from administrative fines to suspension or revocation of licence, on FIs and DNFBPs which fail to comply with the AML/CFT requirements (L.4557/2018, Art.6(3)(j) and 46).

**Criterion 28.5 –**

**(a) and (b)** The competent authorities shall determine the frequency and intensity of AML/CFT supervision on the basis of risk analysis of obliged persons and existing ML/TF risks (L.4557/2018, Art.6(2)). The NRA is used to inform the risk analysis as well as a number of firm level factors, such as findings from previous inspections and critical accounting or auditing issues.

However, it is not explicitly clear whether the supervisory authorities shall consider the characteristic of the DNFBPs, including diversity and number of DNFBPs and the degree of discretion allowed to them under the risk-based approach.

**Weighting and Conclusion**

Greek authorities have provisions to monitor the compliance of DNFBPs, and their supervisory actions shall be conducted in a risk-based manner. However, this approach appears not explicitly include the analysis on the characteristic of the DNFBPs, including diversity and number of DNFBPs and the degree of discretion allowed to them under the risk-based approach.

**Recommendation 28 is rated LC.**

**Recommendation 29 - Financial intelligence units**

In its 3rd MER, Greece was rated NC with these requirements as set out in old R.26 (para. 155 - 197). The most important technical deficiencies included inappropriate structure of the FIU and potential for conflicts of interest when analysing STRs; lack of access to appropriate range of information; insufficient security; and lack of information on statistics, typologies and trends. Progress was reported in Greece's 10<sup>th</sup> FUR.

**Criterion 29.1 –** Greece has established an FIU with responsibility for acting as a national centre for receipt and analysis of suspicious transaction reports and other information relevant to ML, associated predicate offences and TF; and for the dissemination of the results of that analysis (L.4557/2018, Art.48(2)(c)).

**Criterion 29.2** – Under Law 4557/2018, the AML/CFT Authority, of which the HFIU is a unit, is the central agency for the receipt of:

- suspicious or unusual transaction reports (Art.48(2)(c))
- information related to TF transmitted by domestic and foreign authorities (Art.48(3)(c))
- source of funds statements required under anti-corruption legislation (Art.48(4)(c))
- facts related to ML or TF discovered by competent authorities in the course of compliance inspections (Art. 24)
- reports on cases of ML, smuggling, tax evasion and other cases that fall within the competence of the SSFECU/SDOE (Art.25)
- all cross-border currency declarations collected by Customs (Ministerial Decision E2320/976/A0034/10.6.2008, Government Gazette B 1177, Art. 5).

**Criterion 29.3** – Under Law 4557/2018, units of the AML/CFT Authority, including the HFIU, can:

**(a)** obtain and use additional information from all reporting entities and natural persons, judicial, preliminary investigation and investigating authorities, public services, public or private law legal entities and any form of organisations (Art.49(2)-(3)); and

**(b)** access a wide range of financial, administrative and law enforcement information, including penal and police information collected criminal intelligence investigations department, Europol, Interpol, Eurojust, the Sustrans system and the following:

- database of the Tax Authorities (ELENXIS) which provides tax information (e.g. tax declarations, annual revenues, conducted tax audits, intra-Community commercial activity of the legal entities) both on natural and legal persons;
- other MoF taxation databases, including income tax, VAT, and other tax related data (TAXIS) and VAT Information Exchange System (VIES) which is an electronic means of transmitting information relating to VAT registration (i.e., validity of VAT numbers) of companies registered in the European Union;
- real estate properties database (ETAK) and the vehicle database;
- banking information database containing information regarding customers “blacklisted” by the financial sector (TEIRESIAS);
- register of commercial entities (GEMI), in addition to publicly available data through the GEMI portal (<https://www.businessregistry.gr/publicity/index>);
- Down Jones watch list service;
- World Check, including the information regarding PEPs;
- Bank Accounts Register - an online platform to make requests and receive replies for Greek bank accounts and account statements of persons who are registered with a Greek tax identification number;
- PoliceOnLine (PoL) - the online platform of HPS which provides access to police information (arrests, issued arrest warrants, etc.) in the databases of Greek passports, Greek IDs, vehicles;
- National Criminal Register, including the penal records of Hellenic citizens and foreigners born in Greece;

- Copies of all MLA and extradition requests from the Public Prosecutor's Offices.

**Criterion 29.4** – Under Law 4557/2018, the HFIU is required to conduct operational and strategic analysis consistent with the elements referred to in paragraphs (a) and (b) of this criterion (Art.48(2)(c)(iv) and (v)).

**Criterion 29.5** – The AML/CFT Authority/HFIU can disseminate information and the results of its analysis to relevant competent authorities spontaneously and upon request (Law 4557/2018, Art. 34 and 49(7)).

**Criterion 29.6** – The Law 4557/2018 binds personnel of the AML/CFT Authority/HFIU to secrecy by establishing a rules for security and access procedures (Art. 49(7)), the following measures protect information:

**(a)** Art. 49(7) empowers the AML/CFT Authority, including the HFIU, to generate procedures for handling, storage, dissemination, and protection of, and access to, confidential information. A National Security Regulation (NSR) and Internal Security Regulation specific to the HFIU have been issued to address these issues.

**(b)** Staff members are subject to security and confidentiality requirements and are public servants called to conduct themselves with honesty and integrity (Art. 49(7)).

**(c)** There are multiple security measures in place that limit access to the HFIU facilities and information.

**Criterion 29.7** – As noted in its 10<sup>th</sup> Follow-up Report, Greece created an operationally independent and autonomous body in the AML/CFT Authority. The AML/CFT Authority consists of three separate Units (HFIU, Financial Sanctions Unit (FSU) and Source of Funds Investigation Unit (SFIU)), all with distinct responsibilities, staff and infrastructure, and headed by a joint President and seven member Board.

**(a)** Law 4557/2018 specifies that the AML/CFT Authority is administratively and operationally independent (Art.47(2)). The AML/CFT Authority is empowered to make autonomous decisions to analyse, request and/or forward or disseminate specific information (MD38865, Art. 5(8)).

**(b)** The HFIU can make arrangements or engage independently on the exchange of information, including confidential information, with domestic competent authorities and foreign counterparts in other EU member states (L.4557/2018, Art.34 and 49(5)). MD38865, Art. 17 and 18, extend this power to include foreign counterparts in member states of FATF and the Egmont Group. Each unit of the AML/CFT Authority (including the HFIU) is authorised conclude MOU with domestic and foreign authorities and entities of the public and private sectors (L.4557/2018, Art.49(6)).

**(c)** Under L.4557/2018, the organisational structure and core functions of the HFIU are clearly delineated and distinct from those of the other units within the AML/CFT Authority (Art.48, 49).

**d)** The AML/CFT Authority, including the HFIU, has its own financial and administrative management department, whose duties include drafting and implementation of budget (MD38865, Art. 9(1)).

**Criterion 29.8** – The HFIU has been an Egmont Member since June 29, 1998.<sup>32</sup>

### **Weighting and Conclusion**

The FIU has made laudable progress in establishing its independent function and the direct access to a wide range of information sources.

**Recommendation 29 is rated C.**

## **Recommendation 30 – Responsibilities of law enforcement and investigative authorities**

In its 3rd MER, Greece was rated LC with these requirements as set out in old R.27. The deficiencies related to resources and effectiveness.

**Criterion 30.1** – Greece has designated law enforcement authorities to ensure that ML, associated predicates and FT are properly investigated within the national AML/CFT framework. These include:

- AML/CFT Authority, comprising the HFIU, Financial Sanctions Unit, Source of Funds Investigation Unit (L.4557/2018, Art.47-51)
- SSFECU/SDOE and its specialised support, operational and regional divisions, including regional financial crime divisions (PD 142/2017, Art. 79-83)
- Hellenic Economic Crime Prosecutor’s Office (Law 2523/1997, Art.17A)
- Internal Affairs Directorate (IAD) (anti-corruption) (Law 2713/1999)
- Hellenic Police Intelligence Division (PD 178/2014, Art. 27)
- Special Violent Crimes Division (PD 178/2014, Art. 29)
- Cybercrime Division (PD 178/2014, Art. 31)
- Financial Police Division (PD 178/2014, Art. 32)
- Specialised subdivisions of Attica and Thessaloniki Security Divisions, including: Organized Crime and Trafficking in Human Beings (THB), Crimes against Life and Property, Protection of Property Rights, Cultural Heritage and Environment and Drugs Trafficking (PD 7/2017, Art. 1-5, 59)
- Attica Foreigners Division and Thessalonica Foreigners Division, (PD 7/2017, Art. 31, 66)

**Criterion 30.2** – The Greek authorities indicate that HPS investigators are authorised to pursue the investigation of related ML/TF offences during a parallel financial investigation.

The SSFECU/SDOE is competent to investigate ML and related predicate offences during a parallel financial investigation. (PD 142/2017, Art. 79-83 and L.4557/2018, Art.9)

<sup>32</sup>. Egmont Group Membership List as at 16 July 2018:  
<https://egmontgroup.org/en/content/greece-anti-money-laundering-counter-terrorist-financing-and-source-funds-investigation>

**Criterion 30.3** – The SSFECU/SDOE is competent to identify and trace the movement of capital (PD 142/2017, Art. 79) and to immediately freeze property by order of the head of the competent operational directorate (Law 3296/2004, Art.30(5)(e)). Law 4557/2018 empowers the units of the AML/CFT Authority to identify and trace property (Art. 48, 49) and an investigating judge or the chairman of AML/CFT Authority to initiate freezing and seizing of property (L.4557/2018, Art. 42 and 48(2)(d), respectively). In the case of the chair of the AML/CFT Authority, para.(2)(d) requires freezing as soon as possible and within 15 days at the most.

**Criterion 30.4** – The Attica Investigations and Public Revenue Protection Agency (YEDDE), under the supervision of the Planning and Evaluation of Audits and Investigations Directorate (DIPAE) has the responsibility for pursuing financial investigations of predicate offences related to tax and their responsibilities and powers are consistent with R.30 (Circular D. ORG. A 1035192 EX 2018, 2/3/2018).

**Criterion 30.5** – Greece has established numerous anti-corruption enforcement authorities specific to particular services and agencies. These include agencies for judicial and prosecutorial authorities, the Coast Guard, the IAD, the Financial Police Division and SSFECU/SDOE. Administrative bodies include the Secretariat against Corruption (L. 4320/2015, Ch. 2), General Inspector of Public Administration, Inspectors-Controllers Body for Public Administration, IAD of the Independent Authority for Public Revenue and Internal Audit Unit of the Ministry of Finance. All of these authorities are authorised to identify and trace assets. The FPD, Hellenic Police IAD, Hellenic Coast Guard IAD and SSFECU/SDOE (Law 4249/2017, Art. 44; Law 2713/1999, Art.6; Law 3296/2004, Art.30(e), respectively) are empowered to initiate freezing and seizing of assets independently. The rest may do so without delay in co-ordination with an Investigating Judge or the AML/CFT Authority (Law 2935/2001, Art.52).

### **Weighting and Conclusion**

*All criteria are met.*

**Recommendation 30 is rated C.**

## **Recommendation 31 - Powers of law enforcement and investigative authorities**

In the 3rdMER, Greece was rated compliant with these requirements to the extent they are set out in old R.28. Under new R.31, the requirements were expanded to require countries to have, among other provisions, mechanisms for determining in a timely manner whether natural or legal persons hold or manage accounts.

**Criterion 31.1** – Competent authorities conducting investigations of ML, associated predicate offences and TF, including SSFECU/SDOE and multiple divisions of HPS, are empowered to obtain access to all necessary documents and information for use in those investigations and in prosecutions and related actions, including powers to use compulsory measures. Specifically, SSFECU/SDOE and various divisions of HPS are able to:

**(a)** compel production of records held by financial institutions, DNFBPs and other natural or legal persons (Law 2713/1999, Art. 1(3); Law 3296/2004, Art. 30(5)(d); Law 4249/2014, Art. 44(3); PD 178/2014, Art. 27(10), 29(11), 32(12));

**(b)** search of persons and premises - Law 3296/2004, Art. 30(5)(a)-(b); CPC, Art. 253-259

**(c)** taking witness statements - Law 3296/2004, Art. 30(5)(c); CPC, Art. 209-232

**(d)** seizing and obtaining evidence - Law 3296/2004, Art. 30(5)(d); CPC, Art. 178-179, 260-268

**Criterion 31.2** – Article 253A and 253B of the CPC empowers HPS, and Law 3294/2004, Art.30(5)(c) empowers SFEECU/SDOE, to use the special investigative techniques referred to in this criterion when authorised by a competent court. IAPR is empowered to use the same special techniques, other than interception of communications based on Decision of the Governor of the Independent Authority for Public Revenue (I.A.P.R.) No. D.ORG.A 1035192 EX 2018 /02-03-2018. . Use of these techniques is available for cases involving specific provisions of the Penal Code, including predicate offences, ML and TF.

**Criterion 31.3** –

**(a)** Article 49(1) of Law 4557/2018 provides all units of the AML/CFT Authority (including the HFIU) with direct access to any electronic information system maintained by a public authority or organisation and access to any form of file kept by a public agency or organisation that keeps or processes data. This covers any category of asset for which government records are maintained, including real property and vehicles. Law 4170/2013, Art.62(1), specifically gives all branches of the AML Authority direct access to the Bank Accounts and Payment Accounts Registries System (BAPARS).

Law 4557/2018 establishes a Central Registry of Beneficial Owners, to which the HFIU and other competent authorities have unlimited access (Art.20(4)-(6)).

**(b)** The mechanisms described in paragraph (a) provide direct access to information, enabling competent authorities to identify assets without prior notice to the owner.

**Criterion 31.4** – Competent authorities conducting investigations of ML, associated predicate offences and TF can obtain any relevant information held by the FIU (L.4557/2018, Art.34).

### **Weighting and Conclusion**

Greek competent authorities are empowered to use a wide range of special investigative techniques in cases involving TF and predicate offences.

**Recommendation 31 is rated C.**

## **Recommendation 32 – Cash Couriers**

In the 3rd MER, Greece was rated NC with these requirements to the extent they are set out in old SR.IX. Greece had no system for declaring or disclosing cross-border movement of cash or BNI. Some improvement was noted in the 10<sup>th</sup> FUR.

**Criterion 32.1** – Greece applies the EC Regulation No. 1889/2005 for any natural person entering or leaving the European Community and carrying cash or BNI valued at EUR 10 000 or more (Customs Code, Art. 3 and 147; MD E2320/976/A0034/10.6.2008, Government Gazette B 1177). Greece does not have a declaration/disclosure system in place for movement of cash and BNI within the EC or the movement of cash via cargo.

**Criterion 32.2** – Greece has implemented a written declaration system for all persons entering or leaving the EC with currency or BNIs above a threshold of EUR 10 000 (see also implementing legislation referred to in c.32.1). Greek authorities indicate that a customs declaration is required for all goods sent by post with a value exceeding the statistical threshold (EUR 1 000 per Reg. 113/2010).

**Criterion 32.3** – (N/A) Greece does not have a disclosure system.

**Criterion 32.4** – Upon discovery of a false declaration/disclosure of cash or BNI or a failure to declare/disclose them, funds are subject to seizure and the carrier to arrest: (EC Reg. 1889/2005, Art. 4; L.309/2005 and MD E2320/2008, Art. 2). Customs is empowered to request and obtain further information from the carrier to establish the source of the funds and its intended purposes.

**Criterion 32.5** – A person who fails to declare or makes a false declaration is subject to an administrative fine of 25% of the cash found and customs may seize the total sum pending investigation. However, this penalty is not proportionate or dissuasive.

**Criterion 32.6** – In accordance with EC Reg. 1889/2005, Art. 5 and MD E2320/2008, Art.5, customs is obligated to submit data on incoming and outgoing cash/BNI declarations to HFIU.

**Criterion 32.7** – Customs co-ordinates with the AML/CFT Authority, including HFIU, regarding cross-border currency declarations. Customs and HPS engage in regular co-ordination pursuant to an MOU.

Likewise, Customs co-ordinates with immigration police as part of the National Co-ordination Centre for Border Control, Immigration and Asylum, as well as Joint Action Days (JADs), consisting of a series of measures targeting international serious organised crime and other threats. This co-ordination occurs within the framework of an MOU.

**Criterion 32.8** – As noted at c.32.4, customs is empowered to seize currency or BNIs where there is a false declaration or failure to declare. Customs may detain the currency or BNIs “to find whether they are the proceeds of ML” (MD E2320/2008, Art.4). However, Customs cannot stop or restrain currency or BNIs when there is a suspicion of ML/TF or a predicate offence if a lawful declaration has been made. In such a case, Customs can only report its suspicions to the HFIU.

**Criterion 32.9** – Within the EC, customs can exchange information on cases of failure to declare and false declaration with other customs via EC Reg. 1889/2005, Art. 6. Outside the EU, and for lawful declarations of amounts exceeding the threshold, HFIU can exchange the information provided by Customs with its foreign counterparts. Customs reports all cash and BNI declarations and suspicions of ML/TF to HFIU, which retains such information in its database.

**Criterion 32.10** – Greek authorities are subject to the duty of professional secrecy set out in EC Reg. 1889/2005, Art. 6, and as noted at c.29.6.

**Criterion 32.11** – Customs ability to take any action in relation to a person carrying out a physical cross-border transportation of currency or BNI is limited to cases where an incomplete or inaccurate declaration, or no declaration, has been made. In these limited cases, where the investigative authority determines ML/TF or predicate offences are involved, the case, including the detained cash, is referred to the competent prosecution authority (MD E2320/976/A0034/10.6.2008, Art. 4 modified by Decision No. D33B 5002569 EX 2014). Once this takes place, the procedures and remedies for ML would apply (see R.4).

### **Weighting and Conclusion**

Greece has implemented a written declaration system for all persons crossing the EC border with cash or BNI. Customs reports all declarations and suspicions of ML/TF to HFIU. However, no declaration system exists for movement of funds within the EC, or for transportation of cash via cargo; Customs cannot stop or restrain currency or BNIs when there is a suspicion of ML/TF or a predicate offence if a lawful declaration has been made; and sanctions for failure to declare or false declaration are not proportionate or dissuasive.

**Recommendation 32 is rated PC.**

### **Recommendation 33 – Statistics**

In the 3rd MER, Greece was rated NC with these requirements to the extent they are set out in old R.32. Greece had no, or only limited, statistics in the required areas. Some improvement was noted in the 10<sup>th</sup> FUR.

**Criterion 33.1** – Greece has comprehensive legislative measures in place requiring that statistics be kept on a wide range of matters as outlined below, including Art. 32 and 33 of Law 4557/2018. However, it is not clear whether MLA and international co-operation requests made and received by any competent authority other than the HFIU and the Hellenic Police are covered.

**(a) - (b)** All public authorities with functions related to Law 4557/2018, including financial and DNFBP supervisors, LEAs, the AML/CFT Authority/HFIU, judicial and tax authorities and the MoJ are required to maintain comprehensive and up to date statistics relating to their scope of authority, which include STRs, received and disseminated to prosecutors (Art.32), and ML/TF investigations, prosecutions and convictions (Art.33).

**(c)** Law 4557/2018, Art.32(2)(b)(ix) and 33, require statistical data regarding property frozen; seized and confiscated to be kept and empowers the MoJ to issue a decision defining procedure and details for collecting statistical data. However, these statistics are not kept.

**(d)** Law 4557/2018, Art.32(2)(c), applies to international co-operation undertaken by the HFIU. Judicial authorities are required to keep statistics on requests from EU member states to freeze and confiscate assets (MD 49937/9.6.2011 (OG B' 1198)) and Hellenic Police keep limited statistics on extradition requests. However, statistics do not appear to be kept on other form of MLA or on requests for international

co-operation made and received by any competent authority other than HFIU or the Hellenic Police.

### ***Weighting and Conclusion***

Greece has comprehensive legislative measures in place requiring that statistics be kept on a wide range of matters. However, statistics do not appear to be kept on property frozen, seized and confiscated, all forms of MLA or on requests for international co-operation made and received by any competent authority other than HFIU or the Hellenic Police.

**Recommendation 33 is rated LC.**

## **Recommendation 34 – Guidance and feedback**

In the 3rd MER, Greece was rated NC with the previous recommendation in this area.

### ***Criterion 34.1 –***

*Guidance and Feedback by FIU:* The AML/CFT Authority is responsible for providing guidance and instruction to obliged persons and competent authorities with regards to submitting STRs, and updating them on progress. The Authority is also responsible for preparing strategic analysis on ML/TF trends (L.4557/2018, Art.48(2)(c)).

The AML/CFT Authority has a direct contact or occasionally holds meetings with relevant compliance officers of the obliged persons, to enhance co-operation with the obliged persons, and quality of STRs, and their implementation of the AML/CFT requirements.

*Guidance and Feedback by the Supervisory Authorities:* The competent authorities shall provide guidance, feedback and instruction on AML/CFT requirements in a range of ways (L.4557/2018, Art.6(3)(a)-(d)). This includes issuing specific information on CDD requirements, disseminating typologies and on the adoption of internal procedures for detecting STRs. Additional sector specific guidance has been provided through ministerial decisions and circulars. Bank of Greece and HCMC, in particular, provides the AML/CFT specific information on their website.

However, it is not clear whether all the DNFBPs, except those supervised by IAPR, are provided with up-to-dated sector-specific guidance or feedback.

### ***Weighting and Conclusion***

The AML/CFT Authority occasionally provides guidance and feedback to the obliged persons as well as the other competent authorities. Guidance and feedback by the supervisory authorities are also available to the FIs and some types of the DNFBPs. However, most of these supervisory Decisions appear to be outdated, and not all the DNFBPs are provided with sector-specific guideline or feedback.

**Recommendation 34 is rated LC.**

## **Recommendation 35 – Sanctions**

In the 3rd MER, Greece was rated PC with the former recommendation in this area. The key technical deficiencies included the limited range of sanctions; and

disproportionality of the sanctions to a violation. The relevant legal framework and policy of the Bank of Greece was improved according to Greece's 1<sup>th</sup> FUR.

**Criterion 35.1** – In Articles 39-42, 45 and 46 of Law 4557/2018, there are criminal and civil sanctions for natural persons and administrative sanctions for legal persons and entities.

*R.6* - Any obliged natural person or employees of obliged persons, who breaches the TFS obligations, shall be sanctioned including by 10-year imprisonment or pecuniary fine from EUR 10 000 up to EUR 500 000 (L.4557/2018, Art.43(1)(h)). Administrative sanctions, including fine, removal of person, permanent prohibition of specific activities, can also be imposed to FIs and DNFBPs, which do not comply with the obligations, including freezing assets of the designated persons or organisations (L.4557/2018, Art.46). Sanctions are to be imposed against violation by natural and legal persons, other than obliged persons (L. 92/1967, L. 4557/2018 articles 39-42, 45 and 46, also see c.6.5).

*R.8* - Greece is not able to apply effective, proportionate and dissuasive sanctions for violations of the requirements, because these are limited to de-registration or revocation of license (MD No 7586/2018, Art.2-3), (Civil Code, Art.105, 118), (L. 2731/1999, Art.12(3)), (L.4455, Art.7-9), (Joint M.D. 16765/9/17, Art.7).

*R.9 to 23* - the competent supervisory authorities shall impose proportionate and dissuasive sanctions ranging from administrative fines to suspension or revocation of licence, on FIs and DNFBPs which fail to comply with the AML/CFT requirements (L.4557/2018, Art.46).

**Criterion 35.2** – The sanctions can be applied to the directors, and senior managements of the FIs and DNFBPs, as well as the employees who violate the AML/FT requirements (L.4557/2018, Art.45 and 46). Corrective actions and other form of sanctions (especially fines) can be imposed at the same time, as proved by relevant BCC Decisions having imposed sanctions in a number of past on-site inspections.

### **Weighting and Conclusion**

The competent supervisory authorities are empowered to impose sanctions on FIs and DNFBPs for breach of preventive measures requirements. However, sanctions against NPOs that fail to comply with the requirements under R.8 are not proportionate and dissuasive.

**Recommendation 35 is rated LC.**

## **Recommendation 36 – International instruments**

In its 3rd MER, Greece was rated PC with former R.35 and SR. I (para. 581 – 589), which contained the previous requirements in this area. Technical deficiencies included failure to ratify the Palermo Convention and an inadequate legal framework. Most of these issues were addressed in the 10<sup>th</sup> FUR.

**Criterion 36.1** – Greece ratified the relevant Conventions as follows:

- Vienna Convention – Law 1990/1991 (Government Gazette 193A)
- Palermo Convention – Law 3875/2001 (Government Gazette 158A)

- United Nations Convention against Corruption (the Merida Convention) Law 3666/2008 (Government Gazette 105A)
- Terrorist Financing Convention – Law 3034/2002 (Government Gazette 168A)

**Criterion 36.2** – Greece has largely implemented the relevant articles of the Vienna, Palermo and TF Conventions by addressing the remaining deficiencies identified in the 3rd MER. Greece has largely implemented the relevant articles of the Merida Convention, with minor challenges in implementation as identified in the UNCAC Report of the Implementation Review Group, adopted in November 2015<sup>33</sup>.

### **Weighting and Conclusion**

Greece is a party to the relevant conventions and has largely implemented the relevant articles of those conventions. However, there are minor gaps in implementation of some relevant articles of the Merida Convention.

**Recommendation 36 is rated LC.**

## **Recommendation 37 - Mutual legal assistance**

Greece was rated LC with former R. 36 and former SR. V, which contained the previous requirements in this area.

**Criterion 37.1** – Greece has a legal basis (including laws, bilateral and multilateral agreements, presidential decrees and ministerial circulars) that allows them to rapidly provide a wide range of mutual legal assistance in relation to money laundering, associated predicate offences and terrorist financing investigations, prosecutions and related proceedings (GCCP, Art.457-461; Law 4531/2018, Art.24; Law 4489/2017; Law 3771/2009; Law 3663/2008; Law 3277/2004). However, Greece can only issue a court order to lift bank secrecy when the underlying predicate offence is categorised in Greece as a felony. This does not include misdemeanour fraud or computer fraud (Hellenic Penal Code, Art.386 and 386A). Such a limitation creates a gap in the range of MLA that Greece can legally provide.

**Criterion 37.2** – Art. 458(1) and (2) of the GCCP establishes the MoJ as the central authority for MLA requests and a general process for execution of requests. The MoJ has processes for the timely prioritisation and execution of requests and each Public Prosecutor’s Office has an automated case management system to monitor progress.

**Criterion 37.3** – Art. 458(3) of the GCCP provides that MLA requests can be refused on the same grounds as extradition requests. Under GCCP Art. 437 and 438, the grounds for refusal are not mandatory and are reasonable

**Criterion 37.4** – There is no limitation in the relevant provisions of the GCCP related to secrecy or confidentiality requirements on financial institutions.

**Criterion 37.5** – Greece has appropriate measures in place to ensure that confidentiality of requests and the information contained in them is maintained.

<sup>33</sup> CAC/COSP/IRG/2015/CRP.22

[www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/3-4November2015/V1507555e.pdf](http://www.unodc.org/documents/treaties/UNCAC/WorkingGroups/ImplementationReviewGroup/3-4November2015/V1507555e.pdf)

**Criterion 37.6** – Dual criminality is required in all cases, including requests for non-coercive actions (GCCP Art. 458(3) and 337 – 438), unless otherwise provided in an applicable multilateral or bilateral agreement.

**Criterion 37.7** – Greek Court of Areios Pagos case-law (court decision 416/2008) provides that dual criminality requirements are satisfied by criminalising the underlying offence, regardless of how the offence is categorised or denominated.

**Criterion 37.8** – Powers available to domestic authorities are available for use when an MLA request is made under a multilateral or bilateral agreement or a European Investigative Order (Law 4489/2017). In other cases, GCCP Art. 458(1) applies to examination of witnesses and defendants, autopsy, expert's opinion and seizure of exhibits. Judicial decisions demonstrate that the scope of these examinations and procedures is interpreted broadly (e.g. court decision 27/2011 lifting bank secrecy; Interrogator's Decision restricting the sale of immovable property). That provision states that relevant provisions of the GCCP and international conditions and customs will apply to investigations carried out for MLA. GCCP Art.253A provides a range of special investigative techniques.

### **Weighting and Conclusion**

Greece has a legal basis for rapidly providing a wide range of MLA and administrative arrangements to prioritise, execute and monitor requests. However, there is a gap in the range of assistance that can be provided and dual criminality is required even when requests involve non-coercive actions.

**Recommendation 37 is rated LC**

## **Recommendation 38 – Mutual legal assistance: freezing and confiscation**

In its 3rd MER, Greece was rated LC with old R.38, which contained the previous requirements in this area.

**Criterion 38.1** – Greece has measures, including legislative measures, that enable the confiscation of property laundered, proceeds, or instrumentalities used or intended for use in ML/TF or predicate offences (L.4557/2018, Art.40(1) and (2), 42(1)). Powers available to domestic authorities are available for use when an MLA request is made under a multilateral or bilateral agreement or a European Investigative Order (Law 4489/2017). In other cases, GCCP Art. 458(1) applies and Greek jurisprudence demonstrates that this mechanism can be used for freezing, seizing, or confiscation of assets in response to foreign requests (see c.37.8).

**Criterion 38.2** – The same mechanisms referred to in c.38.1 enable Greece to execute requests for co-operation made on the basis of non-conviction based confiscation when perpetrator is unavailable by reason of death, flight, absence, or the perpetrator is unknown.

**Criterion 38.3** – Co-ordinating seizure and confiscation actions with other countries is the responsibility of SSFECU/SDOE (Law 4478/2017, Art.5; Ministerial Decision (MD) No. 24296/29-03-2018, Art.1). Greece also has mechanisms for managing, and when necessary disposing of, property frozen, seized or confiscated (see c.4.4).

**Criterion 38.4** – Greece can share confiscated property with other countries based on bilateral and multilateral agreements; Law 4478/2017, Art.27 (for EU members) and GCCP, Art.373.

### **Weighting and Conclusion**

**Recommendation 38 is rated C.**

## **Recommendation 39 – Extradition**

In its 3rd MER, Greece was rated LC with these requirements. The main technical deficiency was narrow application of dual criminality requirements.

**Criterion 39.1** – Art. 436 - 456 of the GCCP and various bilateral and multilateral agreements provide the legal framework for Greece to execute extradition requests.

**(a)** ML and TF are extraditable offences under the GCCP (Art. 437 and 438) and applicable bilateral or multilateral agreements, including the European Convention on Extradition and European Arrest Warrant (EAW).

**(b)** GCCP Art. 443 – 448 establish clear processes for the timely execution of extradition requests HPS indicates that, in emergency cases, the International Police Co-operation Division of the Hellenic Police Headquarters can use INTERPOL communication channels to expedite extradition and execution of European Arrest Warrants. The MoJ has processes for the timely prioritisation and execution of requests and each Public Prosecutor’s Office has an automated case management system to monitor progress.

**(c)** As noted at c.37.3, the grounds for refusal of extradition requests are reasonable.

**Criterion 39.2** –

**(a)** Generally, Greece does not extradite its own nationals (GCCP, Art. 438). However, in the context of the EU, Law No. 3251/2004, Art.11 allows Greek nationals to be extradited under a EAW on the condition that the accused be returned to Greece to serve any custodial sentence.

**(b)** Actions constituting a crime against Greek law that are committed abroad by Greek nationals can be tried domestically so long as the actions are also a crime in the place where the crime was committed (GCCP Art. 6, 36). Greek authorities regularly utilise this mechanism, even in the absence of an extradition request.

**Criterion 39.3** – See c.37.7.

**Criterion 39.4** – The relevant provisions of the GCCP do not include mechanisms for simplified extradition, other than use of INTERPOL channels in emergencies, as referred to in c.39.1. However, expedited extradition procedures may be applied in cases provided for in international agreements or in case of an EAW (Law 3251/2004, Art.17, 21 (consent to surrender)).

### **Weighting and Conclusion**

Greece does not extradite Greek nationals; however, Greece may try the accused domestically, even in the absence of a request by the country seeking extradition.

**Recommendation 39 is rated C.**

## Recommendation 40 – Other forms of international co-operation

In its 3rd MER, Greece was rated PC with former R.40 and LC with former SR.V, which contained the previous requirements in this area. The identified deficiencies related to lack of resources and effectiveness.

### *General Principles*

**Criterion 40.1** – The HFIU, SSFECU/ SDOE, KEMEA, the International Police Co-operation Division of HPS (IPCD), and other LEAs (including the Hellenic Coast Guard, Customs, IAPR) can provide a range of information to their foreign counterparts in relation to ML, predicate offences and TF. Co-operation occurs under frameworks established by the EU, Egmont, EUROPOL, EUROJUST, INTERPOL and various provisions in domestic law (see c.40.2(a)). Bank of Greece, HAASOB and HCMC are also empowered to co-operate internationally, and all competent authorities are specifically authorised to exchange confidential information and enter into bilateral and multilateral agreements to set out procedures and technical details and carry out joint audits (L.4557/2018, Art. 34(5) and (6)).

**Criterion 40.2** – The following framework facilitates other forms of international co-operation by competent authorities:

**(a)** Some competent authorities have a clear legal basis for providing international co-operation. In addition to the international framework referred to in c.40.1, the following domestic legislation applies:

- Law 4557/2018, Art.49 for all units of the AML/CFT Authority
- Law 4557/2018, Art.34(5) applies to all competent authorities (although it is not clear whether this provision enables exchange of information only domestically or includes international co-operation)
- PD 142/2017, Art.80(3)(a)(nn); Art.80(3)(c)(DD) & (EE); Art.80(3)(d)(bb) – (ff); Art.82(4c)(aa)(v), (cc)(vii) and (dd)(x); Art.82(4d)(aa)(vii), (bb)(v), (cc)(xiv); Art.83(4b)(aa), (bb) and (cc); and Art.83(4c)(aa), (bb) and (cc) for SSFECU/SDOE
- P.D. 178/2014, Art. 8 for the Hellenic Police International Police Co-operation Division (IPCD)
- Law 4261/2014, Art.6 and 54(5) for Bank of Greece
- Law 4449/2017, Art.39 and 51 for HAASOB
- Law 1969/1991, Art.18(13)(f) for HCMC
- Law 4420/2016, Art. 6(4)(a) for the OCC
- Law 4320/2015, Art. 9(f) for GSAC (relating to European and international agencies only)
- Law 4174/2013, Art.17(1) 29 for the IAPR.

The IPCD has also entered into 16 bilateral or multilateral co-operation agreements with foreign police authorities.

**(b)** HFIU, HPS, SSFECU/ SDOE and other LEAs are able to use the most efficient means to co-operate, exchanging information directly via the Egmont Group, INTERPOL, EUROPOL, EUROJUST and OLAF. Nothing prevents the competent authorities from using the most efficient means to co-operate.

**(c)** Competent authorities have clear and secure gateways for the transmission and execution of information exchange. All units of the AML/CFT Authority are required to use

communication channels that fully ensure data protection (L.4557/2018, Art.49(6)). For example, the HFIU is specifically required to use specialised FIU information channels such as the Egmont Secure Web and FIU.Net (id.), and may use mechanisms available to other LEAs such as INTERPOL and EUROPOL. LEAs, including the Hellenic Police and SSFECU/SDOE, are also connected with EUROPOL's Secure Information Exchange Network Application (SIENA). The IAPR uses the encrypted CCN Network within the EU; otherwise, they use password-protected files via email to exchange information.

**(d)** Greek authorities met during the on-site visit report clear internal processes for prioritisation and timely execution of requests in which requests are disseminated to the appropriate operational authority, evaluated and assigned a priority.

**(e)** Bank of Greece, HCMC, IAPR, HAASOB, HGC and Ministry of Justice (as supervisor for lawyers and notaries), AML/CFT Authority (including HFIU) and LEAs have clear processes for safeguarding information exchanged and there are defined procedures for the exchange of classified information (MD 120/01/510313/S.94).

**Criterion 40.3** – Where necessary, some competent authorities have a network of bilateral and multilateral agreements, MOU and protocols to facilitate international co-operation with a range of foreign counterparts:

- HFIU can share information with Egmont Members based on the principles set out in the Egmont Charter, without the need for individual bilateral MOU.
- HPS relies on Europol and Interpol principles of information exchange and does not require MOU to exchange information. It also has bilateral or multilateral co-operation agreements with 17 countries and an operational plan with the Hellenic Coast Guard and Europol.
- Bank of Greece has signed five multilateral MOU with countries of the EU and south-eastern Europe and 12 bilateral MOU with the Central Banks of seven EU member states and five non-member countries.
- HCMC is a signatory to the ESMA Multilateral Memorandum of Understanding (MMoU), the IOSCO MMoU and 26 bilateral MOU with foreign competent authorities.
- Customs exchanges information within the EU under Council Regulation (EC) 515/97, as amended by Council Regulation (EC) 766/08 and with other countries based on mutual administrative assistance as specified in EU Agreements on customs issues and, more generally, as a member of the WCO.
- IAPR exchanges tax-information within the EC subject to a range of EC Directives and a range of tax agreements exist for the exchange of information with countries outside the EU.

However, HAASOB, HGC and Ministry of Justice (as supervisor for lawyers and notaries) provided no information regarding this element.

**Criterion 40.4** – Law enforcement, the MoJ and tax authorities provide feedback on use and usefulness of information received upon request (see framework documents referred to in c.40.2). However, it is not clear whether this applies to all other competent authorities.

**Criterion 40.5** – Under the legal framework discussed in 40.2, Greek authorities, including the AML/CFT Authority, SSFECU/SDOE, HPS, IAPR, Bank of Greece and HCMC do not prohibit, or place unreasonable or unduly restrictive conditions on exchange of information

or assistance on any of the four grounds listed in this criterion. However, no information was provided regarding other competent authorities.

**Criterion 40.6** – As part of the legal framework referred to in c.40.2, Greek authorities, including all units of the AML/CFT Authority, SSFECU/SDOE, HPS, IAPR, Customs, HCMC and Bank of Greece, have controls and safeguards to ensure that information exchanged is used only for the purpose, unless prior authorisation is obtained. However, no information was provided regarding other competent authorities.

**Criterion 40.7** – All units of the AML/CFT Authority, SSFECU/SDOE HPS, IAPR and HCMC specifically impose requirements for confidentiality that are consistent with the requirements of this criterion (L.4557/2018, Art.49(6)-(7); PD 142/2017, Art.80(3); Law 4174/2013, Art.17; Law 4153/2013, Art.34(2)). The exchange of information by other competent authorities is subject to the Greek data protection law (Law 2472/1997, Art.7) and Regulation (EU) 2016/679.

**Criterion 40.8** – Most competent authorities in Greece are empowered to conduct inquiries on behalf of foreign counterparts, and exchange with their foreign counterparts all information that would be obtainable by them if such inquiries were being carried out domestically (see laws cited in c.40.2). However, information was not provided regarding all competent authorities.

#### *Exchange of Information between FIUs*

**Criterion 40.9** – HFIU has an adequate legal basis for providing co-operation on money laundering, associated predicate offences and terrorist financing (L.4557/2018, Art.34 and MD 38865 (388/2009), Art. 18).

**Criterion 40.10** – HFIU is required to provide feedback to foreign counterparts regarding information received, including the outcome of any analysis conducted, and such other relevant information to the extent possible without violating the confidentiality of their investigations impeding them from executing their duties (L.4557/2018, Art.49(1) and (2)).

**Criterion 40.11** – HFIU has the power to exchange any non-confidential information (MD 38865 (388/2009), Art. 18) and confidential information (L.4557/2018, Art.34(2)). “Confidential information” is defined as information relating persons’ business, professional or commercial conduct, details of their transactions and activities, tax information, and information relating to criminal, tax, customs or other administrative offences (Art.34(7)). These powers are sufficiently broad to allow exchange of all information referred to in sub-criteria (a) and (b).

#### *Exchange of information between financial supervisors (not including SRBs)*

**Criterion 40.12** – Article 34(5) of Law 4557/2018 applies to all competent authorities, and authorises the exchange of confidential information and information on the outcome of relevant investigations. Greek authorities confirm that this provision applies to foreign counterparts and the same provision empowers competent authorities to conclude MOUs for the purpose of information exchange. Additional, specific provisions apply to Bank of Greece, HCMC and HAASOB(see c.40.2).

**Criterion 40.13** – Under Law 4557/2018, competent authorities are empowered to exchange confidential information and information on the outcome of investigations with other competent authorities (Art.34(5)). As defined under Art.34(7), “confidential information” would include information held by financial institutions. (See also discussion at c.9.1) Sectoral legislation applies to the Bank of Greece and HCMC and requires proper co-operation between European System of Financial Supervision member states and specifically refers to co-operation relating to the exchange of appropriate and reliable information (L.4621/2014, Art.6).

**Criterion 40.14** – Law 4557/2018, Art.6(3)(f), requires all competent authorities to collaborate with supervisors in other EU member states with shared responsibility for financial institutions operating in the same group. However, it is unclear whether this collaboration includes exchange of all forms of information referred to in sub-criteria (c).

Bank of Greece and HCMC are able to share a range of regulatory and prudential information with supervisors in other member states and third countries through various EU directives. For example, article 56 of Directive 2013/36/EU, which is transposed through Law 4261/2014 requires Bank of Greece and HCMC to provide information which is essential relevant for the exercise of the other authorities’ supervisory tasks under Directive 2013/36/EU and Regulation (EU) No. 575/2013. This includes AML/CFT information such as internal AML/CFT procedures, CDD information and transaction data. Neither these mechanisms, nor those under Art.6, extend to supervisors outside of the EU. However, Bank of Greece is empowered to execute MoU for the exchange of information with third country supervisors and/or other competent authorities provided that the exchanged information are subject to equivalent confidentiality regime.

**Criterion 40.15** – As noted in c.40.14, Greek competent authorities are obliged to collaborate with supervisors in other EU member states with shared responsibility for financial institutions operating in the same group. However, it is not clear whether “collaboration” includes the requirements of this criterion. In sectoral legislation, the HCMC is authorised to conduct inquiries and investigations on behalf of EU member states (Chapter H, Art.26.4 of Law 3340/2005). It may also request to other member states to conduct inspections and investigations on its behalf. Under Art.53 of Law 4261/2014, Bank of Greece and HCMC are authorised to facilitate counterparts in EU member states to conduct inquiries or to conduct inquiries on their behalf.

**Criterion 40.16** – As discussed in c.40.6, HCMC and Bank of Greece have controls and safeguards to ensure that information exchanged is used only for the purpose, unless prior authorisation is obtained. However, no information was provided regarding other competent authorities.

*Exchange of information between law enforcement authorities*

**Criterion 40.17** – To the extent it is available, LEAs are able to exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime, using various regional and international mechanisms, including EUROPOL, INTERPOL, OLAF, World Customs Organisation, CARIN, and numerous bilateral and multilateral treaties.

**Criterion 40.18** – LEAs are able to use their powers, including special investigative techniques to conduct inquiries and obtain information on behalf of foreign counterparts.

**Criterion 40.19** – At the direction of the Public Prosecutor, Greek LEAs, including Hellenic Police, SSFECU/SDOE and Customs, are able to form joint investigative teams to conduct co-operative investigations, and, when necessary, establish bilateral or multilateral arrangements to enable such joint investigations (Law 3663/2008). Although this law relates primarily to EU member states, assistance can be sought from non-member states (Id., Art. 21).

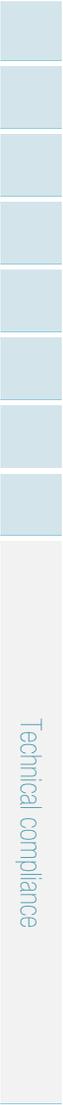
*Exchange of information between non-counterparts*

**Criterion 40.20** – All three Units of the AML/CFT Authority, including HFIU, are empowered to exchange information indirectly with non-counterparts on a domestic and international level (L.4557/2018, Art.49(5) and (6)).

### ***Weighting and Conclusion***

Regarding most supervisory authorities, the regime for sharing information with international counterparts, particularly with other EC Member States, is strong. However there are gaps for some DNFBP supervisors.

**Recommendation 40 is rated LC.**



## Summary of Technical Compliance – Key Deficiencies

| Compliance with FATF Recommendations                      |        |  |
|---|--------|--|
| Recommendations   | Rating | Factor(s) underlying the rating  |
| 1. Assessing risks & applying a risk-based approach       | LC     | <ul style="list-style-type: none"> <li>There is no specific requirement to take enhanced measures in response to higher risks identified in the NRA or EU supranational risk assessment (EUSRA); nor is the NRA or EUSRA listed among the factors indicating higher risk in Law 4557/2018 Annex II.</li> <li>It is not clear whether sectoral rules for DNFBPs also prohibit simplified CDD where there is ML/TF suspicion.</li> </ul>   |
| 2. National cooperation and coordination                  | LC     | <ul style="list-style-type: none"> <li>Greece has not yet adopted its national AML/CFT policies (National AML/CFT Strategy) based on the findings of the NRA.</li> </ul>   |
| 3. Money laundering offences                              | C      |  |
| 4. Confiscation and provisional measures                  | LC     | <ul style="list-style-type: none"> <li>Applications to freeze or seize property can be made <i>ex parte</i> only by the AML Authority and SSEFECU/SDOE.</li> <li>Competent authorities cannot prevent or void actions that may prejudice Greece's ability to freeze, seize or recover assets subject to confiscation.</li> </ul>   |
| 5. Terrorist financing offence                            | LC     | <ul style="list-style-type: none"> <li>Greece does not criminalise financing the travel of individuals who travel to foreign states for the purpose of planning, preparing for or participating in terrorist acts or for providing or receiving terrorist training.</li> <li>Administrative liability for TF is only applicable to legal persons when the offence is committed by natural person in a position of leadership, lower executive or agent of the legal person.</li> </ul>   |
| 6. Targeted financial sanctions related to terrorism & TF | LC     | <ul style="list-style-type: none"> <li>Natural and legal persons, other than the obliged persons, are not informed of domestic designations pursuant to UNSCR 1373.</li> <li>There is no clear process for communication with the natural and legal persons, including the obliged persons, about de-listing decisions of the designated persons pursuant to UNSCR 1373.</li> </ul>  |
| 7. Targeted financial sanctions related to proliferation  | LC     | <ul style="list-style-type: none"> <li>There is no clear process for communication with the natural and legal persons, including the obliged persons, about de-listing decisions of the designated persons.</li> </ul>   |
| 8. Non-profit organisations                               | PC     | <ul style="list-style-type: none"> <li>Greece has not yet fully assessed the TF risks associated with the NPO sector.</li> <li>Greece has not conduct any outreach to raise awareness among NPOs about the potential vulnerability of NPO to TF abuse. No works with NPOs on developing best practices were in place.</li> <li>Greece has not issued a joint ministerial decision which specifies measures and procedures, e.g. licensing, controlling or supervising NPOs, to prevent the abuse of NPOs for TF.</li> <li>Greece does not apply a risk-based approach to its supervision of the NPOs, and the sanctions for non-compliance with the requirements of registration is not proportionate and dissuasive.</li> <li>Effective co-operation and co-ordination among the authorities in relation to the NPO sector is limited to the context of Human Trafficking.</li> <li>There is no specific mechanism to ensure that information on TF suspicion regarding NPOs is promptly share with the competent authorities beyond HFIU.</li> <li>Greece does not have points of contact or procedures specific to requests related to NPOs suspected of TF or other forms of terrorist support.</li> </ul> |
| 9. Financial institution secrecy laws                     | C      |  |
| 10. Customer due diligence                                | C      |  |
| 11. Record keeping  | C      |  |
| 12. Politically exposed persons                           | C      |  |
| 13. Correspondent banking                                 | PC     | <ul style="list-style-type: none"> <li>FIs are only required to apply EDD measures to correspondent banking relationships with respondent institutions outside the EEA.</li> <li>There is no requirement for the CIs to obtain prior approval by senior management before</li> </ul>   |

## Compliance with FATF Recommendations

|   |    |  |
|---|----|--|
|   |    | <ul style="list-style-type: none"> <li>establishing a correspondent relationship with EU-based correspondent institutions.</li> <li>Requirements related to "payable-through accounts" only apply to correspondent institutions domiciled in non-EU-jurisdictions.</li> </ul>  |
| 14. Money or value transfer services                            | C  |  |
| 15. New technologies  | LC | <ul style="list-style-type: none"> <li>FIs are not explicitly required to assess ML/TF risks prior to launch or use of new products, business practice and technologies.</li> </ul>  |
| 16. Wire transfers  | LC | <ul style="list-style-type: none"> <li>Payment service providers are not required to file an STR in any country affected by a suspicious wire transfer in cases where a payment service provider controls both the sending and receiving end of the transfer.</li> </ul>   |
| 17. Reliance on third parties                                   | LC | <ul style="list-style-type: none"> <li>FIs are not required to take country risk into account when considering reliance on a third party.</li> </ul>   |
| 18. Internal controls and foreign branches and subsidiaries     | C  |  |
| 19. Higher-risk countries                                       | LC | <ul style="list-style-type: none"> <li>There is no clear authority for Greece to apply countermeasures proportionate to the risks, other than applying EDD, independently of any call by the FATF to do so.</li> </ul>   |
| 20. Reporting of suspicious transaction                         | C  |  |
| 21. Tipping-off and confidentiality                             | C  |  |
| 22. DNFBS: Customer due diligence                               | LC | <ul style="list-style-type: none"> <li>DNFBPs supervisors, other than those for casinos and certified accountants, have not issued detailed sectoral rules or guidance to fully impose all CDD requirements set out in R.10.</li> <li>All requirements of R.15 have not been fully extended to DNFBSs.</li> <li>Deficiencies identified in R.15 and R.17 also apply to DNFBSs.</li> </ul>  |
| 23. DNFBS: Other measures                                       | LC | <ul style="list-style-type: none"> <li>Deficiencies as identified in R.19 also apply to DNFBSs.</li> </ul>   |
| 24. Transparency and beneficial ownership of legal persons      | LC | <ul style="list-style-type: none"> <li>Greece has not conducted comprehensive risk assessment of ML/TF risks associated with all types of legal persons created in Greece.</li> <li>There is no explicit provision that requires legal persons, except share companies, to inform the authority of any changes in their registered basic information on a timely basis.</li> <li>Legal persons (except share companies) and their administrators, liquidators or other persons involved in the dissolution of the company are not required to maintain relevant information and records after the date of the dissolution.</li> <li>Deficiencies identified in c.27.3 and 29.3 regarding LEA access to information are relevant here.</li> <li>There are no mechanisms in place to prevent misuse of nominee shares or nominee shareholders.</li> <li>There is no formal mechanism to monitor the quality of assistance received from other countries regarding basic and beneficial ownership information.</li> </ul> |
| 25. Transparency and beneficial ownership of legal arrangements | LC | <ul style="list-style-type: none"> <li>Trustees are not required to hold basic information on other regulated agents of and service providers to the trust.</li> <li>There is no explicit provision that ensures the access to the information on assets of the trust.</li> <li>Deficiencies identified in c.27.3 and 29.3 regarding LEA access to information are relevant here.</li> <li>There is no provision that requires the competent authorities to provide international cooperation in relation information on trusts or other legal arrangements to the competent authorities outside of EU member states.</li> <li>It is unclear whether sanctions for failure to comply with requirements or for refusal to grant authorities access to information would be dissuasive.</li> </ul>   |
| 26. Regulation and supervision of financial institutions        | LC | <ul style="list-style-type: none"> <li>There is no explicit provision that requires supervisory authorities to consider the characteristic of the DNFBSs, including diversity and number of DNFBSs and the degree of discretion allowed to them under the risk-based approach.</li> </ul>  |
| 27. Powers of supervisors                                       | C  |  |
| 28. Regulation and supervision of DNFBSs                        | LC | <ul style="list-style-type: none"> <li>There are no detailed conditions and procedure taken to prevent criminals or their associates from holding or controlling interest in a DNFBS.</li> <li>There is no explicit provision that requires supervisory authorities to consider the</li> </ul>   |

| Compliance with FATF Recommendations   |    |  |
|--|----|--|
| characteristic of the DNFBPs, including diversity and number of DNFBPs and the degree of discretion allowed to them under the risk-based approach. |    |  |
| 29. Financial intelligence units   | C  |  |
| 30. Responsibilities of law enforcement and investigative authorities  | C  |  |
| 31. Powers of law enforcement and investigative authorities  | C  |  |
| 32. Cash couriers  | PC | <ul style="list-style-type: none"> <li>Greece does not have a declaration/disclosure system in place for movement of cash and BNIs within the EC or the movement of cash via cargo.</li> <li>Sanction against false declaration or failure to declare is not dissuasive.</li> <li>Customs are not empowered to stop or restrain currency or BNIs when there is a suspicion of ML/TF or a predicate offence if a lawful declaration has been made.</li> </ul>   |
| 33. Statistics   | LC | <ul style="list-style-type: none"> <li>Greece does not keep statistics on property frozen, seized and confiscated, all forms of MLA or on requests for international co-operation made and received by any competent authority other than HFIU or the Hellenic Police.</li> </ul>  |
| 34. Guidance and feedback  | LC | <ul style="list-style-type: none"> <li>Most of the supervisory authorities have not yet issued their decision in line with the latest AML/CFT legal framework (L.4557/2018), and decisions in place are out of date.</li> <li>Not all the DNFBPs are provided with sector-specific guideline or feedback.</li> </ul>   |
| 35. Sanctions  | LC | <ul style="list-style-type: none"> <li>Sanctions against NPOs that fail to comply with the requirements under R.8 are not proportionate and dissuasive.</li> </ul>   |
| 36. International instruments  | LC | <ul style="list-style-type: none"> <li>There are minor gaps in implementation of some articles of the Merida Convention.</li> </ul>  |
| 37. Mutual legal assistance  | LC | <ul style="list-style-type: none"> <li>Greece can only lift bank secrecy when the underlying predicate offence is categorised in Greece as a felony, which creates a gap in the range of MLA that Greece can legally provide.</li> <li>Dual criminality is required even when requests involve non-coercive actions.</li> </ul>  |
| 38. Mutual legal assistance: freezing and confiscation   | C  |  |
| 39. Extradition  | C  |  |
| 40. Other forms of international cooperation   | LC | <ul style="list-style-type: none"> <li>It is not clear whether all DNFBP supervisors negotiate and sign bilateral or multilateral agreements with the widest range of foreign counterparts when needed to co-operate.</li> <li>It is not clear that all competent authorities:                             <ul style="list-style-type: none"> <li>upon request, provide timely feedback on use and usefulness of information received;</li> <li>do not prohibit, or place unreasonable or unduly restrictive conditions on exchange of information or assistance;</li> <li>have controls and safeguards to ensure that information exchanged is used only for the purpose, unless prior authorisation is obtained;</li> <li>are empowered to conduct inquiries on behalf of foreign counterparts, and exchange with their foreign counterparts all information that would be obtainable by them if such inquiries were being carried out domestically.</li> </ul> </li> <li>Ability of Bank of Greece and HCMC to share all forms of relevant information with financial supervisors outside the EU may be limited.</li> </ul> |

## Glossary of Acronyms<sup>34</sup>

|                      |  |
|----------------------|--|
| BAR                  | Bank Account Register  |
| 4 <sup>th</sup> AMLD | Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing                                  |
| 5 <sup>th</sup> AMLD | Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing |
| BC                   | bureau de change   |
| BCC                  | Banking and Credit Matters Committee   |
| BNI                  | Bearer Negotiable Instrument   |
| CADCU-NIU            | Central Anti-Drug Coordinative Unit/National Intelligence Unit   |
| CARIN                | Camden Assets Recovery Interagency Network   |
| CBIC                 | Coordinating Body of Inspection and Control  |
| CDD                  | Customer Due Diligence   |
| CI                   | Credit Institution   |
| CPC                  | Greek Criminal Procedure Code  |
| DIAC                 | Department of International Administrative Cooperation   |
| DIPAAE               | Planning and Evaluation of Audits and Investigations Directorate   |
| DNFBP                | Designated non-financial businesses and professions  |
| EAW                  | European arrest warrant  |
| EBA                  | European Banking Authority   |
| ECP                  | Economic Crimes Prosecutors  |
| EIO                  | European Investigation Order   |
| EJN                  | European Judicial Network  |
| ELENXIS              | Integrated Information System of Auditing Services   |
| ELSTAT               | Hellenic Statistical Authority   |
| ESM                  | European Stability Mechanism   |
| ESMA                 | European Securities and Markets Authority  |
| ETAK                 | Real estate properties database  |
| ETAXIS               | Taxation Information System  |
| EU                   | European Union   |
| EUROJUST             | European Union's Judicial Cooperation Unit   |
| EUSRA                | EU supranational risk assessment   |
| FATF                 | Financial Action Task Force  |
| FI                   | Financial Institution  |
| FPD                  | Financial Police Division  |
| FRONTEX              | Hellenic Coast Guard participates in the regional military Agency  |
| FSU                  | Financial Sanctions Unit   |
| FT                   | Financing of terrorism   |
| GCCP                 | Greek Code of Criminal Procedure   |
| GEMI                 | General Electronic Commercial Registry   |
| REF                  | Gaming Regulators European Forum   |
| GSAC                 | General Secretariat against Corruption   |

<sup>34</sup> Acronyms already defined in the FATF 40 Recommendations are not included into this Glossary.

|             |  |
|-------------|--|
| GSCCP       | General Secretariat for Commerce & Consumer Protection                 |
| GSEP        | General Secretariat of Economic Policy                                 |
| GSIS        | General Secretary for Information Systems                              |
| HAASOB      | Hellenic Accounting and Auditing Standards Oversight Board             |
| HARO        | Hellenic Asset Recovery Office   |
| HCMC        | Hellenic Capital Markets Commission                                    |
| HFIU        | Hellenic Financial Intelligence Unit                                   |
| HGC         | Hellenic Gaming Commission   |
| HPISC       | Hellenic Private Insurance Supervisory Committee                       |
| IAPR        | Independent Authority for Public Revenue                               |
| IPCS        | International Police Co-operation Division                             |
| IRRD        | International Relations and Research Department                        |
| JITs        | Joint Investigative Teams  |
| KEMEA       | Centre for Security Studies  |
| KYC         | Know your customer/client  |
| LEA         | Law enforcement agencies   |
| M.D.        | Ministerial decision   |
| ML          | Money laundering   |
| MLA         | Mutual legal assistance  |
| MMAIP       | Ministry of Maritime Affairs and Insular Policy                        |
| MoF         | Ministry of Finance  |
| MoFA        | Ministry of Foreign Affairs  |
| MoJ         | Ministry of Justice  |
| MOU         | Memoranda of Understanding   |
| MVTS        | Money or Value Transfer Services                                       |
| NPO         | Non-Profit Organisation  |
| NRA         | National Risk Assessment   |
| NSC         | National Strategy Committee  |
| NSR         | National Security Regulation   |
| OCC         | Operational and Co-ordination Centre                                   |
| OCG         | Organised criminal groups  |
| P.D.        | Presidential Decree  |
| PEP         | Politically Exposed Person   |
| PF          | Proliferation Financing  |
| SA          | Société Anonyme  |
| SELEC       | Southeast European Law Enforcement Centre                              |
| SFIU        | Source of Funds Investigation Unit                                     |
| SIRENE      | Supplementary Information Request at the National Entries              |
| SPOC        | Europol Single Point of Contact  |
| SRB         | Self-regulatory Body   |
| SSFECU/SDOE | Special Secretariat of Financial and Economic Crime Unit               |
| STR         | Suspicious Transaction Report  |
| SYKEAAP     | Coordinating Centre of Market Supervision and Addressing Illegal Trade |
| TCSP        | Trust and Company Service Provider                                     |
| TFS         | Targeted Financial Sanctions   |
| TFTP        | Terrorist Financing Tracking Program                                   |
| THB         | Trafficking of Human Beings  |
| TIN         | Tax Identification Number  |
| UNSCR       | United Nation Security Council Resolution                              |
| VIES        | VAT Information Exchange System  |
| YEDDE       | Attica Investigations and Public Revenue Protection Agency             |



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September 2019

## **Anti-money laundering and counter-terrorist financing measures - Greece**

### ***Fourth Round Mutual Evaluation Report***

In this report: a summary of the anti-money laundering (AML) / counter-terrorist financing (CTF) measures in place in Greece as at the time of the on-site visit from 30 October-16 November 2018.

The report analyses the level of effectiveness of Greece's AML/CTF system, the level of compliance with the FATF 40 Recommendations and provides recommendations on how their AML/CFT system could be strengthened.