SUMMARY PROJECT FICHE

1. Basic information

1.1. Désirée number: BG 0103.07
    Twinning code: BG/IB/2001-JH-03
    Title: Combatting money laundering

1.2. Sector: AD

1.3. Location: Sofia-Bulgaria

2. Objectives

2.1. Overall Objective

Enhancement and strengthening of the system for prevention of the use of the financial system for the purpose of money laundering.

2.2. Project purpose

In compliance with the major purposes laid down in the Middle Term Strategy of the BFI the purposes of the current Phare Project are to bring the Bulgarian anti-money laundering legislation in full alignment with the EU legislation, to strengthen the administrative capacity of the Agency Bureau of Financial Intelligence and enhance the capabilities of other institutions involved in the anti-money laundering system. This applies particularly to the challenges posed by the liberalisation of the movement of capital, persons and goods, and the modernisation of the financial transaction infrastructure.

2.3. Accession Partnership and NPAA priorities

Regarding the Accession Partnership the following priorities have to be outlined:

- **Short-term priorities for the area of Justice and Home Affairs:**
  - upgrade law enforcement bodies and the judiciary (staff numbers, recruitment, training and equipment) to continue the fight against organised crime, drug trafficking and corruption, ensure better co-ordination between law enforcement bodies;
  - develop national strategy to combat corruption and strengthen capacity to deal with money laundering; ratify the European convention on laundering of proceeds of crime and the European criminal law convention on corruption, sign the OECD convention on bribery.

- **Medium-term priorities for the area of Justice and Home Affairs:**
  - further intensify international co-ordination and co-operation in the field of transiting, producing and selling drugs as well as money laundering; implement anti-corruption strategy; continue fight against trafficking in women and children.

The NPAA contains the following priorities:

- **Short-term priorities for the area of Justice and Home Affairs:**
  - Adoption of the Law on Amendments to the Law on Measures against Money Laundering;
Adoption of amendments to the Penal Code that shall stipulate the criminalisation in a new way of all kinds of serious criminal activity – organised crime, money laundering, bribery, in full compliance with the requirements of the international law instruments of the Council of Europe, the European Union and the United Nations Organisation;

- Short-term priorities in the field of free movement of capital:
  - restructuring of Directorate “Bureau of Financial Intelligence” within the Ministry of Finance into Agency “Bureau of Financial Intelligence” as an independent administrative body under the Minister of Finance established on the basis of a law in compliance with the requirements of the Law on Administration (State Gazette issue 130/1998, changes - State Gazette issue 8/1999);
  - activating of the participation of BFI in the working groups within Egmont Group and of the co-operation with the financial intelligence units of the countries members of Egmont Group;
  - preparing of a mutual evaluation report on the measures against money laundering in the Republic of Bulgaria within the framework of PC-R-EV with the participation of scientific experts of the countries members of the Financial Action Task Force (FATF);
  - exercising of a preventive and current control at the banks and financial houses regarding the observation of the Currency Law and the acts on its implementation in reference to the goals of the Law on Measures against Money Laundering;
  - carrying out of examinations at the financial houses regarding the implementation of the Law on Measures against Money Laundering as well as organising of training by the specialised services at the financial houses regarding the discerning of suspicious transactions and financial crimes.

- Medium-term priorities in the field of free movement of capital:
  - investment projects for effective implementation of the Law on Measures against Money Laundering;
  - improvement of the organisation of the work in reference to planning and carrying out inspections at the banks and financial houses regarding the implementation of the Law on Measures against Money Laundering as well as carrying out consequent control;
  - creation of a system for better communication between BFI and the Prosecutor’s Office, banks, financial houses, BFI and the National Service for Combating Organised Crime wherever there is a suspicion of money laundering.

3. Description

3.1. Background and Justification

Background

The enforcement of anti money-laundering measures has been identified as one of the priorities for the preparation of Bulgaria for accession to the European Union. To that end the Bulgarian Bureau of Financial Intelligence (BFI) has been established as a key agency for law enforcement in this area. However, the BFI was established only recently, in 1998, and needs to be further strengthened in terms of development of relevant skills, and co-operation networking to enhance prevention, detection and prosecution of money laundering offence. It also requires modern IT equipment, software and know-how to gain alignment and compatibility with western European countries. In 1998, the Bureau of Financial Intelligence at the Ministry of Finance was established with the promulgated Law on Measures against Money Laundering (LMML). It is a national body for receiving, analysing and forwarding to
the competent law enforcement authorities, information from the reporting institutions concerning money laundering. The BFI operates in very close collaboration with the Ministry of Interior, the Ministry of Justice, the Prosecutor’s Office, investigation services, the Banking Supervision Department of the Bulgarian National Bank, Ministry of Finance and other authorities, and performs a very specific co-ordinating. At the beginning of the year 2000 a regional unit was established in Plovdiv. The Bureau of Financial Intelligence does not have the investigative power of the police and investigation authorities. The functions of BFI according to the Law on Measures against Money Laundering (LMML) are to store, examine, analyse and disclose to the respective competent authorities (Prosecutor’s Office and competent authorities abroad) the information reported by persons under article 3, par. 2 and 3 of LMML. The BFI is empowered to collect additional information on cases, opened wherever there is a report on an operation or a transaction that arouses suspicion of money laundering. Under the Law on Amendments and Complements to the Law on Measures against Money Laundering (State Gazette issue 1/2001) BFI has now independent control functions (including checks on the spot) regarding the persons obliged to report under article 3 of the LMML.

The legal framework for implementation of the anti-money laundering measures consists of:

- Law on Measures against Money Laundering (LMML) (State Gazette issue 85 of 24 July 1998, amended State Gazette issue 1 of 2 January 2001);
- Regulations on the Implementation of the LMML (State Gazette issue 119 of 14 October 1998, amended State Gazette issue 14/2000);

The Bulgarian legislation is based on the following international documents:

- The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (Strasbourg Convention);
- The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances;
- The Council Directive of 10 June 1991 on prevention of the use of the financial system for the purposes of money laundering (91/308/EEC);
- The Forty Recommendations of the FATF.

In accordance with the Accession Partnership and NPAA priorities, and also in compliance with the recommendations stated in the Synthesis Document of the 1995 – 1999 Phare Programme Measures Against Money Laundering and the Report of the PC-R-EV Committee (Council of Europe Select Committee of Experts on the Evaluation of Anti-money Laundering Measures) the Middle-term Strategy of BFI (please, see attached) focuses on three main priorities:

- to amend the legislation so that to achieve full compliance with the anti-money laundering acquis and its future amendments (the expected amendments of the Council Directive of 10 June 1991 on prevention of the use of the financial system for the purposes of money laundering, 91/308/EEC);
- to strengthen the administrative capacity of BFI, the institutional co-operation within the anti-money laundering system and the international co-operation in the combat of money laundering;
- to strengthen the IT capacity of BFI so that to achieve works standards of the EU counterparts.
BFI has established contacts with more than 40 financial intelligence units abroad. It has developed, in particular, close ties with the financial intelligence units of EU Member States. The Bureau of Financial Intelligence became member of Egmont Group (the global network of financial intelligence units) in May 1999.

Justification

Since the money laundering phenomenon is present in all spheres of political and economic life, justice and home affairs, and inevitably impacts upon social existence, the fight against it has to comprise the common efforts of all institutions that represent those spheres (banking and insurance supervisory authorities, tax and customs authorities, the Ministry of Interior, the Prosecutor’s Office, representatives of all persons obliged under the Law on Measures against Money Laundering to report to BFI). These efforts must be merged into a harmonious system consisting of two subsystems: for prevention and for enforcement. This means that a stable and comprehensive legal, administrative and operational framework must be created for the co-ordination of joint initiatives and feedback.

The Bureau of Financial Intelligence, as a recently established unit, lacks the experience of its Western European counterparts. The BFI must develop its analytical methodologies, introduce modern analytical tools, prepare a comprehensive human resources development plan and a clear co-operation network development strategy (including the communications with political bodies and mass media). It is therefore of great importance to the BFI to receive from a developed financial intelligence unit of a European Union Member State, the necessary know-how in each of these vital components. Only by acquiring all of these skills and equipment will the BFI (and through it the Bulgarian partner institutions involved in the anti-money laundering system) be able to achieve the higher European standards of expertise.

3.2 Linked activities

The Bureau for Financial participated in a number of activities under the Phare Multi-Beneficiary Drugs Program between the middle of 1998 until the end of 1999. As a result BFI received valuable expertise in the field of anti-money laundering measures and could purchase software for a total value of 5000 €.

Another linked activity was developed under a planned program in 1999, and implemented in 2000; this was the Phare Project “Implementation of Medium-term Strategy and Restructuring”, to the benefit of the Ministry of Finance. The result for the BFI was the formal restructuring, from a General Department of the Ministry of Finance into a Directorate of the Ministry of Finance.

3.3 Results

The project aims to reach the following guaranteed results:

I. Gaps in Bulgarian anti-money laundering legislation eliminated and legislative basis fully harmonised:

- Relevant Bulgarian legislation assessed;

- Proposals to bring it fully in line with the current EU anti-money laundering legislation finalised, in particular:
  - Draft amendments to the legislation aimed at strengthening the prevention of money laundering and defining clear implementation procedures for tracing, freezing, seizing and confiscating the proceeds from crime prepared, as well as
creating prerequisites for successful prosecutions against money launderers indeed;

➢ Regulations for interaction between the BFI and other competent authorities, defining the rules for co-ordination and exchange of information (to include quick feedback of outcomes).

II. Strengthened the administrative capacity of the BFI, as a unit for collecting, processing, analysing and disclosing of information about suspicions of money laundering, and strengthened institutional co-operation in relation to prevention of money laundering and prosecuting money launderers:

• Regarding the human resources of the BFI, following results will be obtained:
  ➢ A comprehensive plan for human resources development to include job definition, recruitment, remuneration package, training and specialisation beyond standard skills;
  ➢ A methodology for tactical and strategic analysis and evaluation of results.

• Regarding the co-ordination with the other Bulgarian competent authorities and co-operation with the persons obliged under the LMML to report to the BFI, following results will be obtained:
  ➢ A unified set of obligatory criteria prepared for recognition of suspicious operations and transactions related to money laundering, diversified for the different groups of persons obliged under the LMML to report to the BFI;
  ➢ Strict procedures or methodology of reporting, elaborated in co-operation with the persons obliged under LMML, to ensure textual uniformity of information for submission to the BFI data base;
  ➢ A user’s guide designed as a basis for improving the required under the LMML internal rules for the obliged persons to enforce compliance with the anti-money laundering measures;
  ➢ A strategy elaborated for developing a co-operation network for prevention. This prevention oriented network or platform will encompass all interested partners from the financial community, trade and industry and responsible authorities;
  ➢ A development strategy designed to strengthen the co-operation network for enforcement. The network for enforcement will encompass all the enforcement authorities and the strategy will create a clear matrix of actions within established procedures for tracing, freezing, seizing and confiscating the proceeds of crime. This is aimed at convictions for money laundering;
  ➢ Public relations and mass media communication strategy designed to enhance prevention;
  ➢ Training provided for financial intelligence analysts and inspectors (especially in view of the defined under the amended LMML control functions and power to make checks on the spot at the reporting institutions), judges and prosecutors dealing with money laundering cases and investigators of money laundering. This will be the first round of training courses that will be further developed with a follow-up project under Phare 2003 for strengthening the institutional co-operation in relation to prevention of money laundering and prosecuting money launderers.

• Regarding the international co-operation, following results will be obtained:
  ➢ A strategy designed to develop fully integrated co-operation with foreign Financial Intelligence Units. This means that agreed steps, procedures and means should be defined for preparing and signing Memorandums of Understanding, for shortening the time for responding to information requests for intelligence purposes, for standardising the forms of inquiry (information requests for
intelligence purposes) and answers to inquiries, for solving the financial problem of the participation in international anti-money laundering initiatives and especially in the Egmont Group initiatives, and other actions that could contribute to achieving the working standards of our developed foreign counterparts. The BFI has established contacts with more than 40 foreign FIUs, but only with a few of them the contacts are on a developed regular basis, that is to say with a few of them a Memorandum of Understanding is signed and high speed of information exchange is achieved:

- System for management of information upgraded to the standard of financial intelligence units in the developed countries, and especially in the EU Member States, so that to achieve higher precision and accuracy in the international information exchanges.

III. A finalised technical feasibility study and an elaborated investment project

- IT needs assessment in preparation of an investment project in order to provide BFI with modern equipment, including analytical tools, to be funded by Phare in 2003.

- Detailed specifications provided for the different types of analytical tools;

- Information Security Policy prepared for BFI;

- Availability of compatibility of the present database management system with the analytical software tools that shall be purchased. This means that it will be clearly defined, with the help of a foreign computer specialist, which of the analytical software tools existing on the market is compatible with the present database management system and, if necessary, improvements will be made in the present database management system in order to achieve such compatibility.

- Specifications and expertise provided about different international databases as Experian, Equifax, International Chamber of Commerce, Dun & Bradstreet, Lexis-Nexis and others, and electronic catalogues such as BIC Directory provided by S.W.I.F.T., and a prepared proposal for subscription.

3.4 Activities

For achieving these results the project will concentrate on the following activities to be deployed in the context of a twinning project:

I. Harmonisation of Bulgarian anti-money laundering legislation with EU legislation:

- Assessment of the Bulgarian money laundering legislation and other relevant legislation on the basis of legal consultations with EU legal experts. This should be done on the basis of a presentation to all partner institutions concerning best legal practices in the European Union and FATF member states, in relation to prevention of money laundering and to procedures for tracing, freezing, seizing and confiscating the proceeds of crime. This initiative will be realised in the form of a seminar, with the participation of EU experts as lecturers, and by a study of FATF reports;

- Preparing a comprehensive set of measures for enhancing the legal capacity for prosecuting money laundering offences and for implementing procedures for tracing, freezing, seizing and confiscating the proceeds of crime, regardless of the place of their origin. The active involvement of representatives of all other competent authorities involved in the combat of money laundering (the Prosecutor’s Office, the
Bulgarian National Bank, the authorities of the Ministry of Interior, Tax and Customs authorities, and others) will be required

- The design of specific guidelines for establishing and enhancing inter-agency co-operation between all relevant authorities involved in the fight against money laundering. (the Prosecutor’s Office, the Bulgarian National Bank, the authorities of the Ministry of Interior, Tax and Customs authorities, and others)

II. Provision by EU experts of training and standards of expertise:

- In the field of human resources development:
  - Elaboration and implementation of a comprehensive plan for human resources development: definition of function profiles, recruitment, remuneration package, training and specialisation beyond standard skills;
  - Development of methodology for tactical and strategic analysis and the evaluation of performance.

- In the field of interaction with the other competent authorities and co-operation with representatives of the persons obliged under the LMML to report to the BFI – the following activities will be realised through working meetings with representatives of the other competent authorities (the Prosecutor’s Office, the Bulgarian National Bank, the authorities of the Ministry of Interior, Tax and Customs authorities, and others):
  - Preparation of a unified set of obligatory criteria for recognition of suspicious operations and transactions related to money laundering, diversified for the different groups of persons obliged under the LMML to report to the BFI;
  - Preparation of strict procedures or methodology of reporting, designed in co-operation with the persons obliged under LMML;
  - Elaboration of a User’s Guide for improving the required under the LMML internal rules for the obliged persons to enforce compliance with the anti-money laundering measures;
  - Elaboration of a development strategy to create a co-operation network for prevention. This prevention oriented network or platform will encompass all the interested partners from the financial community, trade and industry and responsible authorities;
  - Elaboration of a development strategy for strengthening the co-operation network for enforcement. The network for enforcement will encompass all the enforcement authorities, and the strategy will create a clear vision of the order of actions within the implementation procedures for tracing, freezing, seizing and confiscating the proceeds of crime. This is aimed at convicting money launderers;
  - Elaboration of a public relations and mass media communication strategy to enhance prevention.
  - Provision of training courses for financial intelligence analysts and inspectors (especially in view of the defined under the amended LMML control functions and power to make checks on the spot at the reporting institutions), judges and prosecutors dealing with money laundering cases and investigators of money laundering. This will be the first round of training courses that will be further developed and provided with a follow-up project under Phare 2003. At this initial stage training will be provided for 38-40 people (indicatively: 20 officials of BFI, 4 representatives of the Ministry of Interior, 2 representatives of the Ministry of Justice, 4 representatives of the Prosecutor’s Office, 4 representatives of the National Investigation Service, 2 representatives of the Customs and 2 representatives of the Tax Authorities). Experts who represent the above-mentioned spheres in EU member-states will give training on the base of their experience, show typical money laundering schemes and typologies, demonstrate real cases successfully closed with sentences for money launderers. It would be
extremely useful, especially in view of the control functions of BFI under the amended LMML, if the experts explain their practical procedures of checking on the spot at the reporting institutions and tracing the proceeds from crime.

- In the field of international co-operation:
  - Elaboration of a strategy for developing direct and permanent links for co-operation with foreign Financial Intelligence Units. This means that exact steps, procedures and means should be defined for preparing and signing Memorandums of Understanding, for shortening the time for responding to information request for intelligence purposes, for standardising the forms of inquiry (information requests for intelligence purposes) and answers to inquiries, for solving the budgeting problems associated with participation in international anti-money laundering initiatives (especially in Egmont Group initiatives), and other actions that will contribute to achieving the working standards of our developed foreign counterparts;
  - Upgraded organisation system for management of information, to the standard of the financial intelligence units in the developed countries, and particularly in the EU Member States, with the aim of achieving higher precision and accuracy in international information exchange.

III. Enhancement of the IT capacity of the BFI, through a feasibility study and consultations with EU IT experts, with the aim of preparing an investment project and practical proposals:

- Prepare an IT needs assessment in preparation of an investment project in order to provide BFI with modern equipment, including analytical tools, to be funded by Phare in 2003.

- Develop detailed specifications provided for the different types of analytical tools;

- Design an Information Security Policy prepared for BFI;

- Auditing and assessment of the compatibility of the designed internal database management system with the future specialised analytical tools, and preparation of a report relating thereto;

- Provision of specifications and expertise about different international databases as Experian, Equifax, International Chamber of Commerce, Dun & Bradstreet, Lexis-Nexis and others, and electronic catalogues such as BIC Directory provided by the S.W.I.F.T., and a prepared proposal for subscription.

All the above activities will be implemented in the context of a **twinning project with a duration of 18 months**. The ideal twinning team will have the following profile:

- **PAA** will be resident in Bulgaria for at least 12 months. PAA is expected to be an expert in the financial intelligence field, an official of a FIU in a EU member-state, with a thorough knowledge of EU anti-money laundering legislation, the money laundering typologies, methods of discerning and countering money laundering, and all the specific problems in the work of a financial intelligence unit. The appointed person will be fluent in both written and spoken English;

- The Project Leader (EU-representative) will be responsible for the overall management and implementation of the Project, he (she) must be with fluent English;
• The Bulgarian Project Leader will have the authority to administer and implement the project according to the conditions of the Twinning Covenant, he (she) must be with fluent English;

• Short and medium term experts responsible for the implementation of designated specialised activities will support the project. It is preferable if they speak fluently English. The ideal team will have the following profile:

1. Five short-term (for 20 days each) legal experts that will provide legal consultations on the still existing gaps in the Bulgarian anti-money laundering legislation and on the unfulfilled requirements of the EU ant-money laundering legislation. They will be invited as lecturers in an anti-money laundering seminar. One of them will be representative of the twinning partner country and the rest – of four other EU member-states. They must be with deep knowledge of the anti-money laundering EU and Bulgarian legislation

2. Three middle-term experts (for 40 days each) that will give assistance in the preparation of a comprehensive set of prevention measures for enhancing the legal capacity for prosecuting the money laundering offence and for implementing of procedures for tracing, freezing, seizing and confiscating the proceeds from crime regardless of the place of their origin. They must be with deep knowledge of anti-money laundering EU and Bulgarian legislation, the methods of discerning and counteracting money laundering, the EU practices in tracing, freezing, seizing and confiscating the proceeds from crime, and prosecuting money launderers. They must be aware of the advantages and the weak points of the respective EU legislation and practices and to be able to analyse it in comparison with the Bulgarian situation. In the ideal situation the three of them will be legal experts, one of them will have professional experience as an official of a financial intelligence unit, the second expert – either of the Prosecutors’ Office or the Ministry of Justice of the EU member-state, the third expert – of the police or investigation authorities.

3. Two middle term (for 40 days each) experts will help in developing the concrete guidelines for enhancing the inter-agency co-operation between all relevant authorities involved in the combat of money laundering. One of them will have professional experience as an official of a financial intelligence unit, the second expert – either of the respective law enforcement authorities or of the supervision authorities for the reporting institutions.

4. One short-term expert (for 20 days) that will help in the elaboration and implementation of a comprehensive plan for human resources development. He (she) must have experience in the human resources management at a financial intelligence unit.

5. Three short-term experts (for 20 days each) with professional experience at a financial intelligence unit in the field of tactical and strategic analysis.

6. Two short-term experts (for 20 days each) with professional experience at reporting institutions or supervision authorities for the reporting institutions. It is preferable if one of them has experience at the National Bank of the EU member-state. These two experts will assist in the elaboration of strategy for developing the co-operation network for prevention.

7. Two short-term experts (for 20 days each) that will assist in the elaboration of strategy for strengthening the co-operation network for enforcement. They must
be representatives of the law enforcement authorities, experienced in the investigation and prosecution of money laundering.

8. One short-term expert (for 20 days) competent in the public relations and mass media communications of a financial intelligence unit.

9. Two short-term IT experts (for 20 days each) with deep knowledge of software tools for tactical and strategic analysis, as well as of the different international databases and electronic catalogues.

10. One middle term IT expert (for 40 days) with experience in data bases management systems.

11. One middle term IT expert (for 60 days) with deep knowledge of specialised analytical tools and related equipment, and also of the IT- market, with experience in elaborating investment projects in IT-sector.

- Five middle-term experts (for 40 days each) for providing training. Two of them must have experience as financial intelligence officers (respectively one of them - with profile of analyst, and the other inspector or with knowledge of methods for making checks), the rest three must have experience respectively as a judge and a prosecutor dealing with money laundering cases and investigator of money laundering.

4. Institutional framework

Major beneficiary institution for this project will be Bureau of Financial Intelligence. According to the amendments to the Law on Measures against Money Laundering (State Gazette, issue 1 of 02.01.2001), the BFI received the status of an agency accountable to the Minister of Finance. According to the Organic Regulations of the Agency Bureau of Financial Intelligence (State Gazette issue 16 of 20 February 2001) there are three Directorates within the structure of the agency – Administrative and Financial Support Directorate, Co-ordination and Control Directorate, Information and Analysis Directorate. According to the internal regulations of BFI (please, see the attached scheme of the structure of the Agency “BFI”) Directorate “Information and Analysis” consists of: Department “Information systems” (the IT sector) and Department “Analysis”. Directorate “Co-ordination and Control” consists of two Departments: Department “International Co-ordination and Projects Management” and Department “Surveillance and Law Co-ordination”. The “International Co-ordination and Projects Management” Department (the previous International Cupertino Group within the Co-ordination and Control Department at Directorate “Bureau of Financial Intelligence”) performs all the tasks related to international Cupertino, management of projects (including projects under the PHARE Program) and training programs and it consists of two divisions: Division “International Cupertino” and Division “Projects Management and Training Programs”. It is foreseen that 6 people shall work at the Department “International Co-ordination and Projects Management”.

The Ministry of Interior, the Ministry of Justice, the Prosecutor’s Office, the National Investigation Service, the Customs and Tax Authorities will be also beneficiary institutions under the current project.

Beneficiaries will be also the reporting institutions (under article 3 of LMML) and the respective supervision authorities in terms of providing them instructions and experts’ assistance in relation to the implementation of the anti-money laundering measures.
This twinning project will function as an institution-building plan for the BFI as well as a plan for strengthening the inter-institutional co-operation.

5. **Budget, EUR**

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<tr>
<th>Contract (mln Euro)</th>
<th>Investment support</th>
<th>Institutional strengthening</th>
<th>Total Phare</th>
<th>National Co-financing</th>
<th>TOTAL</th>
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<tr>
<td>Twinning</td>
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6. **Implementation Arrangements**

6.1. **Implementing agency**

Implementing agency will be the Central Financing and Contracting Unit (CFCU), PAO - Mr. Plamen Oresharsky, Deputy Minister of Finance, Ministry of Finance; 102, Rakovsky st. Sofia 1040, Bulgaria ; phone +359 2 9859 2772, 359 2 9859 2777 fax +359 2 9859 277, in close collaboration with the beneficiary the Bureau of Financial Intelligence in the Ministry of Finance.

A special Steering Committee will be. The work of the Steering Committee will be conducted under the direction of the Head of the Co-ordination and Control Directorate of the Bureau of Financial Intelligence. At the Steering Committee there will be representatives of The Ministry of Interior, the Ministry of Justice, the Prosecutor’s Office, the National Investigation Service, the Customs and Tax Authorities, and the supervision authorities for the reporting institutions (under article 3 of LMML). The participation of all the representatives will be arranged on the basis of a Memorandum of Understanding between the institutions.

6.2. **Twinning**

This Project will be implemented through a twinning arrangement with the Financial Intelligence Unit (FIU) of one or more EU member states. FIUs that are interested in cooperating with the BFI within a twinning project may contact Mr. Nikolay Ivanov, Director of BFI, or Ms. Liliya Gelemerova, responsible for international contacts of BFI, at the following contact points:

Agency “Bureau of Financial Intelligence”
4 Slavyanska Str.
1040 Sofia, Bulgaria
tel: (+359 2) 9859 2801, fax: (+359 2) 981 78 73
e-mail: BFI@minfin.government.bg

On the part of BFI the Department “International Co-ordination and Projects Management” will be engaged in the activities connected with the project.

In all twinning projects, success in delivering a guaranteed result will depend on the coherence of a number of successive inputs, the continuity of those inputs, and steady progress. Every twinning project will therefore include a Member State Project Leader, who continues to work in his/her Member State administration but who devotes some of his/her time to conceiving, supervising and coordinating the overall thrust of the project. S/he will
always be complemented by at least one full-time expert, known as a Pre-Accession Advisor (PAA), from a Member State to work on a day-to-day basis with the beneficiary in the candidate country and accompany the implementation of the twinning project.

In the event that no suitable twinning proposal is forthcoming this project will instead be implemented through conventional Technical Assistance.

6.3. Non-standard aspects N/A

6.4. Contracts

For the realisation of the current Project one contract is envisaged: a Twinning covenant.

7. Implementation Schedule

- Twinning selection – September 2001
- Signature of the Twinning Covenant – January 2002
- Commencement of the activities – April 2002

8. Equal opportunities

Equal opportunities are assured.

9. Environment N/A
10. Rates of return N/A
11. Investment criteria N/A
12. Conditionality and sequencing

- Projects implemented through twinning require the full commitment and participation of the senior management of the beneficiary institution. In addition to providing the twinning partner with adequate staff and other resources (including translation and interpretation) to operate effectively, the senior management must be whole-heartedly involved in the development an implementation of the policies and institutional change required to deliver the projects’ results.
- Prior to the start of the project implementation a Steering Committee will be established with representatives of the institutions involved. The establishment and the work of the Committee will be arranged on the basis of a Memorandum of Understanding.
- Within the provisions of the multi-annual programming the elaborated investment project based upon the feasibility study under the current Phare Project is foreseen to be programmes under Phare 2003. There will be a follow-up project under Phare 2003 for further providing of training as well.
- The Bulgarian authorities will present the draft amendments, elaborated under the current project and aimed at bringing the legislation in line with the relevant acquis and best EU legal practices, to the Bulgarian parliament.
### Annex 1: Phare log frame

**LOGFRAME PLANNING MATRIX FOR**

- **Project**
  - Supporting the Middle-Term Strategy of the Bureau of Financial Intelligence

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
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| Enhancement and strengthening of the system for prevention of the use of the financial system for the purpose of money laundering. | • Achieved level of harmonisation of the legislation aimed at prevention of money laundering.  
• Progress of the pre-accession negotiations with EU concerning Chapters 4 and 24.  
• The balance between the DNP and the circulation of money.  
• The establishment of a network for co-operation and public relations. | • EC reviews and reports  
• OECD reports  
• IMF reports  
• World Bank’s reports  
• Reports from the Bulgarian National Bank  
• Reports from the National Statistical Institute  
• Reports from the Customs  
• Reports from the competent institutions in the prevention system |

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<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
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In compliance with the major purposes laid down in the Middle Term Strategy of the BFI the purposes of the current Phare Project are:
- to bring the Bulgarian anti-money laundering legislation in full compliance with the EU legislation
- and to strengthen the administrative and IT capacity of the Agency Bureau of Financial Intelligence, and to enhance the capabilities of the other institutions involved in the anti-money laundering system.

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>I. Elimination of the gaps in the anti-money laundering legislation and harmonised legislative basis:</td>
<td>Evaluation of the anti-money laundering legislation and the implementation of LMML according to the EU criteria and FATF criteria</td>
<td>EC reports Evaluation reports within Council of Europe PC-R-EV Committee</td>
<td>Long-term guarantees for high administrative capacity of the BFI. Collaboration with the other competent authorities and partners. Motivation to comply with the system of disclosure and reporting by the involved institutions and staff.</td>
</tr>
<tr>
<td>• Relevant legislation assessed</td>
<td>• Adequate organisational structure of BFI. Presence of adequate administrative and legislation framework for implementation of the anti-money laundering measures.</td>
<td>• Long-term guarantees for high administrative capacity of the BFI. Collaboration with the other competent authorities and partners. Motivation to comply with the system of disclosure and reporting by the involved institutions and staff.</td>
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<tr>
<td>• Full compliance with the EU anti-money laundering legislation and the future amendments of the Council Directive of 10 June 1991 (91/308/EEC);</td>
<td>• Number of suspended transactions, volume of the suspected money, initiated judicial proceedings and court verdicts.</td>
<td></td>
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<tr>
<td>• Draft amendments to the legislation;</td>
<td>• Number of signed MOUs with foreign FIUs.</td>
<td></td>
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<tr>
<td>• Regulations for interaction between the BFI and other competent authorities.</td>
<td>• Number of received standardised reports on suspicious operations and transactions.</td>
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</tr>
<tr>
<td>II. Strengthened administrative capacity of the BFI as a unit for collecting, processing, analysing and transferring of information about suspicions of money laundering:</td>
<td>• Correspondence of the legislation with Council Directive 91/308/EEC of 10 June 1991 and its future amendments</td>
<td>Evaluation reports within Council of Europe PC-R-EV Committee</td>
<td>Political will for legislative improvements Availability of specialised units and/or experts from the side of obliged persons under LMML.</td>
</tr>
<tr>
<td>• Regarding the human resources of the BFI:</td>
<td>• Presence of appropriately trained staff.</td>
<td>• Evaluation reports within Council of Europe PC-R-EV Committee</td>
<td>Political will for legislative improvements Availability of specialised units and/or experts from the side of obliged persons under LMML.</td>
</tr>
<tr>
<td>- A comprehensive plan for human resources development;</td>
<td>• Number of suspended transactions, volume of the suspected money, initiated judicial proceedings and court verdicts.</td>
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<tr>
<td>- A methodology for tactical and strategic analysis.</td>
<td>• Number of signed MOUs with foreign FIUs.</td>
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<tr>
<td>• Regarding the co-ordination with the other Bulgarian competent</td>
<td>• Number of received standardised reports on suspicious operations and transactions.</td>
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</table>
authorities and co-operation with the persons obliged under the LMML to report to the BFI:
- A unified set of obligatory criteria for recognition of the suspicious operations and transactions;
- Strict procedures or methodology of reporting;
- A user’s guide for improving the required under the LMML internal rules;
- Strategy for developing a co-operation network for prevention;
- Development strategy for strengthening the co-operation network for enforcement;
- Public relations and mass media communication strategy to enhance prevention.
- Training provided for financial intelligence analysts and inspectors, judges and prosecutors dealing with money laundering cases and investigators of money laundering.

- Regarding the international co-operation:
  - A strategy for developing the regular basis of the co-operation with foreign FIUs;
  - Upgraded system for management of information.

III. A finalised technical feasibility study and an elaborated investment project

- Detailed specifications provided for the different types of analytical tools;
- Information Security Policy of BFI prepared;
- Availability of compatibility of the present database management system with the analytical software tools that shall be purchased;
- An investment project for purchasing and customisation of the necessary analytical tools and if necessary related equipment, as well as for provision of training and know-how for their usage;
- Specifications and expertise provided about different international databases.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
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<tbody>
<tr>
<td>I. Harmonisation of the Bulgarian anti-money laundering legislation with EU legislation:</td>
<td>Twinning Covenant</td>
<td>• Strict monitoring over the implementation of the project;</td>
</tr>
<tr>
<td>• Assessment of legislation via legal consultations, in the form of a seminar, provided by EU legal experts;</td>
<td></td>
<td>• The capacity for the assimilation and incorporation of the acquired</td>
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<tr>
<td>• Preparing, through a series of meetings with all institutions involved, of a comprehensive set of prevention measures;</td>
<td></td>
<td>information.</td>
</tr>
<tr>
<td>• Development of guidelines for establishing and enhancing inter-agency co-operation.</td>
<td></td>
<td>Institute through the “Unified Information System for Counteraction against Crime”.</td>
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<td></td>
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<td>• Reports from network partners and in the media.</td>
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</table>
### II. Provision by EU experts of training and standards of expertise:
- **In the field of human resources development:**
  - Elaboration and implementation of a comprehensive plan for human resources development;
  - Development of methodology for tactical and strategic.
- **In the field of interaction with the other competent authorities and cooperation with representatives of the persons obliged under the LMML to report to the BFI:**
  - Preparation of unified set of obligatory criteria for recognition of the suspicious operations and transactions related to money laundering;
  - Preparation of procedures or methodology of reporting;
  - Elaboration of a user’s guide as a basis for improving the required under the LMML internal rules;
  - Elaboration of a strategy for developing a co-operation network for prevention;
  - Elaboration of a development strategy for strengthening the co-operation network for enforcement;
  - Elaboration of a public relations and mass media communication strategy to enhance prevention.
  - Provision of training courses for financial intelligence analysts and inspectors, judges and prosecutors dealing with money laundering cases, and investigators of money laundering.
- **In the field of international co-operation:**
  - Elaboration of a strategy for developing the regular basis of the co-operation with foreign Financial Intelligence Units;
  - Upgraded organisation system for management of information.

### III. Enhancement of the IT capacity of the BFI through feasibility study and consultations with EU IT experts, with the aim of preparing an investment project and practical proposals:
- Prepare an IT needs assessment in preparation of an investment project in order to provide BFI with modern equipment, including analytical tools, to be funded by Phare in 2003.
- Develop detailed specifications provided for the different types of analytical tools;
- Design an Information Security Policy prepared for BFI;
- Auditing and assessment of the compatibility of the designed internal database management system with the future specialised analytical tools, and
- Quality of the provided know-how and expertise
- Preparation of a report relating thereto;
- Provision of specifications and expertise about different international databases as Experian, Equifax, International Chamber of Commerce, Dun & Bradstreet, Lexis-Nexis and others, and electronic catalogues such as BIC Directory provided by the S.W.I.F.T., and a prepared proposal for subscription.

<table>
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<td>None</td>
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### Annex 2 to Project Fiche

**DETAILED IMPLEMENTATION CHART**

| CONTRACTS       | 2001 |     |     |     |     |     |     |     |     | 2002 |     |     |     |     |     |     |     |     | 2003 |     |     |     |     |     |     |     |     |     |     |     |
|-----------------|------|----|----|----|----|----|----|----|----|------|----|----|----|----|----|----|----|----|------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Twinning Covenant: |     |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Activity I: Harmonisation of the Bulgarian anti-money laundering legislation with the EU legislation. |     |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Activity II: Provision of training and know-how. |     |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Activity III: Enhancement of the IT capability of the BFI. |     |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |     |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

**Legend:**

- Tendering and contracting
- Implementation and disbursement
Annex 3 to Project Fiche

*CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE, MEUR*

<table>
<thead>
<tr>
<th>CONTRACTS</th>
<th>2001</th>
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<td>Disbursement</td>
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<td>0.308</td>
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Chapter one
GENERAL PROVISIONS

Art. 1
(1) This Law shall determine the measures against money laundering, as well as the organization of and control over the implementation.
(2) The objective of the law is to prevent money laundering and to detect actions of natural and legal persons aimed at laundering money acquired through or in connection with a crime.

Art. 2
(1) Money laundering is the preparation, carrying out and acceptance of the results of actions through which money or other property, as well as anything derived therefrom, becomes the possession of a given person through or in connection with a crime and is introduced into the economic turnover, whereas the result of its use is reported freely and is taxed.
(2) Money laundering also exists in case of:
   1. The transformation or transfer of property acquired through or in connection with a crime;
   2. Assistance to a person who has participated in the commitment of an initial crime, in order to avoid the legal consequences of his act;
   3. Concealment or disguising of the real nature, the source, the location, the disposition, the movement or the rights related to property acquired through or in connection with a crime;
   4. Acquisition, possession or use of property, with the knowledge at the time of receiving, that it has been acquired through, or in connection with a crime.
(3) Money laundering shall also occur in cases where the initial crime is committed abroad and does not fall within the penal jurisdiction of the Republic of Bulgaria.

Art. 3
(1) The measures for preventing and detecting actions relating to money laundering are: identification of persons, collection, keeping and disclosure of information about operations and transactions.
(2) The measures under paragraph (1) shall be mandatory for:
   1. banks and non-banking financial institutions;
   2. insurers;
   3. investment companies and investment intermediaries;
   4. the bodies in the privatization process and privatization funds;
   5. persons organizing the award of Government and municipal contracts;
   6. persons organizing and conducting games of chance;
   7. legal persons to which mutual assistance funds are established;
   8. persons who grant cash loans in return for pledging corporeal assets;
   9. post offices, which accept or receive money or other valuables;
  10. notaries;
  11. exchanges and exchange brokers;
  12. leasing companies;
  13. concessionaires;
  14. political parties;
  15. trade unions and professional organizations;
  16. non-profit organizations;
  17. auditors;
  18. tax authorities;
  19. chartered accountants.
(3) The measures under paragraph (1) are mandatory for the persons under paragraph (2) even if they have been adjudged insolvent or if they are in process of liquidation.
(4) The measures under paragraph (1) shall also apply to registered abroad branches of persons under paragraphs (2) and (3).
Chapter two
IDENTIFICATION OF CUSTOMERS, COLLECTION, SAFE-KEEPING AND DISCLOSURE OF
INFORMATION

Division I
Identification of clients

Art. 4
(1) The persons under art. 3, paragraphs (2) and (3), must identify their customers when carrying out operations and entering into transactions which involve sums exceeding 30 million Levs.
(2) Paragraph (1) shall also apply to cases where more than one operation or transaction is carried out, each of them not exceeding 30 million Levs, but there are data that such operations or transactions are linked.
(3) The persons under art.3, paragraphs (2) and (3) must identify their customers also outside the cases under paragraphs (2) and (3), wherever there is a suspicion of money laundering.

Art. 5
Where an operation or transaction is carried out through a representative or on behalf of a third party without authorization, the persons under art. 3, paragraphs (2) and (3), must require evidence of the power of attorney, to identify the person represented and the depositor.

Art. 6
(1) Identification of customers shall be done as follows:
1. In the case of legal persons - by furnishing an official excerpt from the respective register, and where such person is not subject to registration - by furnishing a certified transcript of the document of incorporation and registration of the name, residence, address and the representative.
2. In the case of natural persons - by furnishing an official identity document and registration of its type, number and issuer, as well as the name, address, unified civil number and for natural persons having the capacity of sole traders – also by furnishing the documents under item 1.
(2) Persons bound by law to have tax registration shall present a copy of their tax registration.
(4) The persons under art.3, paragraph (2), items 1,2,3,4,5,9,11,13 and 18 shall set up specialized services for customers identification which shall:
1. collect, process, keep and disclose information about the concrete operations or transactions;
2. gather evidence as to the ownership of the property subject to transfer;
3. request information about the origin of the money or valuables which form the subject of such operations or transactions;
4. collect information about their customers and maintain accurate and detailed documents for their operations involving money or valuables;
5. wherever there is suspicion of money laundering, provide the collected information to the Bureau of Financial Intelligence in accordance with art.11.
(5) Where it is not possible to set up a specialized unit, the persons under art.3, paragraph 2, items 1,2,3,4,5,9,11,13 and 18 shall carry out duties personally.
(6) All the persons under art.3, paragraphs 2 and 3 carry out their duties under art.6, paragraph 3, item 5.

Division II
Gathering of information

Art. 7
(1) Wherever suspicion of money laundering arises, the persons under art. 3, paragraphs (2) and (3), must collect information about the essential elements and the dimensions of the operation or the transaction, the relevant documents and the other identifying particulars.
(2) The data collected may be used for the purposes of this law only.

Division III
Keeping of information

Art. 8
In the cases under art. 4-7 the persons under art. 3, paragraphs (2) and (3), must keep for a period of 5 years the data about the customers and the documents for the transactions and operations carried out With respect
to the customers, the time-limit shall run after the relationship is ended, and with respect to the transactions and the operations – as from the date of execution.

Art. 9
The data and documents under art.8 shall be forwarded to the competent authorities, at their request, in compliance with the applicable procedure and in the original or, where it is not possible, as certified copies.

Division IV
Disclosure of information

Art. 10
(1) The information received from persons under art.3, paragraphs (2) and (3), shall be kept, examined, processed and disclosed by the Bureau of Financial Intelligence with the Ministry of Finance.
(2) The structure and organization of the activities of the Bureau of Financial Intelligence shall be determined by an Ordinance issued by the Minister of Finance.
(3) Representatives of the Bulgarian National Bank, the Ministry of Interior, the Ministry of Justice and European Legal Integration, and the bodies of the Judiciary may be invited as experts with the Bureau of Financial Intelligence.
(4) The interaction between the Ministry of Finance and the Ministry of Interior shall be governed by an instruction of both Ministers.

Art. 11
(1) Wherever money laundering is found out or there is suspicion thereof, the persons under art. 3, paragraphs (2) and (3), must forthwith notify the Bureau of Financial Intelligence prior to carrying out the operation or transaction.
(2) In case where the person under art. 3, paragraphs (2) and (3), deems that delaying of the operation or transaction is impossible or that could impede the detection of money laundering, this person shall notify the Bureau of Financial Intelligence forthwith after the operation or transaction is carried out.

Art. 12
In cases under art.11, paragraph (1), the Minister of Finance, on a proposal from the Bureau of Financial Intelligence, may suspend a certain operation or transaction for a period of up to three days by an order in writing. If no measures under the Code of Criminal Procedure have been undertaken until the expiration of that time limit, the person under art. 3, paragraphs (2) and (3), may proceed with the operation or transaction.

Art. 13
Wherever money laundering is found out or there is suspicion thereof, the persons under art. 3, paragraphs (2) and (3), must forward to the Bureau of Financial Intelligence any additional information requested with respect to the operation or transaction.

Art. 14
The persons under art.3, paragraphs (2) and (3) are not allowed to notify their customer or any third party of the disclosure of information in the case under art.11 and 13.

Art. 15
The disclosure of information in the case under art.11, 13 and 18 shall not involve liability for breach of other laws.

Chapter Three
INTERNAL ORGANISATION AND CONTROL

Art. 16
(1) The persons under art. 3, paragraphs (2) and (3), shall adopt within 4 months as from the coming into force of this law or as from their registration, internal rules to control and for preventing money laundering which rules shall be approved by the Minister of Finance.
(2) The internal rules under paragraph (1) shall lay down clear criteria in view of discerning suspicious operations or transactions and customers, the procedure for training of the employees and the use of technical means to prevent and detect money laundering.

Art. 17
The control over the implementation of this law shall be exercised by the Minister of Finance.

Art. 18
Where the persons under art. 3, paragraphs (2) and (3) find out data about money laundering, they shall forthwith notify the Bureau of Financial Intelligence.

Art. 19
Where a person under art. 3, paragraphs (2) and (3), fails to carry out his duties under this law, the Minister of Finance may:
1. oblige such person to undertake specific measures necessary to remove the offences;
2. revoke the license issued, where the Minister has issued the license himself, or require such revocation from the authority which has issued the license to pursue the corresponding activities.

Art. 20
The acts under art. 19, item 2, may be appealed in accordance with the Law on the Supreme Administrative Court.

Art. 25
Where in the course of inspection the body under Art. 21 ascertains facts or circumstances which could constitute information about money laundering, it shall notify the service under Art. 13.

Chapter Four
INTERNATIONAL COOPERATION

Art. 21
The Ministry of Finance via the bodies of the Judiciary and of the Ministry of Justice and European Legal Integration, shall apprise the authorities concerned abroad of the data received about the initial crimes and about any crimes related thereto in respect of money laundering, to which the Bulgarian Criminal Code does not apply.

Art. 22
The Ministry of Finance shall exchange information about cases of money laundering with the competent international bodies.

Chapter Five
ADMINISTRATIVE AND PENAL PROVISIONS

Art. 23
(1) Any person who commits or admits the commission of an offence under art. 4, 5,6,7,8,9 and 13, shall be punished by a fine of 500,000 to 10,000,000 Levs, where the act does not constitute a crime.
(2) Any person who commits or admits the commission of an offence under art.11,14 and 18, shall be punished by a fine of 5,000,000 to 20,000,000 Levs, where the act does not constitute a crime.
(3) Any person who commits an offence under art.16, shall be punished by a fine of 200,000 to 2,000,000 Levs, where the act does not constitute a crime.
(4) Where the offence under paragraphs (1), (2) and (3) is committed by a legal person, the latter shall be liable to a sanction of 2,000,000 to 50,000,000 Levs.

Art. 24
(1) The acts establishing the offence shall be drawn up by the supervisory bodies of the Ministry of Finance and the penalty warrants shall be issued by the Minister of Finance.
The drawing up of acts and the issuing, the appeal and the execution of the penalty warrants shall be
carried out pursuant to the procedure specified in the Law on Administrative Offences and Penalties.

**ADDITIONAL PROVISION**

§ 1. Within the meaning of this Law:
1. “Property acquired through a crime” within the meaning of art.1 and 2 is the property derived from the
   perpetration of crime.
2. “Property acquired in connection with a crime” within the meaning of art.1 and 2 is the property received
   for the purpose of perpetration, or because of the perpetration of a crime.
3. “Initial crime” means every crime the proceeds of which form the subject of money laundering.

**TEMPORARY AND CONCLUDING PROVISIONS**

§ 2. This law repeals the Law on Measures against Money Laundering of 1996 (State Gazette, issue 48 of
1996).
§ 3. The persons under art. 3, paragraphs (2) and (3), must submit to the Bureau of Financial Intelligence
within 3 months as from the coming of this Law into force, any available information for money laundering.

§ 4. The persons under art. 3, paragraph (2), items 1,2,3,4,5,9,11,13 and 18 must bring their
organization and activities in compliance with the requirements of this Law and to submit their internal rules under art.16 to
the Minister of Finance, within 5 months as from the coming of this Law into force.

§ 5. In art.10 from the Law on Administrative Offences and Penalties (promulgated in State Gazette, issue 92
issue 11,15 and 59 of 1998) after the words “persons who conceal” a comma is inserted and the words “as
well as persons who admit the commission thereof” are added.

§ 6. The enforcement of this Law is entrusted to the Council of Ministers and the Council of Ministers adopts
a Regulation on Implementation of the Law within 2 months as from the coming of the Law into force.
This Law was passed by the 38th National Assembly on 9 July 1998 and the State Seal of the National
Assembly was affixed thereto.
The programme purpose of the middle term Strategy 2005 of the Agency “Bureau of Financial Intelligence” (BFI) is to strengthen the system for identification of customers and reporting of suspicious operations and transactions by the banks, non-banking financial institutions and the other persons obliged under the Law on Measures against Money Laundering (LMML) to report with a view to the prevention and restriction of the use of the financial system for the purposes of money laundering.

The achievement of this purpose is connected primarily with the implementation of the new controlling competence of the Agency “Bureau of Financial Intelligence” (Law on the Amendments and Complements to the LMML, State Gazette, Issue 1 of 2001).

Basic Amendments to the LMML (State Gazette, Issue 1 of 2001), defining the middle term tasks in connection with the implementation of the measures against money laundering in the Republic of Bulgaria

- Broadening the rights and the operational independence of the BFI through its restructuring into an Agency “BFI” as a separate legal person to the Minister of Finance;
- Broadening the circle of the persons obliged to identify their customers and to report suspicious operations and transactions to the Agency “BFI” through the including in it of the Bulgarian National Bank, the Customs Administration, the Central Depositary, the sports organizations, the pension funds, the persons dealing in automobiles by profession, etc.
- Defining of lower threshold (DM 10,000) for the identification of the customers in the cases of exchange of currency in cash;
- Precise regulation of the non-judicial access of the Agency “BFI” to information that is banking, official and commercial secrecy, especially in the cases where there are requests for information by the foreign FIUs;
- Entrusting to the Agency “BFI” of independent controlling functions, including control on the spot over the obliged persons;
- More precise regulation of the interaction between the Agency “BFI” and the law enforcement bodies, including the introduction of the requirement for the Court to give a statement within 24 hours after the entering of the Prosecutor’s request for imposing of a distraint or foreclosure;
- Legal regulation of the submission to the Agency “BFI” by the Bulgarian National Bank of statistical information with a view to the development of statistical analysis and full control over the currency transactions;
- Introduction of special legal provisions for the protection of the information that is banking, official or commercial secrecy.

with a view to the implementation of the amendments to the LMML (State Gazette, Issue 1 of 2001)

- Development and adoption by the Council of Ministers of a Rules of Structure of the Agency “BFI” – already adopted (State Gazette, Issue 1 of 2001);
• Development and adoption of new Instruction for the Interaction between the Agency “BFI” and the Ministry of Interior;
• Development and affirmation by the Minister of Finance of ordinances regulating the operational interaction between the Agency “BFI” and the administrative structures to the Minister of Finance.
• Development of new internal rules and criteria for the recognition of suspicious operations, transactions and customers by the persons, obliged under the law to identify their customers and report to the Agency “BFI”.

Priorities for the activity until 2005

1. Legislation

(Deadline: the end of 2002 – the beginning of 2003);
Continuation of the preparation and the signing up of Memoranda of Understanding and exchange of information with the Financial Intelligence Units of the EU member states and other countries with prior importance to the Republic of Bulgaria like France, Italy, the Netherlands, Denmark, Sweden, Norway, The United States of America, Canada, Panama, Cyprus, etc.
(Deadline: 2001 – 2002);

2. Administrative and Operational Capacity

Until 2005 the Agency “BFI” will orientate its efforts in the following directions:
• Continuous updating of the internal rules of the persons obliged under the LMML as well as the criteria for the recognition of suspicious operations and transactions as a first-rate prerequisite for the exercising of effective control;
• Development of the system for preventive control through current checks on the spot over the banks, non-banking financial institutions and the other persons obliged under the LMML separately or together with the respective supervisory bodies; comprising of the branch network through the checks;
• Strengthening of the control under the LMML through the enhancement of the interaction with the Prosecutor’s Office when carrying out checks along the line of the general supervision;
• Development of the consequent control and the sanctionary function;
• Improvement of the infrastructure and equipment.

3. Broadening of the Informational and Technological Capacity

• Current improvement of the information massive and registers of the Agency “BFI” by funds of the state budget and the support of definite countries;
• Purchase, with the help of the Programme Phare of the of the EU, of hardware and software products, corresponding to the standards for similar activities in the EU member states, which shall raise the effectiveness in the analytical and controlling work of the agency;
(Deadline: by the end of the year 2003).