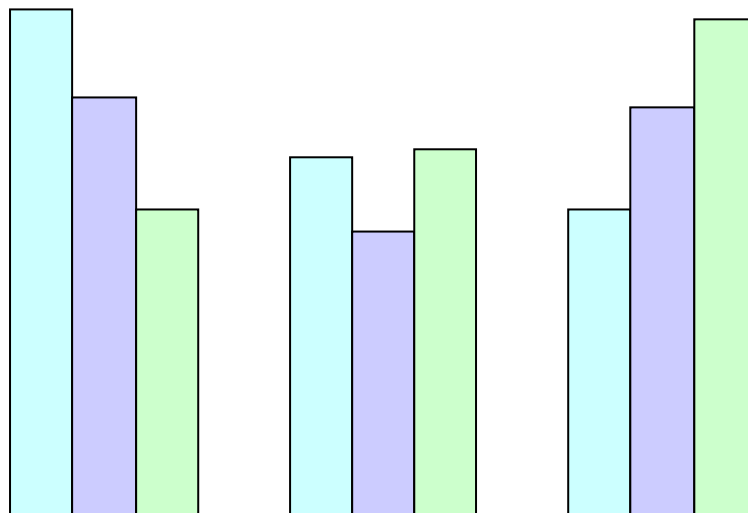


**THE PUBLIC PROSECUTOR  
FOR SERIOUS ECONOMIC CRIME**

**THE MONEY LAUNDERING  
SECRETARIAT**

**ANNUAL REPORT 2006**



## **FOREWORD**

In line with previous practice, the Money Laundering Secretariat has prepared an annual report for 2006, which is available to the public. The report is only available electronically. As previously, an English version of the report is also available to accommodate our many international collaboration partners and the reporting institutions and individuals in Denmark who have English as their working language.

Both the Danish and the English version of the annual report are posted at [www.rigsadvokaten.dk](http://www.rigsadvokaten.dk) and [www.politi.dk](http://www.politi.dk).

2006 has been an exceptional year for the Money Laundering Secretariat. This is first and foremost due to the substantial increase in the number of reports in relation to previous years, but also because Denmark's efforts in the fields of money laundering and the financing of terrorism in 2006 were evaluated by FATF and IMF.

The first part of the annual report presents a brief, general description of the Money Laundering Secretariat and the various types of reporting. Furthermore there are examples of indicators etc. aimed to serve as inspiration to the institutions and individuals subject to the duty of reporting. The next section describes the specific work carried out in 2006 followed by a section presenting activities in relevant international fora in 2006. At the end is a section on expectations for 2007.

The Money Laundering Secretariat would like to thank all the reporting institutions for their efforts and excellent cooperation in the past year. In particular, the Secretariat wants to thank the banks for the considerable resources they also devoted in 2006.

Jens Madsen /

Tomas Frydenberg

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## 1. THE MONEY LAUNDERING SECRETARIAT

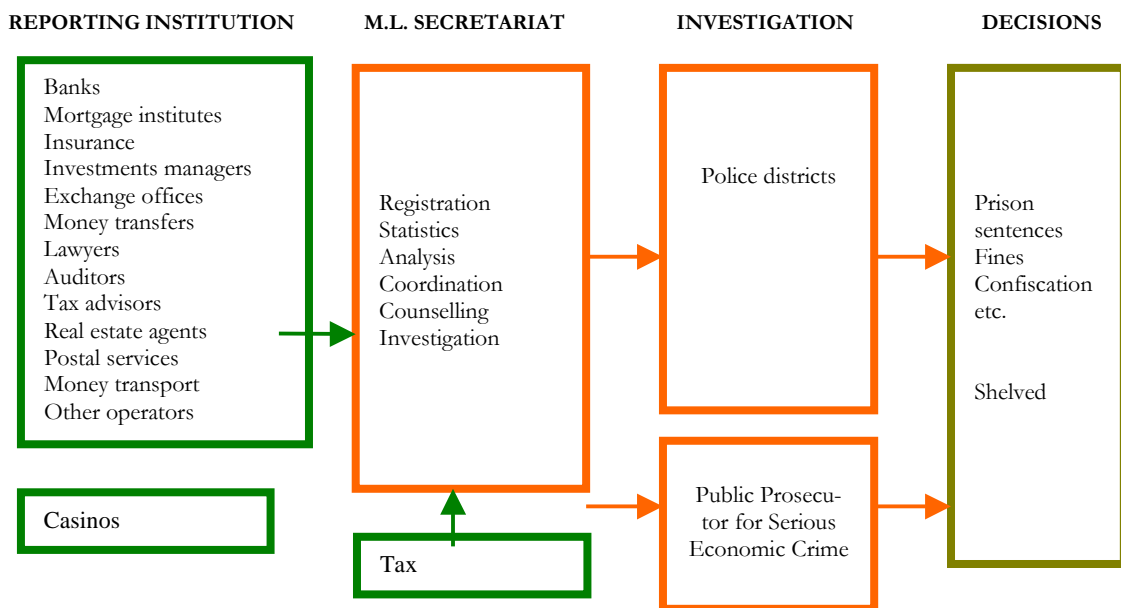
### 1.1. Activities of the Money Laundering Secretariat

Denmark implemented the EU Money Laundering Directive in 1993 and set up the Money Laundering Secretariat the same year as a unit under the Public Prosecutor for Serious Economic Crime. The Secretariat is the Danish Financial Intelligence Unit (FIU).

The Money Laundering Secretariat receives reports of suspected laundering of proceeds of crime or financing of terrorism from the institutions and individuals subject to the Danish Act on Measures to Prevent Money Laundering and the Danish Casino Act and from public authorities, the Central Tax Administration in particular.

The responsibilities of the Money Laundering Secretariat include collecting, registering, transferring, coordinating and processing information regarding the laundering of proceeds of crime and, in collaboration with the Danish Security Intelligence Service, the financing of terrorism. The necessary staff resources are adjusted as required.

When receiving reports of suspicious transaction reports, the Secretariat generally passes on the information to the police district that will conduct the investigation, along with other relevant data from registers kept by the police, the Commerce and Companies Agency and other public authorities. The Secretariat provides extensive assistance to the police districts by obtaining additional information via Interpol or the FIUs of other countries. The police districts are obliged to return information to the Money Laundering Secretariat about the outcome of their investigations into the reported transactions, thus enabling the Secretariat to update its information for the purpose of compiling statistics, analysis, case descriptions, etc.



Reporting of suspicious transactions is not considered as the reporting of an offence to the police, but rather as general information about possible crime. The decision whether to proceed with specific investigations is therefore taken in the relevant police districts. Occasionally, reported information can be integrated directly into investigations already in progress.

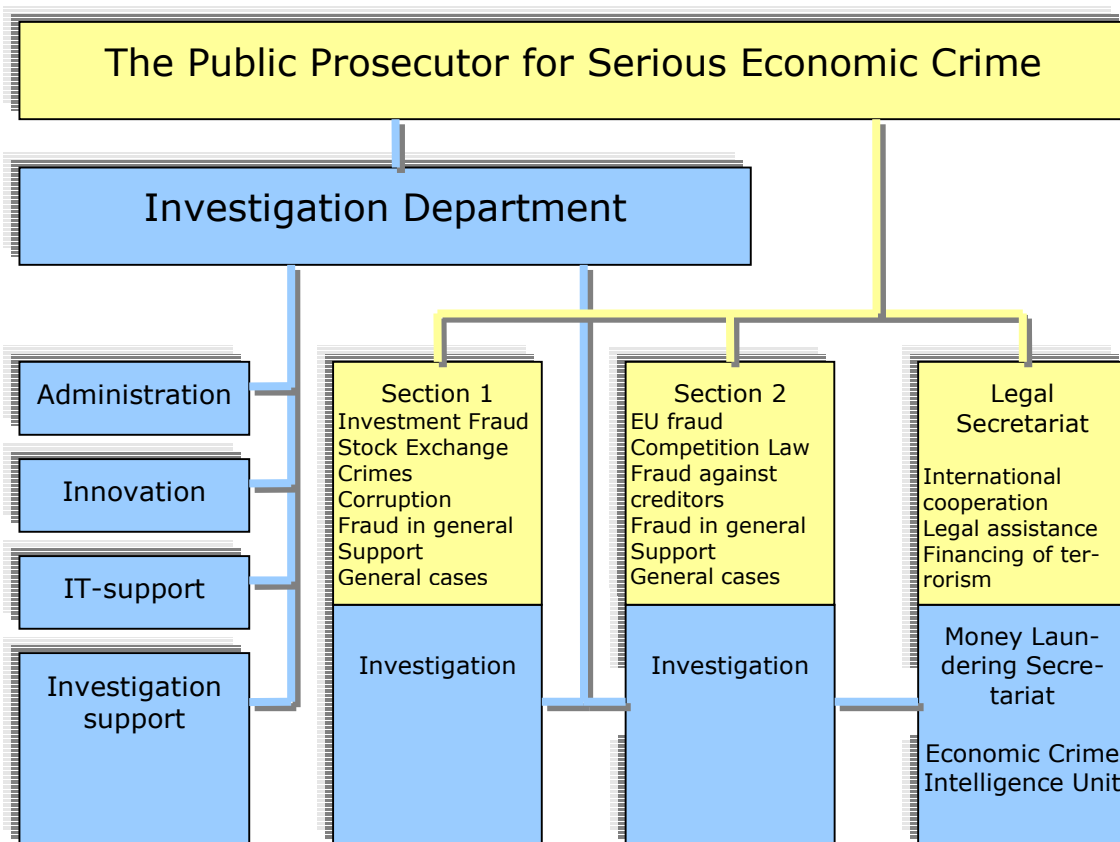
However, suspicious transaction reports in ‘transit cases’ are always handled by the Money Laundering Secretariat, as they have no personal or corporate links to Denmark. In addition, the Money Laundering Secretariat handles reporting from lawyers. The Public Prosecutor’s Investigation Section handles reports of transactions apparently related to the type of case that falls within the sphere of the Public Prosecutor for Serious Economic Crime.

Reports on the suspected financing of terrorism are handled by the Money Laundering Secretariat in cooperation with the Danish Security Intelligence Service.

### **1.2. The Public Prosecutor for Serious Economic Crime, organisation etc.**

The Office of the Public Prosecutor for Serious Economic Crime was established in 1973 to investigate and prosecute economic crime that is particularly extensive in scale, part of organised crime, uses characteristic business methods or otherwise qualifies for special attention. The Public Prosecutor’s Office covers the country as a whole.

The Public Prosecutor’s organisation comprises two investigating sections, an administrative section, an investigation support section (providing police support to investigations of extensive economic crime conducted in the police districts) and two small staff sections (IT-support and innovation/operation). In addition there are two legal sections and a Legal Secretariat. The Money Laundering Secretariat and the Economic Crime Intelligence Unit are affiliated with the Legal Secretariat.



At the end of 2006, the Public Prosecutor’s staff consisted of 24 prosecutors, 54 investigators and 12 administrative officers. Four prosecutors, seven investigators and one administrative officer are permanently affiliated with the Money Laundering Secretariat. The general staff assist the Money Laundering Secretariat with case work,

analyses and interrogation support as required.

### **1.3. National cooperation**

Close cooperation at national level to combat money laundering and financing of terrorism is crucial to ensure that Denmark achieves effective results and generally satisfies current international requirements in these areas.

The Ministry of Justice appointed a Money Laundering Steering Group in 1993, comprising representatives from the Association of Chiefs of Police, the Copenhagen Commissioner, the National Commissioner and the Public Prosecutor for Serious Economic Crime. The Steering Group meets twice a year to consider issues of general importance for the activity of the Money Laundering Secretariat and its interaction with police districts and other bodies. In 2007 the composition of the Steering Group will be changed with a view to adapting to the new structure of the police and prosecution service.

In addition, the Public Prosecutor has set up a contact scheme with the police districts, also covering money laundering issues. The scheme ensures that the Public Prosecutor can always discuss questions etc. with the same person in the police districts, and that this person has a particular, specialised knowledge of money laundering.

To ensure that the Money Laundering Secretariat has the best possible overview of the extent of money laundering in Denmark and that the Secretariat meets its national and international commitments in terms of providing statistical information, etc. about money laundering, the Danish Ministry of Justice issued a circular letter on 7 March 2005 to the police districts concerning the submission of information relating to the investigation of money laundering cases to the Money Laundering Secretariat.

The Money Laundering Secretariat also maintains close, ongoing collaboration with other public authorities and is a frequent participant in meetings with the Financial Supervisory Authority, which is the competent authority under the Money Laundering Act that supervises the majority of the institutions that are subject to the duty to report information. Furthermore, the Secretariat cooperates with the Commerce and Companies Agency, the authority responsible for registering company information and registering and supervising money remittance operations and foreign exchange offices. In addition, the Commerce and Companies Agency supervises accountants, real estate agents and service providers to undertakings to ensure that they observe their duties under the Money Laundering Act. Another key partner is the Central Tax Administration, which holds extensive financial data about persons and business enterprises and oversees the special duty under the Customs Act to alert the customs authorities to inflows and outflows of cash, etc.

On matters relating to the financing of terrorism, the Money Laundering Secretariat collaborates with the Danish Security Intelligence Service, the Ministry of Foreign Affairs and the National Agency for Enterprise and Construction, the authority administering the EU regulations on the freezing of terror funds.

In the private sector, the Money Laundering Secretariat is a member of the Money Laundering Group of the Danish Bankers' Association. The Financial Supervisory Authority also attends meetings of this group, so does the Agency for Enterprise and Construction when financing of terrorism issues are on the agenda. The group meets twice every year. In addition, the Secretariat is in continuous contact with the Danish

Bar and Law Society, which may receive reports from lawyers under the Money Laundering Act.

The Secretariat operates a special telephone service for all parties covered by the Money Laundering Act, who can call the service to discuss matters of dispute without providing information about the specific case that has given rise to the questions.

#### **Handling of money laundering reports**

When dealing with reports of money laundering, the banks and their staff must be taken into consideration to the greatest possible extent

One practical approach would be that the customer about whom a report has been made is not informed of this prior to any charge being made. Such an approach would of course not preclude any interrogation about the transactions described in the report conducted without reference to the money laundering reporting if deemed necessary for the investigation (i.e. so that the person interviewed may indirectly become aware that a report of money laundering has been submitted).

If a charge is made in the case, the money laundering report will be part of the case documents and thus subject to the rules concerning the access of the defence counsel and the defendant to such documents.

The Money Laundering Secretariat cooperates particularly closely with the Danish Security Intelligence Service on the handling of information concerning suspected financing of terrorism. Overall cooperation takes place in a steering group, which considers investigated cases and general matters. This group is also the national contact point for cooperation with Europol on combating the financing of terrorism. To the extent that specific investigations are required, the steering group appoints a project group, composed of representatives of the Money Laundering Secretariat and the Danish Security Intelligence Service, to conduct investigations based on guidelines determined by the steering group. The project group reports its results to the steering group at agreed intervals.

The steering group considers general issues such as the best way to inform various population groups of the rules applying to money remittance operations and the financing of terrorism. For example, the Danish Security Intelligence Service and the Public Prosecutor for Serious Economic Crime have worked with a number of special interest organisations to publish a leaflet in several languages entitled 'Your donation can be misused'. It describes the Criminal Code provisions on the financing of terrorism and explains what citizens can do to make sure they do not donate contributions to non-profit organisations that are in reality used to finance terrorism. The leaflet can be found at [www.pet.dk](http://www.pet.dk). In 2006 a similar leaflet for persons responsible for foreign exchange transactions and cash transfers was finalised. It lists a number of signals that the persons in question should pay attention to in connection with donations for charitable causes, and it sets out the requirements applying to currency exchange offices and cash remittance businesses, for example that they must be registered with the Commerce and Companies Agency.

A part of the national collaboration effort to combat the financing of terrorism is the focus on international lists issued by the UN and the EU as well as public and classified lists from the USA and other countries concerning terror organisations, etc. All states are obliged to ensure that flows of funds from their territory are not channelled

into financing terrorism. In Denmark, this obligation is administered concretely by stipulating that funds detected in the financial system must be frozen if they belong to individuals or organisations figuring on the EU regulation lists (which do not include EU organisations or individuals). Such freezing measures are administered by the National Agency for Enterprise and Construction. In all other cases, funds are seized under the general rules of the Administration of Justice Act. The Money Laundering Secretariat, the Danish Security Intelligence Service and the Agency for Enterprise and Construction coordinate all activities related to the lists.

The Money Laundering Secretariat distributes all terror lists to the financial sector (provided that they are in the public domain or the issuing country has sanctioned distribution) to promote reporting to the Secretariat, in case any customers' names match those on the lists. When information about suspected financing of terrorism is reported, the Secretariat determines if any funds have to be seized – which can be done instantly by telephone contact to the bank – and considers the investigative steps required.

The Public Prosecutor for Serious Economic Crime has handled a few cases in which funds were seized. With the exception of one case – which is still pending – the suspicion of financing terrorism was disproved through closer investigation.

In addition, in one case the Public Prosecutor for Serious Economic Crime made an agreement with an association under which bank deposits could not be moved. The funds in question were later released for the owners' free disposal, as the investigations disproved the suspected financing of terrorism.

In the case still pending two people and an association were charged on 21 December 2005 with financing of terrorism and contribution to the financing of terrorism under sections 114a and 114b of the Criminal Code. The trial started in Copenhagen City Court on 4 May 2006.

Some of the reports are still being investigated, primarily to obtain better identity information.

Some of the risk areas that have attracted special attention in the international collaboration to prevent the financing of terrorism are money transmissions outside the regular banking system and cash couriers, etc. These areas were therefore subjected to special regulation in the Danish anti-terror law package in 2002.

All types of funds transfer activity were regulated in the Money Laundering Act, and a duty to register with the Public Prosecutor for Serious Economic Crime was introduced for all activities not overseen by the Financial Supervisory Authority. The Act has since been amended to transfer registration and supervision to the Commerce and Companies Agency. The Money Laundering Secretariat works with the Commerce and Companies Agency to identify money transmitters who are not yet aware of the rules and therefore have not registered.

A disclosure obligation was incorporated into the Customs Act in 2002, requiring notification to the Central Tax Administration whenever cash sums etc. of a value exceeding EUR 15,000 are taken into or out of Denmark. The Central Tax Administration was also authorised to control compliance with this requirement and to withhold undisclosed funds if they are suspected to be related to crime. The Money Laundering Secretariat cooperates with the Central Tax Administration and is informed continuously of funds withheld. It received 136 reports of such funds in 2006 (of which a total amount of approx. DKK 20.3 million had been seized).

## **2. REPORTING IN GENERAL**

### **2.1. Reporting institutions and individuals**

A large number of undertakings are now subject to the duty of reporting information under the Money Laundering Act or the Casino Act. It particularly applies to undertakings dealing with financial services, lawyers, auditors, tax advisors, real estate agents and casinos. The Money Laundering Act is found in Annex 1, whilst the Casino Act can be found at [www.retsinfo.dk](http://www.retsinfo.dk).

A change is that the previous provision on the scope of the act for retailers and auctioneers for cash payments of at least EUR 15,000 has been repealed. This provision has now been replaced by a ban against cash transactions for the same group. According to section 2 of the Money Laundering Act, these undertakings may not receive cash payments of DKK 100,000 or more.

Similarly, a further change is that “providers of services to undertakings” are covered. This concept, which includes corporate establishments and service providers in the form of office hotels etc., is defined in more detail in section 3, no. 5, of the Money Laundering Act.

While many of the undertakings that are covered by the Act are easy to identify and the majority are members of interest groups, there is a less transparent group for other activities. This includes the stated providers of services to undertakings and for exchange undertakings, where for example travel agencies', hotels' and ferries' exchange undertakings are covered.

The same applies for money transfer undertakings, which do not only encompass the usual known money transfer systems such as Western Union and MoneyGram, but also other types of money transfers. In connection with the financing of terrorism, there has been great focus on the alternative money transfer systems (Alternative Remittance Systems or ARS) in international fora. It is not the existence of such systems in itself that is the background for the focus on this area, but a certain fear of the opportunities for abuse due to the lack of knowledge about these alternative money transfer systems and thus the lack of the possibility for their supervision.

#### **Alternative Remittance Systems (ARS)**

ARS is also called “underground banking” or “parallel banking”.

ARS can have special names like Hundi, Hawala, Fei-Chien, Al Baracat and Chitti.

ARS are covered by the Money Laundering Act, as are persons who on a certain scale assist others in transferring money to other countries through the use of their own bank account (a so-called collection account).

The core of all operations is a system whereby people pay money to a person in their country of residence informing that person of the recipient in another country. Using his contact network, the intermediary then ensures that the funds reach the intended recipient.

The remittance may be carried out fully or partly through banks, by cash couriers, by exchanging claims, etc.

The Money Laundering Act and the Casino Act apply to private undertakings, but the Money Laundering Secretariat also receives report from public authorities, the Central Tax Administration in particular. Since 1993 the tax and customs sector has circulated information on reporting suspected money laundering.

## **2.2. Content and timing of reported information**

It is a characteristic feature of forwarded information that the reporting institution or individual has become suspicious that the intention behind a transaction is money laundering or terror financing. If this suspicion cannot be disproved, it must be reported. Thus, the suspicion of the reporting institution or individual is not normally corroborated or related to a specific type of crime. The Money Laundering Act does not contain any requirements concerning the form of the reporting. It is however obvious that reporting must include as many details as possible so as to enable the Money Laundering Secretariat to investigate the matter. This means that undertakings and individuals involved must be identified. Likewise, the actual suspicion must be described, which normally means that relevant transactions and possibly information about accounts must be stated.

A standard form that can be used by the reporting institution or individual is attached in Annex 2, if such a form has not been prepared by these parties or their interest group. There is no requirement to use a form for reporting.

Previously, the reporting obligation applied in the event of suspicion of the proceeds of crime. This has now been changed to suspicion of a crime – whether described in the Criminal Code or specific legislation – which is punishable by imprisonment of more than one year.

In practice this means reacting to the fact that something in a customer relationship is atypical.

### **Extract from the preparatory work for the Money Laundering Act:**

“In the same way as today, where the reporting duty covers a suspicion that the laundering of proceeds of crime, it is not envisioned that the party covered by the Act will have to undertake a more detailed criminal evaluation. Undertakings and persons covered by the Act shall, on the other hand, check if there are circumstances that are atypical with regard to the normal customer relationship, including if the transaction concerns amounts or methods of payment that in this particular connection appear atypical. It may also be that there is nothing immediately atypical, but that the reporting institution or individual is in possession of other information that specifically gives cause for suspicion. On the basis of a total evaluation through the reporting institution or individual's knowledge of their field, the party in question must decide whether there is a suspicion that should be reported.

Situations may arise in which it will be difficult for the particular employee to assess whether a transaction involves money laundering. The intention is not, however, to make the particular employee assess the type of underlying crime involved. Such an assessment will require legal expertise and, in addition, fall significantly outside the tasks and functions performed by the staff of financial institutions.

In the concrete situation, the suspicion and possible reporting of a transaction should be based on assessments of the character of the transactions and their deviation from normal customer transactions, concealment and other peculiar, atypical conditions of the customer, which may as a whole suggest a potential attempt to disguise the origin of the funds, which may be assumed to be of a criminal nature.”

In relation to the financing of terrorism, the reporting duty takes effect when it is suspected (for example due to name matches with a terror list) that such financing is the purpose, regardless of whether the funds in question are believed to originate from lawful or unlawful activity.

As regards the duty to report suspected money laundering, it follows from section 7(3) of the Money Laundering Act that the transaction must be suspended until the Public Prosecutor for Serious Economic Crime has been informed, in case the suspicion cannot be disproved. However, this does not apply if it seems impossible to refrain from carrying through the transaction or where it is believed that such suspension may obstruct the investigation. In such cases, the matter must be reported immediately after completion of the transaction. In practice the majority of reports are sent following the transaction.

This possibility of completing a suspicious transaction does not exist if the transaction is suspected to be related to the financing of terrorism. In that case, section 7(4) of the Money Laundering Act prescribes that a transaction from the account or person in question may only be carried out subject to the consent of the Public Prosecutor for Serious Economic Crime. The Money Laundering Secretariat can therefore be contacted around the clock.

Reports to the Money Laundering Secretariat are forwarded directly in most cases. However, legal professionals may decide to report through the Danish Bar and Law Society. Casinos forward reports via special controllers. The reporting is made to the local police or to the Money Laundering Secretariat. If the reporting is made to the local police, the police must inform the Money Laundering Secretariat.

### 3. MONEY LAUNDERING AND EXAMPLES OF INDICATORS AND CASES

In the Money Laundering Act money laundering shall mean:

- 1) unlawfully to accept or acquire for oneself or others a share in profits which are obtained by a punishable violation of the law,
- 2) unlawfully to conceal, keep, transport, assist in disposal or in a similar manner subsequently serve to ensure, for the benefit of another person, the profits of a punishable violation of the law, or
- 3) attempting or participating in such actions.

The Act also encompasses the perpetrator of the crime from which the proceeds derive.

Money laundering is covered in criminal law by section 290 of the Danish Criminal Code on the acquisition of proceeds obtained by punishable violation of the law. The criminal law regulations do not extend to the person committing the crime from which the proceeds derive.

A characteristic feature of many types of money laundering, regardless of the underlying type of crime, is that their purpose is to alter the identity of the proceeds so that, at some point in time, they may gain the appearance of lawful funds or assets. This type of money laundering can be divided into three stages:

- I. **Placement:** The physical placement of the proceeds in the financial system.
- II. **Concealment:** Separation of the proceeds from their origin through complex financial transactions to hide the audit trail and achieve anonymity. The process may involve the purchase and sale of securities, real estate or goods.
- III. **Integration:** Return to the perpetrator's assets in a form in which the proceeds have been converted into funds that appear to be lawful.

The following examples illustrate the process:

Placement	Concealment	Integration
Cash is deposited in a bank (possibly mixed with funds generated through lawful activities).	International electronic transfers (often using shell companies with no true activities, or the funds are masked as proceeds of lawful dealings)	Repatriation as payment for (fictitious) loans or payment of (fictitious) invoices.
Cash is taken out of the country.	Cash is deposited in a bank in another country.	A complex network of national and international transfers that makes it almost impossible to trace the original source of the funds.
Cash is used to buy high-value goods, real estate or assets for business activities.	Sale of the purchased goods/assets.	Income from real estate or legal activities that appears to be lawful.

Cash moved to another country or exchanged into foreign currency is an example of the first stage of money laundering. A complex process of concealment is thus not necessary for a transaction to be considered money laundering.

There are countless ways of laundering money. A few examples are listed below:

Proceeds can be used to buy foreign currency, which is transferred to offshore banks worldwide.	Money are deposited abroad and used to pay for overpriced goods.
A number of nominees/middlemen are used for complex financial transactions.	Cars, boats and real estate are purchased in cash in the names of nominees and subsequently borrowed/leased.
Money is smuggled out of the country by courier and subsequently returned as fictitious loans.	Proceeds are transported by courier and as transfers of small sums and collected in a foreign account.

To assist the reporting institution or individual, indicators can be derived from cases, analyses etc. Such indicators provide information about different situations where there is reason to be extra alert. Most indicators concern circumstances that can also exist in situations that are completely lawful. The purpose of the indicators is thus not to identify money laundering transactions, but to pinpoint situations where there is reason to be extra alert.

Based on cases and analyses etc. in Denmark and in other countries, the Money Laundering Secretariat has prepared a catalogue of indicators. This catalogue is included in this annual report as Annex 3.

#### **4. FINANCING OF TERRORISM AND INDICATORS**

Terrorists need money to operate. The financing of terrorists thus directly or indirectly enables terrorism. Terrorist organisations need to secure available funds to cover everything they need to carry out terror activities. To succeed, larger terrorist organisations have to build and maintain an efficient financial infrastructure. They must therefore have both funding sources and methods to conceal the link between these funds and the activities they support.

Sources of funds for financing terrorist activities can be payments from a state or wealthy individual. Funds can also take the shape of proceeds of crime (drug trafficking, robberies, smuggling or the sale of counterfeit goods). Another source can be money allegedly collected for a good cause but applied partially or wholly towards terrorist activities.

Financing of terrorism is a punishable offence under the terms of section 114b of the Danish Criminal Code. According to this provision, it is forbidden directly or indirectly to provide financial support to, procure or collect funds for or place money, other assets or financial or other similar services at the disposal of terrorists.

Normally, it is very difficult to detect and investigate the financing of terrorism.

As was done in relation to money laundering, the terror financing process can in principle be divided into three stages:

##### I. Collection

##### II. Concealment/passing on

##### III. Use

As regards phase I, it is in particular potential contributors who should pay attention to avoiding unintentional donations to terrorist activities. The leaflet entitled 'Your donation can be misused' states that potential contributors of money for an organisation or a specific cause should be curious and ask questions before they pay any contributions. It may be relevant to check the collecting individual's or organisation's collaboration partners, objects and management structure. In cases of doubt, potential contributors should also check whether the individual or organisation in question is covered by the EU funds freezing programme. A relevant list is available at the website of the Ministry of Foreign Affairs at [www.um.dk](http://www.um.dk) (search word "Terrorlister" [Terror lists]).

The indicators that may be relevant are for the most part identical to the indicators concerning money laundering. Reference is made to the catalogue of indicators, cf. Annex 3. Transactions to and from conflict areas are of course of particular interest in this connection, even if such areas are also often the recipients of humanitarian aid.

## **5. NEWS FROM 2006**

### **5.1. Utilisation of banks as VAT carousels**

In 2006 the Money Laundering Secretariat received several suspicious transaction reports, where there may be grounds to suspect so-called VAT carousels.

These may concern trade in mobile telephones or IT components, which are typically invoiced goods in VAT carousels. This can be accompanied by extremely large transactions in relatively newly-established companies. The experience that the Public Prosecutor for Serious Economic Crime has had of VAT carousels suggests that they concern criminal acts carried out by participants in several countries, who agree between themselves through planning and the division of tasks to carry out serious VAT fraud over a period of time.

Danish and foreign undertakings domiciled in Denmark or other EU countries open accounts with Danish banks. These accounts are used to receive and transfer large amounts to and from foreign countries. Typically, the banks used for the transfer and receipt of these amounts are domiciled in other EU countries, the Middle East or the Caribbean.

No VAT loss for Denmark is established in connection with these reports. It is assumed that a loss can have occurred in other member states, and that Denmark has taken on the role of a transit country for money transfers in this regard.

### **5.2. Phishing**

In 2006 the Money Laundering Secretariat received a number of several suspicious transaction reports, where there were grounds to suspect acquisition of proceeds from crime in respect of computer fraud.

The person suspected of the acquisition of proceeds from crime had received transfers into existing accounts from targeted accounts both in Denmark and abroad that had been subject to phishing. The background for this is that unknown perpetrators, presumably from a third country, have illegally gained access to the victim's internet bank details. This access has been utilised to illegally transfer amounts from the victim's account to other accounts in Denmark belonging to the person suspected of the acquisition of proceeds from crime.

#### **Phishing**

Phishing is a word formed by joining the words phoney and fishing. Phishing is a term that covers a perpetrator's "fishing" of personal information on the Internet, for example in the form of account numbers and passwords. For example, the perpetrator can use surveillance programs (spyware) to obtain the information. An e-mail is then sent to the victim with content that can obtain further information and the perpetrator is thus able to withdraw sums from the recipient's bank account.

In several cases charges have been brought against suspects for violation of the Criminal Code's provision concerning the acquisition of proceeds from crime (money laundering), and in some of the cases bank balances have been seized.

One of the cases is of a pronounced international character, as not only the person suspected of the acquisition of proceeds from crime operating the account but also several targets and other implicated parties are all foreign citizens and are domiciled abroad. Over a million Danish kroner has been seized in this case, which is being investigated with the assistance of foreign collaboration partners.

### **5.3. Reports and decisions**

In 2006 the Money Laundering Secretariat received a total of 876 reports, which is the largest number ever. The number has almost doubled in comparison with 2005.

There are presumably several reasons for this increase, but it is the opinion of the Money Laundering Secretariat that the main reason is that, all else being equal, the broader requirements in the new Money Laundering Act for customer knowledge and its continuous follow-up will result in more situations where there can be reasonable doubt as to whether they must be reported.

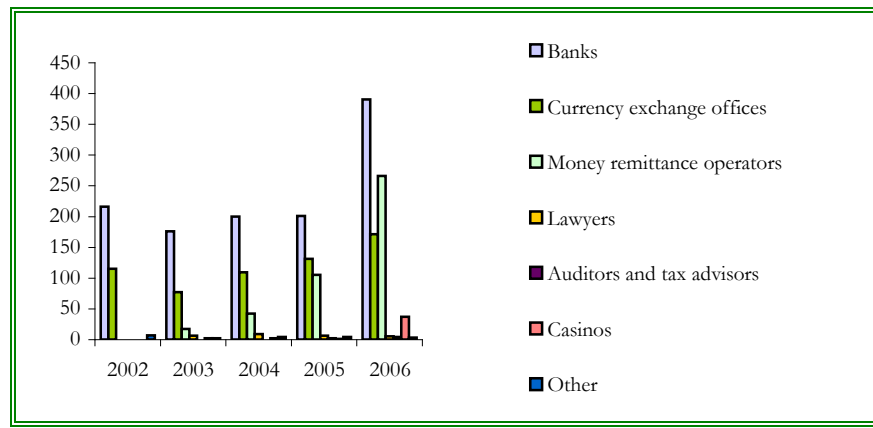
The number of compulsory reports in 2006 (plus figures from previous years) is as follows:

	2002	2003	2004	2005	2006
Banks	216	176	200	201	390
Mortgage credit institutions	1	1	2	3	0
Insurance and investment managers*	0	0	0	1	1
Currency exchange offices	115	77	109	131	171
Money remittance operators*		17	42	105	266
Lawyers*		6	9	6	5
Auditors and tax advisors*		0	0	2	4
Real estate agents*		0	1	0	0
Postal services*		1	0	0	1
Money transport services*		0	0	0	0
Other**	6	0	1	0	1
Casinos	0	2	2	1	37
<b>Total</b>	<b>338</b>	<b>280</b>	<b>366</b>	<b>450</b>	<b>876</b>

\* from June 2002

\*\* from June 2002 (an overall figure in 2002 for new individuals and organisations subject to the duty of reporting).

The past five years are illustrated graphically below:



As regards lawyers and auditors in particular, it should be noted that the above figures relate only to reports pursuant to the Money Laundering Act. Information about potential criminal offences is also received from lawyers in their capacity as trustees (under section 110 of the Danish Insolvency Act) and from auditors concerning serious economic crime committed by executive staff in connection with duties performed for their company (under section 10 of the State Authorised Public Accountants Act).

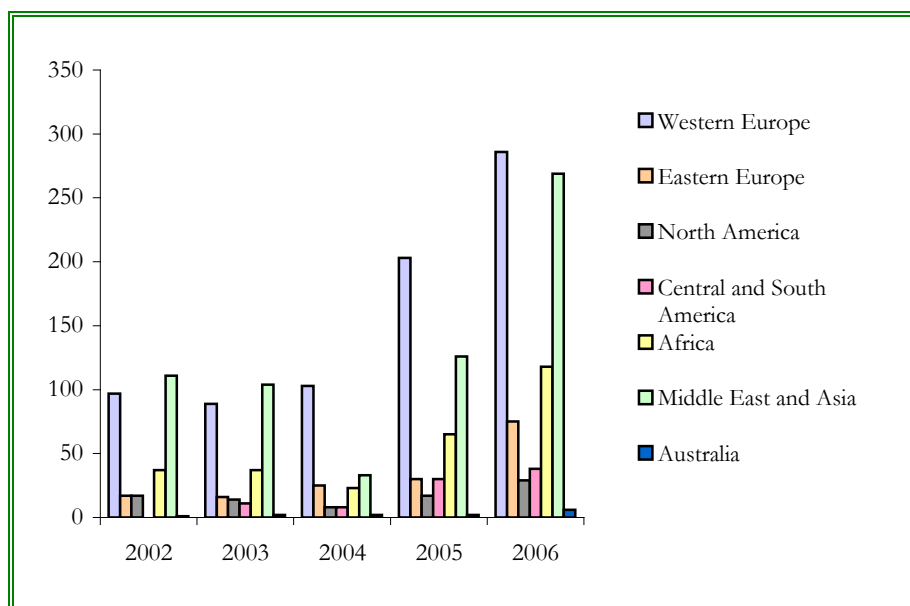
The Money Laundering Secretariat registers the geographic affiliation of the reports received (country and region), in terms of the countries of the sending and receiving parties and the nationality of the transacting party. This means that a single report may result in registration in more than one geographic area.

One of the purposes is to identify any significant differences that may give rise to further investigation of reports relating to a specific geographic area.

The following are the regional figures for the past five years:

Region	2002	2003	2004	2005	2006
Western Europe	97	89	103	203	286
Eastern Europe	17	16	25	30	75
North America	17	14	8	17	29
Central and South America	0	11	8	30	38
Africa	37	37	23	65	118
Middle East and Asia	111	104	33	126	269
Australia	1	2	2	2	6

The distribution is illustrated graphically below:



The increasing number of reports is reflected in the increase in international connections.

The Money Laundering Secretariat also registers reports that have led to or formed part of decisions. The following figures relate to Danish decisions only. Limited feedback is received on reports leading to or used in decisions made in other countries. This lack of international feedback is a problem for a number of FIUs all over the world, and work to improve this situation continues.

The figures are consolidated figures from 1994 onwards:

Type of decision	Persons	Reports
Judicial decisions	109	103
Fines imposed	3	3
Administrative fines	3	3
Other administrative decisions	9	14
<b>Total</b>	<b>124</b>	<b>123</b>

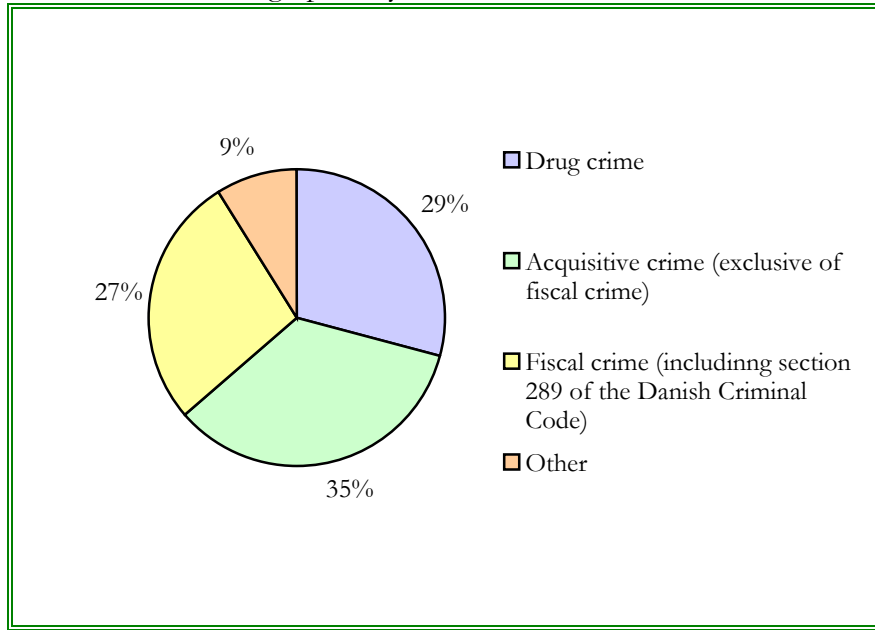
Of the reports received, 123 thus led to Danish decisions involving 124 persons.

About 2.7% of all the reports resulted in Danish decisions, but a number of reports are still under investigation. Additionally, in some cases, the investigation led to the detection of crime not directly related to the report, plus an unknown number of international cases, as mentioned earlier.

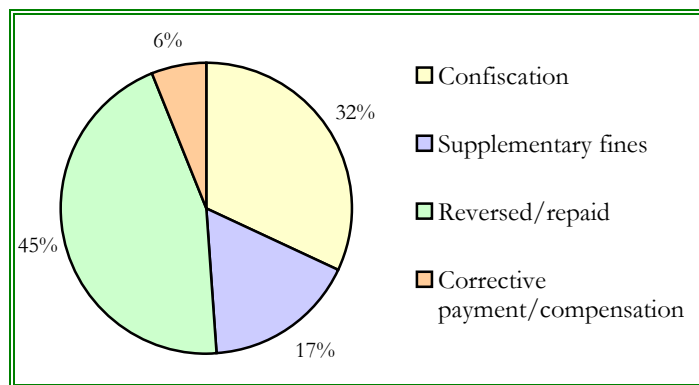
The decisions relate to the following types of crime:

	Persons
Drug crime	36
Acquisitive crime (exclusive of fiscal crime)	43
Fiscal crime (including section 289 of the Danish Criminal Code)	34
Other	11
<b>Total</b>	<b>124</b>

The distribution is illustrated graphically below:



Some of the 122 persons had their gains confiscated or were sentenced to supplementary fines instead of confiscation. Other supplementary fines were imposed for intentional but not achieved enrichment or in addition to post-trial payment corresponding to the gains. The statistics show only the confiscation of proceeds and therefore include only supplementary fines that recover the gains actually achieved. In all, DKK 199.4 million of the confiscated proceeds was recovered in some way. The percentage distribution is as follows:



In 2006, 136 reports were received from the Central Tax Administration concerning violations of the provisions of the Customs Act on the import and export of cash exceeding EUR 15,000 without declaring this amount to the authorities. (Of which a total of approximately DKK 20.3 million of the discovered funds was seized.)

**5.4. Examples of cases from 2006**

Below are some examples of cases reported in 2006:

- The Money Laundering Secretariat received a report from a bank about a person who received large sums from abroad and withdrew large amounts in cash. The investigation showed that the person had opened several accounts, in which large sums were transferred and withdrawn. The person and a further person were charged with the extensive acquisition of the proceeds of crime, and the case involved foreign collaboration. The case is pending.
- The Money Laundering Secretariat received a report concerning a person who wanted to transfer an amount exceeding EUR 15,000 abroad without a declaration. The person stated that a part of the amount was his, but the remainder belonged to a relative. The person provided documents from a foreign financial institution that showed that he had access to his part of the total sum. The investigation showed that these documents were false. During further investigation information was received that the person was in foreign custody under suspicion of drug crimes. The case is pending.
- The Money Laundering Secretariat received several reports concerning a person who transferred several amounts to several different recipients abroad. The reports form part of an ongoing investigation into drug crimes.
- The Money Laundering Secretariat received a report concerning two persons, who wanted to transfer an amount exceeding EUR 15,000 to another country without a declaration. The two persons were charged with violation of the Customs Act and were each fined DKK 2,000 by the court.

### **5.5. Transit cases**

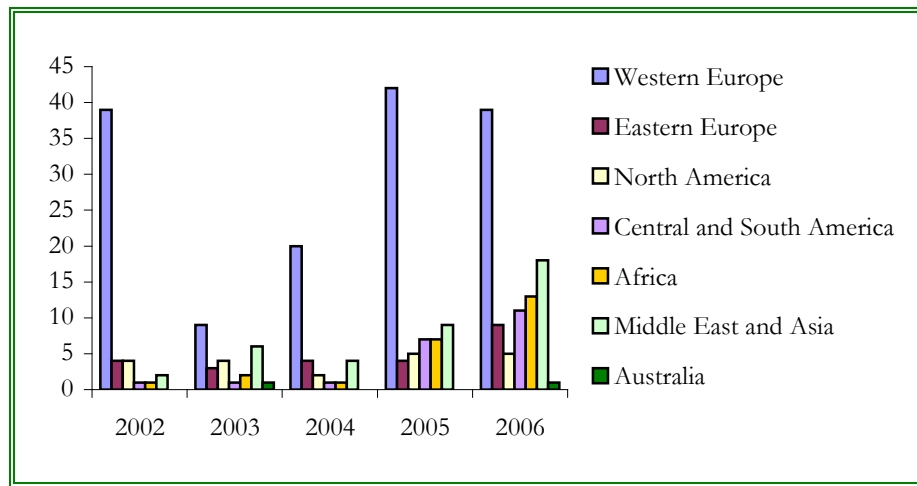
The Money Laundering Secretariat handles all transit cases; that is, cases where neither the persons nor the company involved have any association with Denmark. These cases also comprise currency exchanges carried out by people temporarily resident in Denmark, including tourists, etc. In 2006, 82 transit cases were reported.

The following geographic distribution is based on the main transaction criteria. Other countries may be involved, for example, the country of which the transacting person is a national or the country where the transacting company is domiciled, depending on the nature of the transaction, some transit cases are registered under more than one country.

The number of transit cases fluctuates a great deal. This is a breakdown over a period of years:

<b>Region</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Western Europe	39	9	20	42	39
Eastern Europe	4	3	4	4	9
North America	4	4	2	5	5
Central and South America	1	1	1	7	11
Africa	1	2	1	7	13
Middle East and Asia	2	6	4	9	18
Australia	0	1	0	0	1

This is illustrated graphically below:



Some examples of transit cases in 2006 are as follows:

- 2 persons from Scandinavia and Southern Europe respectively approached a bank with EUR 350,000 in cash in a suitcase with a view to depositing the money in an account. The cash notes were found to be genuine upon examination. The case was investigated and the circumstances were found to be lawful, as the amount was to be used for the purchase of assets for export.
- The Money Laundering Secretariat received a report from a bank concerning transfers to an account from accounts in Denmark and abroad. The account holder was a foreign company with power of attorney for a person in another country. Phishing was suspected. The balance of approximately DKK 1 million was seized by the court. The case is pending.
- A foreign citizen carried out the exchange of EUR 19,000 in cash to Danish currency and provided identification. When the authorities in the suspect's home country were approached it was discovered that the person in question had previously been suspected of money laundering. The Danish report forms part of the home country's investigations.
- The Money Laundering Secretariat received a report from a money transfer company concerning suspects who transferred approximately DKK 100,000 to Spain and Nigeria. The persons in question provided passports as identification and gave different addresses in Denmark. The addresses were found to be fictitious or unconnected to the suspects. The investigation found that it was impossible to conclusively identify the suspects.

## **5.6. International case cooperation**

Every year, the Money Laundering Secretariat receives numerous enquiries about money laundering and/or the financing of terrorism from abroad and submits many such enquiries itself. In 2006 a total of 126 enquiries were received from other countries. In addition, a considerable number of enquiries were submitted to and by the Economic Intelligence Unit of the Public Prosecutor for Serious Economic Crime relating to the placement of proceeds of crime. In 2006, as in previous years, some of the enquiries concerned a considerable number of persons and companies, etc, and have been very resource-consuming.

Some enquiries lead to investigation in Denmark. Others relate to persons who have been the subject of a previous Danish money laundering report, but where the police were unable to make further progress in the case investigations at the time.

In other cases, collaboration arises in connection with Danish investigations following receipt of a report. In other instances, collaboration arises when the FIUs of several other countries receive national money laundering reports.

International collaboration on money laundering cases is crucial because money laundering is widely carried out in a cross-border context. Enquiries from abroad are accorded high priority, and all enquiries from other countries are answered by the Money Laundering Secretariat within three working days.

These are examples of enquiries received from other countries:

- The Money Laundering Secretariat received an enquiry from abroad regarding information on whether a suspect owned valuables in Denmark and if they could be seized. The enquiry was processed and a positive response was given.
- The Money Laundering Secretariat received an enquiry from abroad with a report concerning a Danish citizen who received transfers of several million euros in the country in question. The Danish authorities had not suspected the person of involvement in money laundering.
- The Money Laundering Secretariat received an enquiry from abroad from a foreign anti-money laundering unit that had received reports concerning a Danish citizen who had received extremely large sums transferred into his account. On their own initiative the foreign authorities had themselves seized the balance. It is suspected that the money comes from serious economic crime carried out in Denmark. The case is pending.

### **5.7. International collaboration in general**

Each year the Money Laundering Secretariat and the Public Prosecutor for Serious Economic Crimes receive visits by several foreign delegations, just as staff of the Money Laundering Secretariat participate in various international meetings and other events, in addition to the international fora listed in section 6. In addition, the Money Laundering Secretariat and the Public Prosecutor for Serious Economic Crime provide various forms of technical assistance (training) to other countries.

These are some examples from 2006:

- The Money Laundering Secretariat received a visit from a large delegation from Kazakhstan. The purpose of the visit was to discuss the efforts to combat money laundering in Denmark, the Money Laundering Secretariat's cases and the practical handling of reports as well as international collaboration.
- The Money Laundering Secretariat trained two delegations of tax specialists from several EU countries. The tax specialists were receiving training under the Fiscalis project (European Commission).
- A representative from the Money Laundering Secretariat made a presentation at a conference in Albania concerning solutions to practical investigation issues in

money laundering cases. The conference was organised by PAMECA, which is the European Commission's mission in Albania.

- The Money Laundering Secretariat was visited by a delegation of police officers from Thailand.
- Two representatives from the Money Laundering Secretariat took part in an FBI course on the financing of terrorism which took place in Italy.
- A representative from the Money Laundering Secretariat participated in CEPOL's (Collège Européen de Police) course in Italy on financial crime and money laundering.
- The Money Laundering Secretariat sent a representative to a seminar in Holland held by the European Institute of Public Administration. The seminar concerned the efforts to combat money laundering and the financing of terrorism in the EU.

### **5.8. New Money Laundering Act and other new rules**

The new Money Laundering Act, cf. Annex 1, contains a number of amendments. The Act implements the EU's Third Money Laundering Directive from 2005 and some of the FATF's revised recommendations.

The most significant amendments concerning the reporting institution or individual and the crime that must be reported are covered in section 2. In addition, all reporting institutions or individuals, with the exception of the legal sector, where the Law Society carries out supervision, are now subject to registration with and supervision by either the Danish FSA or the Danish Commerce and Companies Agency.

In addition there are now further requirements regarding customer due diligence – including a requirement that the beneficial owner must be identified – the continuous updating of this due diligence and a particular duty of attention (with associated duty to record) regarding particularly complex or unusually large transactions and all unusual transaction patterns in relation to the customer.

A provision has been inserted into the Act on the Money Laundering Secretariat's opportunities to provide feedback to the institution or individual making the report. Furthermore the penalty clause has been changed, so that only violations can be punished in the event of intentional or grossly negligent violation, and a clause has been introduced making it possible to increase the imprisonment of up to six months in the event of particularly gross or extensive intentional violations of the Money Laundering Act.

This more detailed regulation has resulted in a requirement for further guidance. The Danish FSA has therefore prepared guidelines that are accessible on the FSA website ([www.ftnet.dk](http://www.ftnet.dk)). A large number of interpretation issues are continuously discussed in the European Commission's Liaison Committee, which has already resulted in a Directive (Commission Directive 2006/70/EC of 1 August 2006) laying down implementing measures for PEPs (politically exposed persons), the criteria for simplified customer due diligence procedures and for exemption on grounds of a limited financial activity.

The Money Laundering Secretariat has, as stated in section 3, prepared a catalogue of indicators, cf. Annex 3, to assist the reporting institution or individual.

The Casino Act was similarly revised in 2006, as casinos are covered by FATF's recommendations and the EU Money Laundering Directive. Casinos are regulated in the Casino Act and not in the Money Laundering Act.

One of FATF's specific recommendations regarding electronic money transfers has been implemented through a regulation (European Parliament and Council Regulation (EC) No. 1781/2006 of 15 November 2006 on information on the payer accompanying transfers of funds). According to the regulation, the principle is (there are a number of exceptions) that information about the payer must accompany the electronic money transfer at all times. The regulation can be found at [www.eur-lex.europa.eu](http://www.eur-lex.europa.eu). In February 2007, supplementary provisions were inserted regarding this regulation in the Money Laundering Act. This includes the fact that Denmark has chosen to make use of the opportunity to waive the requirement in the case of domestic money transfers in connection with the purchase of goods and services when the amount does not exceed EUR 1,000 cf. section 16(2) of the Act. Furthermore, Denmark has chosen to exempt domestic money transfers not exceeding EUR 150 to organisations with a purpose of public benefit, provided that the organisation is registered with the Danish FSA and meets certain requirements, cf. section 16(3) and 16(4) of the Act.

The many amendments have necessitated extensive changes to IT systems and the reorganisation of routines and procedures. The transitional phase has of course been a burden for those affected, and some of the requirements in the new Money Laundering Act must also be expected to present problems in the future, such as identifying who are PEPs and ensuring the identification of the beneficial owners of foreign companies etc. resident in countries without accessible ownership registers. The majority of problems are not only relevant to Danish reporting institutions or individuals, but are also relevant in all countries, and it must be expected that the questions that arise will be handled in international fora.

### **5.9. Evaluation of the Danish effort to fight money laundering and the financing of terrorism**

Regular evaluations of the Danish efforts are made ranging from less comprehensive to more extensive, including those concerning money laundering and the financing of terrorism. However, the uniform evaluations that are made in collaboration between FATF, the IMF and the World Bank, are the most comprehensive and only deal with these areas.

Last year the IMF carried out such an evaluation of Denmark based on an extremely comprehensive Danish report on Danish legislation and practice etc. The IMF's evaluation report (which is around 250 pages) was approved by FATF at its meeting in June 2006 and is available at both the FATF and IMF websites ([www.fatf-gafi.org](http://www.fatf-gafi.org) and [www.imf.org](http://www.imf.org)). The report contains a number of recommendations for how the otherwise excellent Danish system can be further improved. Some of the proposals were in the preparation phase before and implemented shortly after the IMF's visit to Denmark, and the Danish authorities in question have already implemented a number of further proposals and also established a specific meeting forum, in which the implementation of the remaining recommendations is discussed.

## **6. PARTICIPATION IN INTERNATIONAL FORA IN 2006**

### **6.1. Interpol and Europol**

The two special fora for police cooperation – Interpol and Europol – are both involved in the effort to fight money laundering and the financing of terrorism.

In 2006 the Money Laundering Secretariat participated in Europol's Analyst Work File (AWF) SUSTRANS work concerning money laundering reporting, including a project under SUSTRANS called Dragonfly concerning suspicious transactions between companies in countries around the Baltic Sea and Russian companies. The project ended in January 2006. The Money Laundering Secretariat also participates in Europol's AWF on terrorism.

Information about Interpol's activities is available at [www.interpol.int](http://www.interpol.int)  
Information about Europol is available at [www.europol.eu.int](http://www.europol.eu.int).

### **6.2. The Baltic Sea Task Force**

The Baltic Sea Task Force is a cooperation forum comprising Estonia, Denmark, Finland, Iceland, Latvia, Lithuania, Norway, Poland, Russia, Sweden and Germany. The European Commission, Europol and Interpol participate as observers.

Among other things, the task force carries out a number of joint bilateral and multi-lateral operations. The focus of cooperation is currently on the following areas of crime:

- Controlled drugs
- Trade in stolen vehicles
- Trafficking in women
- Highly taxed goods
- Money laundering
- Illegal migration
- International gangs
- Environmental crime

The Money Laundering Secretariat participates in the task force's money laundering initiatives, including the sharing of experience and training in analytical methods.

Further information about this cooperation is available at [www.balticseatastaskforce.fi](http://www.balticseatastaskforce.fi)

### **6.3. The Egmont Group**

The Money Laundering Secretariat is a member of the Egmont Group, which is a collaboration forum for 101 FIUs, see Annex 4. Today, it is an international requirement for all countries to have an FIU to handle the same general tasks as the Money Laundering Secretariat. New countries continue to apply for membership of the Egmont Group.

The Egmont Group carries out a number of tasks such as assisting and advising countries on the establishment of FIUs, preparing guidelines for information exchange, and providing training and instruction in fighting money laundering and the

financing of terrorism. Over 50% of participating FIUs are so-called 'administrative FIUs' operating within the framework of national ministries of finance, for example. This means that cooperation with these units cannot be based on the rules that apply to cooperation between the police and other law enforcement authorities.

The participating FIUs have a specially protected network (the Egmont Secure Web System) for information exchange. Due to the ever more extensive work and the significant number of members, a permanent secretariat was established in Canada in 2006.

The Egmont Group has several working groups. In 2006, representatives of the Money Laundering Secretariat participated in the work of the working groups.

Further information about the cooperation is available at [www.egmontgroup.org](http://www.egmontgroup.org).

#### **6.4. The Financial Action Task Force**

The Financial Action Task Force on Money Laundering (FATF) is the leading standard-setting international forum in the fight against money laundering and the financing of terrorism. Its standards are formulated as recommendations (forty general recommendations and nine recommendations specifically related to terrorism). Together with the IMF and the World Bank, the task force conducts extensive evaluations of member countries' compliance with the recommendations, see section 5.9.

The FATF has 33 members as well as a number of sister organisations called FATF-style regional bodies (FSRBs), including institutions such as the Moneyval Committee (the Council of Europe's special committee on money laundering). The group now has members in most countries worldwide. All FSRBs and more than 15 international bodies and organisations (for example, the UN, the IMF, the World Bank, Interpol, Europol, the Egmont Group and the WCO) have FATF observer status. The task force seeks to coordinate initiatives in all fora addressing the issues of money laundering and the financing of terrorism. South Africa held the presidency of FATF in 2005-2006, and Canada has it in 2006-2007. The United Kingdom will take over the presidency on the 1st of July 2007.

The 40 general recommendations were revised in 2003. All countries have since concentrated on implementing the new standards in the area.

A number of recommendations are extended with so-called interpretative notes. In 2006, FATF completed work on a note regarding NPOs (non-profit organisations). This work took several years due to demarcation problems and concern that unbalanced regulations could result in unintentional problems for the extremely important NPO sector. The note can be found on FATF's website.

The FATF also strives to identify countries whose anti-money laundering measures are insufficient ('non-cooperative countries and territories', NCCTs). These countries have figured on a special list. Sectors such as the financial sector were urged to pay special attention to transactions associated with these countries. Countries are removed from the list once their money laundering systems have been adequately improved. As of 31 December 2006 the last two countries on the list were changed to observation status.

The FATF also holds meetings on money laundering methods (so-called typology meetings) at which experts discuss developments. This work is incorporated in the FATF's assessment of the adequacy of the existing recommendations. China hosted

the annual typology meeting in 2006, also attended by representatives of the Money Laundering Secretariat. The topics were money laundering in relation to real estate, VAT carousels, the financing of terrorism and the laundering of proceeds from drug crimes. The meetings are currently in preparation for future detailed reports that after final approval are posted on FATF's website.

The recommendations, typology reports, etc., are available at [www.fatf-gafi.org](http://www.fatf-gafi.org)

### **6.5. The Council of Europe**

No new conventions or similar were prepared in 2006 under the auspices of the Council of Europe in the fields of money laundering or the financing of terrorism.

### **6.6. The European Union**

In 2005, the Council finalised its work on the Third Money Laundering Directive. The particular purpose of the Directive (and a few other new EU legislative acts) is to ensure uniform implementation of certain FATF recommendations from 2003 in the EU Member States.

The Money Laundering Secretariat attended several meetings held under the auspices of the EU in 2006 concerning the implementation of the Directive.

A secure electronic system for the exchange of information has also been established at EU level called the "FIU Net" for FIUs within the EU. The Money Laundering Secretariat is an active participant at EU meetings on the establishment of the network, and it is planned that online access will be available at some point in 2007. A number of other questions of more general nature regarding efforts against money laundering and the financing of terrorism are discussed at the EU meetings. For example, work based on a contribution from the Money Laundering Secretariat on the preparation of indicators of possible money laundering or the financing of terrorism is currently underway.

## **7. EXPECTATIONS FOR 2007**

In 2006 the Money Laundering Secretariat received a total of 876 reports, which is the largest number ever. The number has almost doubled in comparison with 2005.

As previously stated, it is the opinion of the Money Laundering Secretariat that this increase is due to several causes and there is nothing to suggest that this development will reverse.

It is the opinion of the Money Laundering Secretariat that there is nothing to suggest that Denmark has been specifically exposed to criminals laundering the proceeds of criminal activities or the financing of terrorism. On the contrary, the Money Laundering Secretariat believes that the development is specifically due to the relatively extensive legal requirements in this area.

Against this background it may be necessary to evaluate the Money Laundering Secretariat's working areas and use of resources.

In addition, the structural reform of the Danish police and prosecution service came into force on the 1st of January 2007. This means that there will be a greater degree of specialisation in a number of areas in the police districts, of which there are now only 12.

This also creates a need for an evaluation of the Money Laundering Secretariat's working areas and use of resources.

It has therefore been decided that an analysis of the Money Laundering Secretariat will be carried out in 2007, with regard to the utilisation of resources in the most appropriate manner and that the working areas reflect the needs of the Public Prosecutor for Serious Economic Crime and the police districts.

2007 will also undoubtedly be characterised by an increasing number of reports that place demands on the Money Laundering Secretariat and its staff.

For reasons including this background, it has been decided that the Money Laundering Secretariat will organise information meetings in 2007 with the compliance departments of a large number of banks and with as many casinos as possible regarding the purpose of reports and the work of the Secretariat.

It has also been decided that the Money Laundering Secretariat will carry out an analysis of the technical solutions that can be used for electronic reporting and prepare a proposal for such a model.

Finally, in the same way as in previous years, 2007 will be characterised by the Money Laundering Secretariat's active participation in international collaboration.

**LIST OF ANNEXES**

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**This is an unofficial translation based on the latest official Consolidated Act no. 129 of 23<sup>rd</sup> February 2004. Only the Danish document has legal validity.**

**Annex 1**

**THE MONEY LAUNDERING ACT**

Act no 117 of 27 February 2006 on Measures to Prevent Money Laundering of Proceeds and Financing of Terrorism as amended by Act no. 542 of 8 June 2006 and Act no. 108 of 7 February 2007.

**Part 1**

*Scope etc.*

**Section 1.-(1)** This Act shall apply to the following undertakings and persons:

- 1) Banks.
- 2) Mortgage-credit institutions.
- 3) Investment companies.
- 4) Investment management companies.
- 5) Life assurance companies and lateral pension funds (nationwide occupational pension funds).
- 6) Savings undertakings.
- 7) Electronic money institutions.
- 8) Insurance brokers, when they act in respect of life assurance or other investment-related insurance activities.
- 9) Foreign undertakings' branches in Denmark, carrying out activities under nos. 1-8.
- 10) Investment associations and special-purpose associations, collective investment schemes, restricted associations, innovation associations and hedge associations.
- 11) Undertakings and persons that commercially carry out activities involving currency exchange or transfer of money and other assets.
- 12) Other undertakings and persons that commercially carry out one or more of the activities mentioned in Annex 1.
- 13) Lawyers when they participate by providing assistance in the planning or execution of transactions for their clients concerning
  - i) purchase and sales of real property or undertakings,
  - ii) managing their clients' money, securities, or other assets,
  - iii) opening or managing bank accounts, savings accounts, or securities accounts,
  - iv) raising the necessary capital for establishment, operation, or management of undertakings,
  - v) establishing, operating, or managing undertakings, or
  - vi) providing other business advice.
- 14) Lawyers when they, on behalf of their client and at said client's expense, carry out a financial transaction or a transaction concerning real property.
- 15) State-authorized public accountants and registered public accountants.
- 16) Authorized estate agents.
- 17) Undertakings and persons that otherwise commercially supply the same services as the groups of persons mentioned in nos. 13-16, including tax advisors and external book-keepers.
- 18) Providers of services for undertakings, cf. section 3, no. 5.
- 19) Danmarks Nationalbank (Denmark's central bank), insofar as it carries out activities corresponding to those of the institutions specified in no. 1.

**(2).** The Danish FSA may lay down regulations stipulating that this Act is not to apply to the undertakings or persons mentioned in subsection (1), nos. 1-12 in the situations where the Commission decides this pursuant to Article 40 of the Third Money Laundering Directive.

*Ban against cash transactions*

**Section 2.** Retailers and auctioneers may not receive cash payments of DKK 100,000 or more irrespective of whether payment is effected in one instance or as several payments that seem to be mutually connected.

**Part 2**

*Definitions*

**Section 3.** For the purposes of this Act:

- 1) "Companies" shall mean: Legal persons.

- 2) "Undertakings" shall mean: Companies and other similar legal arrangements.
- 3) "Regulated market" shall mean: A market as defined by Article 4(14) of Directive 2004/39/EC on markets in financial instruments. If said market is in the European Union or in a country with which the Community has entered into an agreement for the financial area, the market shall be included in the list mentioned in Article 47 of Directive 2004/39/EC on markets in financial instruments. If the market is in a country outside the European Union with which the Community has not entered into an agreement for the financial area, the market shall be a member of the World Federation of Exchanges (WFE).
- 4) "Beneficial owners" shall mean: The natural persons who ultimately own or control the customer or the natural person on whose behalf a transaction or activity is being conducted, including:
  - a) Persons who ultimately own or control a company through direct or indirect ownership or control more than 25 per cent of the ownership interests or the voting rights in the company, except companies the ownership interests of which are traded on a regulated market.
  - b) Persons who otherwise exercise control over the management of a company.
  - c) Persons who, according to the articles of association of a fund or in another manner, are to receive 25 per cent or more of the distribution funds from a fund or another similar legal arrangement or other property, if the persons are known.
  - d) The group of persons, in whose main interest a fund or another similar legal arrangement has been set up or operates.
  - e) Persons who exercise control over 25 per cent or more of the distribution funds from a fund or another similar legal arrangement or other property.
- 5) "Providers of services for undertakings" shall mean: Any person, legal or natural, that is not covered by section 1(1), nos. 13-15, when said person carries out the following activities on a commercial basis:
  - a) Forming companies.
  - b) Acting as or arranging for another person to act as a member of the management of an undertaking, or as partner of a partnership, or a similar position in relation to other companies.
  - c) Provides a domicile address or another address, which is similarly suitable as contact address and related services, for an undertaking.
  - d) Acting as or arranging for another person to act as a trustee or administrator of a fund or another similar legal arrangement.
  - e) Acting as or arranging for another person to act as a shareholder for a third party, unless this is an undertaking the ownership interests etc. of which are traded on a regulated market.
- 6) "Politically exposed persons" shall mean: Persons who are or have been entrusted with a prominent public function, persons connected to such persons through same-sex partnership or marriage or the children or parents of such persons and persons known to be close employees of said persons.

**Section 4.-(1)** For the purposes of this Act, "money laundering" shall mean,

- 1) unlawfully to accept or acquire for oneself or others a share in profits, which are obtained by a punishable violation of the law,
  - 2) unlawfully to conceal, keep, transport, assist in disposal or in a similar manner subsequently serve to ensure, for the benefit of another person, the profits of a punishable violation of the law, or
  - 3) attempting or participating in such actions.
- (2)** The provision in subsection (1) shall also cover actions carried out by the person who committed the punishable violation of the law from which the profits originate.

**Section 5.** For the purposes of this Act, "financing of terrorism" shall mean financing of terrorism as defined in section 114b of the Criminal Code, as far as this concerns actions covered by section 114.

### **Part 3**

#### *Investigation and reporting obligations*

**Section 6.-(1)** The undertakings and persons covered by this Act shall pay special attention to customers' activities which, by their nature, could be regarded as being particularly likely to be associated with money laundering or financing of terrorism. This applies in particular to complex or unusually large transactions and all unusual patterns of transactions in relation to said customer.

**(2)** The purpose of the transactions mentioned in subsection (1) shall, as far as possible, be

investigated. The results of such investigation shall be recorded and kept, cf. section 23.

**Section 7.-(1)** If there is a suspicion that a customer's transaction or enquiry is or has been associated with money laundering or financing of terrorism, the undertakings and persons covered by this Act shall investigate the transaction or enquiry in more detail. If the suspicion relates to offences punishable by imprisonment of more than one year and this suspicion cannot be disproved, the Public Prosecutor for Serious Economic Crime shall be informed immediately.

**(2)** In the event of suspicion as mentioned in subsection (1), members of the Danish Bar and Law Society may notify the secretariat of the Danish Bar and Law Society, which shall, following an assessment of whether the suspicion is subject to reporting obligations under subsection (1), immediately forward the notification to the Public Prosecutor for Serious Economic Crime.

**(3)** If the suspicion is related to money laundering, and the transaction has not already been carried out, the transaction shall be suspended until notification has been effected pursuant to subsection (1). If notification is effected pursuant to subsection (2), the transaction shall be suspended until the Danish Bar and Law Society has forwarded the notification to the Public Prosecutor for Serious Economic Crime or has stated that, following specific assessment, the notification will not be forwarded. If effectuation of the transaction cannot be avoided, or if this is deemed to be potentially harmful for the investigation, notification shall instead be given immediately after the effectuation, cf. however subsection (4).

**(4)** If the suspicion is related to financing of terrorism, transactions from the account or person in question may only be carried out with the consent of the Public Prosecutor for Serious Economic Crime. The Public Prosecutor for Serious Economic Crime shall decide, as soon as possible and no later than at the end of the banking day following receipt of notification, whether seizure is to be effected.

**(5)** The Police may, under the regulations stipulated in the Administration of Justice Act, demand any information necessary for investigation of the case from the undertakings and persons covered by this Act.

**Section 8.-(1)** Lawyers are exempted from the obligation in section 7 to report information they receive from or obtain about one of their clients, in the course of determining the legal position for their client or performing their task of defending or representing said client in, or concerning judicial proceedings, including advice on instituting or avoiding proceedings. This shall apply irrespective of whether the information is received before, during or after such judicial proceedings or in connection with the relevant client's legal position being ascertained.

**(2)** The persons and undertakings mentioned in section 1(1), nos. 13-17 shall, when assisting a lawyer before, during, and after judicial proceedings or in ascertaining a client's legal position, be exempt from the duty to submit information to the same extent as the lawyer they assist, cf. subsection (1).

**(3)** Subsections (1) and (2) shall also apply to cases brought before the Danish National Tax Tribunal and to cases brought before a court of arbitration. When representing clients before the Danish National Tax Tribunal, auditors shall also be exempt from the duty to submit information pursuant to this Act.

**(4)** Subsections (1) and (2) shall not apply if the assistance is provided with a view to money laundering or financing of terrorism, or if the undertaking or person knows that the client is seeking assistance with a view to money laundering or financing of terrorism.

**Section 9.** If the Danish FSA or the Danish Commerce and Companies Agency learn of circumstances that are presumed to be associated with money laundering or financing of terrorism covered by the reporting obligation in section 7, said authority shall notify the Public Prosecutor for Serious Economic Crime in this respect.

**Section 10.** The Danish FSA may, when acting on the recommendations of the Financial Action Task Force, lay down more specific regulations on the duty applying to the undertakings and persons specified in section 1, requiring them to systematically submit information to the Public Prosecutor for Serious Economic Crime concerning financial transactions with non-cooperative countries in connection with combating money laundering or financing of terrorism. In this connection, the Danish FSA may stipulate that notification is to be carried out systematically in all cases, even though no suspicion has arisen.

*Customer due diligence, etc*

**Section 11.** The undertakings and persons covered by this Act shall always require that customers identify themselves, if they suspect that a transaction is associated with financing of terrorism or money laundering covered by the reporting obligation under section 7.

*Regular customer relationships*

**Section 12.-(1)** The undertakings and persons covered by this Act shall have knowledge of their customers in accordance with subsections (2)-(8), and they shall require that their customers provide proof of identity when establishing a business relationship with said customers, including the opening of an account or a custody account.

**(2)** If the customer is a natural person, proof of identity shall include name, address, national registration number (CPR number) or similar documentation if the person in question does not have a CPR number.

**(3)** If the customer is an undertaking, the proof of identity shall include name, address, CVR number (business registration number) or similar documentation if the undertaking does not have a CVR number. Reasonable steps shall be taken to ascertain the undertaking's ownership and control structure and the undertaking's beneficial owners shall be identified, cf. however section 21(1), no. 2.

**(4)** Information shall be obtained about each customer's objective regarding the business relationship and the intended extent hereof.

**(5)** The customer relationship shall be monitored on a regular basis. Transactions undertaken throughout the course of said relationship shall be monitored to ensure that the transactions being conducted are consistent with the undertaking's or person's knowledge of the customer and the customer's business and risk profile, including, where necessary, the source of the funds. Documents, data or other information about the customer shall be kept up to date.

**(6)** In the event of doubts about the veracity or adequacy of previously obtained customer identification data, new proof of identity shall be required as mentioned in subsections (2) and (3).

**(7)** The undertakings and persons covered by this Act may decide to carry out the identification procedure etc. in subsections (1)-(5) on the basis of a risk assessment, depending on the risk related to the individual customer or business relation, the product or the transaction. The undertaking or person shall, however, be able to prove to the authority carrying out supervision of the relevant undertaking's or person's compliance with this Act that the extent of their investigation is adequate in relation to the risk of money laundering and financing of terrorism.

**(8)** For customer relationships established before entry into force of this Act and where the information mentioned in subsections (1)-(5) does not exist, proof of identity and collection of information under subsections (1)-(5) shall be carried out at a suitable time and on the basis of a risk assessment.

**Section 13.-(1)** The identification procedure in section 12 shall be completed in connection with the establishment of the customer relationship and no later than before carrying out the transaction. Provided that it is necessary in order not to interrupt the normal conduct of business, the identification procedure may, on the basis of a risk assessment, be completed in immediate continuation of the establishment of the customer relationship. In the situations mentioned in the 2nd clause, the identification procedure shall, however, be completed as soon as practicable after the initial contact with the customer.

**(2)** If the proof of identity of the customer cannot be carried out in accordance with section 12(1)-(4), a regular customer relationship or a business relationship may not be established, and transactions may not be carried out for said customer. At the same time, the undertaking shall check whether notification under section 7 is to be carried out.

**(3)** Notwithstanding subsection (1), life-assurance companies and pension funds may carry out proof of identity of the customer after establishment of the customer relationship. Proof of identity shall, however, take place at or before the time of payout or at the time the beneficiary intends to exercise rights vested under the policy.

**(4)** Subsection (2), 1st clause shall not apply to lawyers when ascertaining a client's legal situation or defending or representing said client during or in connection with a judicial proceedings, including

giving advice about instituting or avoiding proceedings. The persons and undertakings mentioned in section 1(1), nos. 13-17, shall, when assisting a lawyer in the situations mentioned in the 1st clause, be exempt from the requirement in subsection (2), 1st clause to the same extent as the lawyer they assist.

*Occasional customers*

**Section 14.-(1)** For customers with single transactions (occasional customers) undertakings and persons covered by this Act shall meet the requirements of section 12(1)-(4) and section 13 for each transaction of amounts corresponding to DKK 100,000 or more. The requirements concerning proof of identity shall apply irrespective of whether the transaction is completed in one or more related operations if these appear to be connected.

**(2)** If the value of a transaction is not known at the time of commencement of said transaction, proof of identity shall be demanded as soon as the undertaking suspects that the transaction concerned is of the type covered by subsection (1).

*Transactions for a third party*

**Section 15.** If an undertaking or person covered by this Act has knowledge or presumption that a person other than the one they are in contact with is the beneficial customer, said undertaking or person shall also demand to be informed of the identity etc. of the beneficial customer in accordance with section 12.

*Money transmission services*

**Section 16.** The rules governing the information that must accompany a money transfer, is regulated in the Council Regulation on the payer accompanying information transfers of funds, cf. also (2) and (3).

**(2).** The regulation does not cover domestic money transfers in connection with the purchase of goods and services, when

- 1) the amount does not exceed EUR 1,000,
- 2) the recipient's payment processor is covered by this Act and
- 3) the recipient's payment processor, with the help of a clear reference number, can identify the legal or natural person with whom the payment recipient has an agreement for the supply of goods or services.

**(3)** The requirements for which information must accompany a money transfer, cf. Article 5 of the regulation, does not apply for money transfers to organisations with a purpose of public benefit, which do not exceed an amount of EUR 150, when the transfer is carried out within the country's borders and the organisation is subject to the requirements of submission of accounts as well as either subject to external auditing undertaken by a state authorised public accountant or a registered public accountant, or is subject to government supervision.

**(4)** Exception pursuant to (3) is conditional upon the organisation being registered with the Danish FSA and documenting that the requirements for the submission of accounts and either external auditing or government supervision have been met. In addition, the organisation must provide information on the natural persons that make up the senior management of the organisation or otherwise exercise control over the company. Changes in the conditions stated in the 1st and 2<sup>nd</sup> clause must be reported to the Danish FSA.

*Information from a third party*

**Section 17.-(1)** The undertakings and persons covered by this Act may omit to obtain the information about a customer's identity etc. pursuant to section 12(1)-(4) when this information is provided by an insurance broker, cf. section 2, no. 1 of the Insurance Mediation Act; a financial undertaking, cf. section 5, no. 1 of the Financial Business Act; or by a foreign undertaking that has been granted a license to carry out the activities mentioned in sections 7-11 of the Financial Business Act in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area. Notwithstanding the 1st clause, the recipient undertaking or person shall be responsible for meeting the requirements of section 12(1)-(4).

**(2)** If the undertaking providing the information mentioned in subsection (1) has been granted a license to carry out the activities mentioned in sections 7-11 of the Financial Business Act in a country outside the European Union with which the Community has not entered into an agreement for the

financial area, undertakings and persons covered by this Act may apply information obtained by the relevant undertaking as a basis if said undertaking is subject to requirements about the fight against money laundering and financing of terrorism similar to the requirements of the Third Money Laundering Directive, and if compliance with said requirements is being checked.

**(3)** Subsection (1) shall not apply to matters in the undertakings mentioned in subsection (2) if the European Commission decides under Article 40(4) of the Third Money Laundering Directive to exempt the country where the relevant undertaking has its registered office.

**Section 18.** The undertaking providing information about a customer's identity etc. pursuant to section 17 shall immediately make this information available to the recipient undertaking or person covered by this Act. Moreover, the undertaking shall, at the request of the recipient undertaking or person, immediately send relevant proof of identity and control information as well as other relevant documentation on the identity of the customer or the beneficial owner.

*Enhanced customer due diligence etc.*

**Section 19.-(1)** The undertakings and persons covered by this Act shall, on the basis of a risk assessment, make further requirements for proof of identity by a customer than mentioned in section 12 in situations which by their nature can present a higher risk of money laundering and financing of terrorism. This means that they, as a minimum, shall meet the requirements in subsections (2)-(4).

**(2)** When the customer has not been physically present for identification purposes, the undertaking or person shall take further measures to ascertain the customer's identity. This may be effected, for example, by taking one or more of the following measures:

- 1) Ensuring that the customer's identity is established by additional documentation.
- 2) Checking or verifying the documents supplied, or requiring confirmatory certification by one of the undertakings or persons mentioned in section 1(1), nos. 1-11.
- 3) Requiring that the first payment in connection with the transactions is carried out through an account opened in the customer's name with a bank.

**(3)** For cross-frontier correspondent banking relationships with banks and institutions from countries outside the European Union with which the Community has not entered into an agreement for the financial area, the banks, mortgage-credit institutions and electronic money institutions covered by this Act shall, before establishing new correspondent banking relationships,

- 1) gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision,
- 2) assess the counterpart's anti-money-laundering and anti-terrorist-financing controls,
- 3) obtain approval from senior daily management, and
- 4) ensure that the respondent bank has checked the identity of the customers and is regularly assessing relevant information about the customers having direct access to the account of the correspondent bank with a person or undertaking covered by this Act, and ensure that the respondent bank is able to supply relevant customer information at the request of the account holder.

**(4)** The undertakings and persons covered by this Act shall

- 1) have adequate procedures to determine whether the customer is a politically exposed person who is a resident of another country,
- 2) have senior daily management approval for establishing business relationships with such customers,
- 3) take reasonable measures to gather information about the sources of income and funds that are involved in the business relationship or transaction, and
- 4) continuously monitor the business relationship.

**(5)** Banks, mortgage-credit institutions and electronic money institutions may not enter into or continue a correspondent banking relationship with a shell bank and they shall take reasonable measures to avoid a connection with a credit institution which is known to permit shell banks to use its accounts.

**(6)** Undertakings and persons covered by this Act shall be particularly aware of any money laundering and financing of terrorism threats that may arise from products or transactions that might favour anonymity, and take measures, if needed, to prevent that the products or transactions are used for money laundering and financing of terrorism purposes.

*Simplified customer due diligence, etc*

**Section 20-(1)** The requirement concerning proof of identity in sections 12 and 19(2) may be omitted with regard to the following products and transactions:

- 1) Life assurance and pension contracts if the amount of the annual premium is equivalent to EUR 1.000 or less or, in the case of a single premium, if the amount of the single premium is equivalent to EUR 2,500 or less.
- 2) Life assurance and pension contracts entered into in pursuance of a contract of employment or the business of the insured party, provided the agreement does not feature a buy-back clause and cannot be used as collateral for a loan.
- 3) Life assurance and pension contracts where the premium or the contribution is to be debited to the customer's bank account.
- 4) Life assurance and pension contracts entered into in pursuance of a contract of employment or the business of the insured party with a limited buy-back clause, when proof of identity is given pursuant to section 12 if the customer makes use of the buy-back clause.
- 5) Electronic money, as defined in section 308(1), 2nd and 3rd clauses of the Financial Business Act
  - a) where the maximum amount stored on non-rechargeable cards cannot exceed EUR 150, or
  - b) where the maximum amount stored on rechargeable cards cannot exceed EUR 2,500 within one calendar year, and where a maximum of EUR 1,000 can be withdrawn within one calendar year.

**(2)** Irrespective of the size of the transaction or the nature of the product, undertakings shall demand proof of identity if they suspect that the transaction is associated with money laundering or financing of terrorism covered by the reporting obligations under section 7.

**(3)** The Danish FSA may, on the basis of decisions from the European Commission, lay down regulations allowing other products or transactions to be exempted.

**Section 21.-(1)** The requirements concerning proof of identity in section 12 shall not apply when the customer is

- 1) one of the undertakings mentioned in section 1(1), nos. 1-11 and 19 or a similar undertaking with its registered office in a country within the European Union or a country with which the Community has entered into an agreement for the financial area covered by the Third Money Laundering Directive, or a similar undertaking established in a country outside the European Union with which the Community has not entered into an agreement for the financial area, subject to requirements to combat money laundering and financing of terrorism corresponding to the requirements stipulated in the Third Money Laundering Directive, and if compliance with these requirements is supervised,
- 2) an undertaking the securities of which have been admitted to trading on a regulated market, or
- 3) a Danish public authority.

**(2)** The requirements concerning proof of identity in section 12 shall not apply when the beneficial owner has funds in a client's account of a notary or a lawyer, if the notary or the lawyer is subject to regulations corresponding to this Act. It is a condition that information about the identity of the beneficial owner etc. is made available to the account-holding institution when said institution requests this.

**(3)** At all events, sufficient information shall be obtained to ascertain that the customer is covered by one of the exemptions mentioned in subsections (1) and (2).

**(4)** The Danish FSA may, on the basis of decisions by the European Commission, lay down regulations allowing other undertakings and persons to be exempted.

**Section 22.** If the European Commission so decides, the Danish FSA may decide that persons and undertakings covered by this Act are not to apply the exemption in section 21 in relation to credit institutions and finance institutions or listed undertakings or other units from a country outside the European Union with which the Community has not entered into an agreement for the financial area.

*Record-keeping, etc.*

**Section 23.-(1)** The undertakings and persons covered by this Act shall store identity information for no less than five years after the customer relationship has ceased. Copies of the identification

documents obtained pursuant to sections 12, 14, 18 and 19 may be stored.

(2) Documents and records concerning transactions shall be stored so that they can be located together for at least five years after the performance of the transactions. This shall also apply to the information recorded pursuant to section 6(2).

(3) If the undertaking ceases activities, the last acting management shall ensure that identity information etc. continues to be stored in accordance with subsections (1) and (2). If an undertaking is dissolved through the intervention of the bankruptcy court, the bankruptcy court may decide that persons other than the last acting management are to store the identity information etc.

*Branches and subsidiary undertakings in third countries*

**Section 24.-(1)** The undertakings covered by section 1(1), nos. 1-7 and 10-12 shall ensure that their branches and subsidiary undertakings established in countries outside the European Union with which the Community has not entered into an agreement for the financial area have customer due diligence measures and storage of identity information etc. corresponding to the requirement of the Third Money Laundering Directive, to the extent that the legislation of said country allows this.

(2) If the legislation in the country mentioned in subsection (1) does not permit the use of measures similar to those mentioned in subsection (1), the undertaking shall inform the authority supervising the undertaking's compliance with this Act, cf. part 8 of this Act. The undertaking shall also ensure that the threat of money laundering and financing of terrorism in the branch or the subsidiary undertaking is countered in another manner.

(3) The undertakings mentioned in subsection (1) shall ensure that their branches and subsidiary undertakings established in countries outside the European Union with which the Community has not entered into an agreement for the financial area have written internal rules regarding customer due diligence and record-keeping corresponding to the requirements in section 25(1) to the extent that the legislation of said country allows this.

**Part 5**

*Internal rules and training etc*

**Section 25.-(1)** The undertakings and persons covered by this Act shall prepare adequate written internal rules about customer due diligence, reporting, record-keeping, internal control, risk assessment, risk management, management controls and communication as well as training and instruction programmes for their employees in order to forestall and prevent money laundering and financing of terrorism.

(2) Undertakings and persons covered by section 1(1), nos. 1-10 shall appoint a person at management level to ensure that the undertaking complies with its obligations under this Act.

(3) Undertakings and persons covered by section 1 shall ensure that their employees know of the obligations stipulated in this Act.

(4) In employment relationships, the obligations mentioned in subsections (1) and (2) shall rest on the employer.

(5) The Danish FSA may lay down more detailed regulations on the requirements mentioned in subsection (1).

**Part 6**

*Duty of confidentiality and liability*

**Section 26.** The notifications and information that undertakings and persons covered by this Act disclose in good faith pursuant to section 7 and suspension of transactions pursuant to section 7(4) shall not incur any liability on the undertaking or person, its employees or management. Disclosure of information in connection with this shall not be considered a breach of any duty of confidentiality.

**Section 27.-(1)** Undertakings and persons covered by this Act, management and employees in said undertakings and employees of said persons as well as auditors or other persons carrying out or having carried out special tasks for the undertaking or person shall be obliged to keep secret the fact that notification has been effected under section 7, that this is being considered, or that an investigation of whether this is a case of money laundering or financing of terrorism has been or will

be instigated, cf. however subsections (2)-(6).

(2) Information that notification has been effected under section 7, that this is being considered, or that an investigation of whether this is a case of money laundering or financing of terrorism has been or will be instigated may be divulged to the authorities and organisations that supervise compliance with this Act.

(3) The prohibition laid down in subsection (1) shall not prevent lawyers, auditors, external accountants and tax advisors from discouraging their client from carrying out illegal activities.

(4) Information that notification has been effected under section 7, that this is being considered, or that an investigation of whether this is a case of money laundering or financing of terrorism has been or will be instigated may be divulged to undertakings belonging to the same group as defined by Article 2(12) of Directive 2002/87/EC.

(5) Information that notification has been effected under section 7, that this is being considered, or that an investigation of whether this is a case of money laundering or financing of terrorism has been or will be instigated may be divulged between persons as mentioned in section 1(1), nos. 13-15 if both the person divulging the information and the person receiving the information carry out their activities within the same legal unit or network.

(6) Information that notification has been effected under section 7, that this is being considered, or that an investigation of whether this is a case of money laundering or financing of terrorism has been or will be instigated may be divulged between persons or undertakings covered by section 1(1), nos. 1-14 provided

- 1) that the information relates to an undertaking or person that is a customer of both the undertaking or person divulging the information and the undertaking or person receiving the information, and that the information relates to a transaction involving both parties,
- 2) that the undertaking or person divulging the information and the undertaking or person receiving the information have the same occupation,
- 3) that the undertaking or person divulging the information and the undertaking or person receiving the information are subject to uniform requirements as regards duty of confidentiality and protection of personal data, and
- 4) that the information exchanged is only applied for prevention of money laundering and financing of terrorism.

(7) Information as mentioned in subsections (4)-(6) may only be divulged to undertakings and persons that have their registered offices or are domiciled in a country outside the European Union with which the Community has not entered into an agreement for the financial area, if the undertaking or person is subject to requirements to combat money laundering and financing of terrorism corresponding to the requirements stipulated in the Third Money Laundering Directive and that compliance with these requirements is being supervised.

**Section 28.** The Danish FSA shall inform the other Member States and the European Commission of matters where it decides that a country outside the European Union with which the Community has not entered into an agreement for the financial area does have requirements to combat money laundering and financing of terrorism corresponding to the requirements stipulated in the Third Money Laundering Directive and that compliance with these requirements is being supervised.

**Section 29.** If the European Commission so decides, the Danish FSA may decide that undertakings and persons covered by this Act are not to divulge information to countries outside the European Union with which the Community has not entered into an agreement for the financial area pursuant to section 27.

## **Part 7**

### *Counterfeit money*

**Section 30.** Undertakings and persons that, as part of their activities, take part in handling and delivery of notes and coins to the general public, including persons and undertakings the activity of which consists of exchanging notes and coins of various currencies, shall remove from circulation all notes and coins that they know or have reason to believe are counterfeit. Counterfeit banknotes and coins shall be submitted to the Police immediately.

## **Part 8**

### *Registration and supervision etc.*

**Section 31.-(1)** Persons and undertakings covered by section 1(1), nos. 11 and 18 shall be registered with the Danish Commerce and Companies Agency in order to carry out such activities.

**(2)** The Danish Commerce and Companies Agency shall refuse to register the persons and undertakings mentioned in subsection (1) if the persons or members of management mentioned or the beneficial owners of the undertaking have been convicted of a criminal offence and such offence gives reason to believe that there is an immediate danger that the position or business may be abused, cf. section 78(2) of the Criminal Code.

**(3)** The Danish Commerce and Companies Agency shall deregister a person or undertaking mentioned in subsection (1) if a registered person or a member of management or the beneficial owners of a registered undertaking do not comply with the requirement in subsection (2).

**Section 32.-(1)** The Danish Commerce and Companies Agency shall ensure that undertakings and persons covered by section 1(1), nos. 11 and 15-18 comply with this Act and the regulations issued pursuant hereto. The Danish Commerce and Companies Agency shall also ensure that undertakings and persons covered by section 1(1) no. 11 comply with the regulation on information on the payer accompanying transfers of funds.

**(2)** Supervision under subsection (1) of undertakings and persons covered by section 1(1), nos. 15-18 shall be carried out on the basis of an assessment of the risk of money laundering and financing of terrorism.

**(3)** The undertakings and persons mentioned in subsection (1) shall provide the Danish Commerce and Companies Agency with all information necessary for supervision of compliance with this Act or regulations issued pursuant hereto as well as compliance with the regulation on information on the payer accompanying transfers of funds.

**(4)** The Danish Commerce and Companies Agency may at all times, on proof of identity and without a court order, gain access to undertakings and persons covered by section 1(1), no. 11 with a view to obtaining information, including during inspections.

**(5)** The Danish Commerce and Companies Agency may use external assistance in supervision under subsection (1).

**Section 33.** The Danish Commerce and Companies Agency may, for the undertakings and persons mentioned in section 31, lay down more detailed regulations regarding notification, registration and public disclosure, including regulations stipulating which information is to be registered and which matters applicants or others may submit and register electronically themselves in the Agency's computer system by using a digital or similar electronic signature, and regarding the use of such a system.

**Section 34.-(1)** The Danish FSA shall ensure that undertakings and persons covered by section 1(1), nos. 1-10 and 12 of this Act comply with this Act and the regulations issued pursuant hereto. The Danish Commerce and Companies Agency shall also ensure that undertakings and persons covered by section 1(1) nos. 1-10 and 12, comply with the regulation on information on the payer accompanying transfers of funds if these undertakings and persons carry out money transfers.

**(2)** Persons and undertakings covered by section 1(1), nos. 12 shall be registered with the Danish FSA.

**(3)** The undertakings and persons mentioned in subsection (1) shall provide the Danish FSA with the information necessary for supervision of compliance with this Act or regulations issued pursuant hereto as well as compliance with the regulation on information on the payer accompanying transfers of funds.

**(4)** The Danish FSA may at all times, on proof of identity and without a court order, gain access to undertakings and persons covered by subsection (1) with a view to gathering information, including during inspections.

**(5)** The Danish FSA may order that proof of identity and collection of information be effected in accordance with section 12(8).

*Feedback*

**Section 35.-(1)** The Public Prosecutor for Serious Economic Crime may, if investigative considerations do not contradict this, inform the notifying person about the status of the matter, including whether a charge has been made, and may inform about deletion from the money laundering register at the Public Prosecutor for Serious Economic Crime, and about a final decision, on conviction possibly in the form of a judgment or a transcript of a judgment.

(2) The notifications mentioned in subsection (1) may not unlawfully be divulged to others.

**Part 10***Provisions regarding appeals*

**Section 36.** Decisions made by the Danish FSA or the Danish Commerce and Companies Agency under this Act or regulations issued pursuant to this Act as well as with regard to the regulation on information on the payer accompanying transfers of funds may be brought before the Company Appeals Board by the person against whom said decision is directed no later than four weeks after the person concerned has been notified about the decision.

**Part 11***Penalties*

**Section 37.-(1)** Intentional or grossly negligent violation of section 2; section 6(2), 2nd clause; section 7(1), 2nd clause, (3) and (4), 1st clause; section 11; section 12(1)-(6); section 13(1), 1st and 3rd clauses, (2) and (3), 2nd clause; section 14; section 15; section 19(1), (2), 1st clause and (3)-(5); section 23(1), 1st clause, (2) and (3), 1st clause; section 24; section 25(1)-(3); section 27(1); section 30, 2nd clause; section 31(1); section 32(3); and section 34(2) and (3) shall be subject to a fine. Intentional or grossly negligent violation of section 35(2) shall be subject to a fine, unless more severe punishment is incurred under the regulations of the Criminal Code.

(2) In the event of particularly gross or extensive intentional violations of section 2; section 7(1), 2nd clause, (3) and (4), 1st clause; section 12(1)-(6); sections 14, 15 and 16(1); and section 23(1), 1st clause, (2) and (3), 1st clause, the penalty may be increased to imprisonment of up to six months.

(3) In regulations issued in pursuance of this Act fines may be stipulated for violation of the provisions of said regulations.

(4) If a person or undertaking omits to fulfil the duties and obligations imposed on them pursuant to section 32(3) and section 34(3), the Danish Commerce and Companies Agency and the Danish FSA respectively may, as a coercive measure, impose daily or weekly fines on the person, or undertaking or on the persons responsible for said undertaking.

(5) Any person or undertaking failing to comply with an order issued pursuant to section 34(5) shall be liable to a fine.

(6)\* Intentional or grossly negligent violation of Article 5 and Article 6(2), Article 7(1), Articles 8, 9, 11 and 12, and Article 13(4) of the Council's regulation on information on the payer accompanying transfers of funds shall be subject to a fine. In the event of particularly gross or extensive intentional violations, the penalty may be increased to imprisonment of up to six months. \*(Enters into force on 15 December 2007.)

(7) Companies, etc. (legal persons) may incur criminal liability according to the regulations in chapter 5 of the Criminal Code.

**Part 12***Entry into force and transitional provisions, etc*

**Section 38.-(1)** This Act shall enter into force on 1 March 2006, cf. however subsection (3).

(2) At the same time, the Act on Measures to Prevent Money Laundering and Financing of Terrorism, cf. Consolidated Act no. 132 of 1 March 2005 shall be repealed.



**STANDARD REPORTING FORM****The Money Laundering Secretariat**

The Public Prosecutor for Serious Economic Crime  
 Bryggervangen 55  
 2100 Copenhagen Ø  
 Denmark

Tel. +45 35 25 95 00, ext. 6816  
 Fax +45 33 43 00 16  
 E-mail: [saoek@ankl.dk](mailto:saoek@ankl.dk)

**REPORT TO THE MONEY LAUNDERING SECRETARIAT**

concerning suspicion of the laundering of proceeds of crime or the financing of terrorism

<b>A. Who is providing the report</b>	
Undertaking:	
Address:	
Postal code:	City:
Tel.:	Fax:
E-mail:	

<b>B. Information of the persons, undertakings etc. that the report concerns</b>	
Name:	
Address:	
Postal code:	City:
Country:	
CPR. no. / CVR no.:	
Tel.:	Fax:
Known customer (insert x) :	New customer (insert x) :

<b>C. Information on the persons making enquiries on behalf of the above-stated undertaking or similar</b>	
Name:	
Address:	
Postal code:	City:
Country:	
CPR. no. / CVR no.:	
Tel.:	Fax:

<b>D. Information on the transactions or other activity, that you have been requested to carry out:</b>
(e.g. type, number, amount, date, other countries involved)



























