



Progress Report No.1

The Offshore Republic. Review of factors leading to systemic fraud and money laundering in Moldova's banking, financial and insurance sectors

July 2023

Progress Report No.1
The Offshore Republic. Review of factors leading to systemic fraud and money laundering in Moldova's banking, financial and insurance sectors

On 13 July 2022, the Independent Anti-Corruption Advisory Committee (CCIA) launched its first Report: [*"The Offshore Republic": Review of factors leading to systemic fraud and money laundering in Moldova's banking, financial and insurance sectors*](#) which presents a comprehensive analysis of corruption in the financial, banking and insurance systems, seen in the broader context of systemic fraud in these sectors, embezzlement and money laundering. The publication illustrates the many ways in which legal amendments, questionable appointments of heads of institutions, lack of genuine independence of oversight institutions and the absence of stronger actions in respect of red flags, resulted in what is called a "captured state". The report presents well-grounded findings and provides conclusions and recommendations on strengthening institutional capacity, increasing transparency in their work, changing the legislation, and improving oversight mechanisms in the financial, banking, and insurance sectors.

The CCIA manner of operation is explicit in that following the launch of each report, the CCIA will follow-up every 6, 12, 18 and 24 months, etc., with the responsible institutions and assess the manner and level of implementation of the provided recommendations.

This is the first progress report which illustrates the level of implementation of the recommendations in February 2023, which is 6 months after the launch of the Report No. 1.

The assessment is done using the following descriptors:

fully implemented

partially implemented

not implemented

Where no answer has been received from institutions, that has also been explained in the text.

This is the first follow-up and the institutions only had 6 months after the adoption of the original report, however, the rate of implementation of 42 recommendations is encouraging:

- 3 recommendations (7%) have been fully implemented;
- 22 recommendations (52%) have been partially implemented;
- 12 recommendations (29%) have not been implemented.

The CCIA was not in position to assess the level of implementation for 5 recommendations (12%), due to lack of official responses.

CCIA will insist vigorously on the implementation of all recommendations, unless the institutions provide sufficient and grounded reasons that they have dealt with the identified problem in some other acceptable manner¹. In the current state of affairs, CCIA is aware that this is the first follow-up and Moldovan institutions are only familiarizing themselves with this part of the CCIA's function. For the recommendations, where the implementation deadline exceeds 6 months, the CCIA also acknowledges the fact that institutions still have time to comply with the recommendations, but diverse approaches of different institutions to the implementation of the CCIA's recommendations can already be identified: some of them are engaging heavily and some of them are only looking for excuses not to do it. Currently, the CCIA will continue to engage with all institutions in order to reach the highest possible level of implementation of recommendations, however, in the case of a continuous lack of interest for the implementation expressed by some institutions, the CCIA will be forced to expose those institutions publicly and to apply other national and international mechanisms for pressure to ensure full implementation of the recommendations from the Report [*"The Offshore Republic": Review of factors leading to systemic fraud and money laundering in Moldova's banking, financial and insurance sectors*](#)².

¹ Applying so-called "functional equivalence" principle.

² <https://ccia.md/wp-content/uploads/2022/07/Offshore-Republic-factors-leading-to-systemic-fraud-money-laundering-financial-and-insurance-sectors-Moldova-1.pdf>.

No.	Recommendation	Implementation deadline	Status
1.	Parliament should implement a procedure to ensure all future appointments of NBM Governors and Deputy Governors are merit based and transparent	Effective from the next vacancy	
2.	NBM should strengthen its capacity to investigate money laundering red flags with money laundering approaches being integrated into on-site and off-site bank inspections	6 months	
3.	NBM should make bank inspection reports publicly available online, excluding the information related to commercial secrets	6 months	
4.	NBM should disclose and make public and easily accessible information on ultimate beneficial owners of the commercial banks	9 months	
5.	NBM should make sure all decisions of the Supervisory Board and the Executive Board are published on the website of the State Register of Legal Acts www.legis.md	3 months	
6.	The IMF should examine the efficacy of NBM efforts to identify beneficial owners of banks	6 months	
7.	The MSE should develop and implement an accessible and easy-to-use public interface providing joint stock company disclosures including externally audited financial statements	18 months	
8.	NCFM annual reports should incorporate the value and ratio of the reinsured risks, with a breakdown by the country of the reinsurer as opposed to the current practice of disclosing only the amount of insurance premiums transferred to reinsurers	Immediate	
9.	Parliament should amend the relevant statute to make sure that the appointment of the administrators of insurance companies without prior notice to NCFM are invalid	9 months	
10.	NCFM should disclose and make easily accessible information on the ultimate beneficial owners of insurance companies	9 months	
11.	Parliament should amend legislation to require NCFM to conduct onsite inspections of insurance companies at specific intervals as required in the banking sector	9 months	
12.	NCFM should assess the assets of all insurance companies to determine whether liquidity indicators are overestimated, or assets appear overvalued	18 months	
13.	NCFM should make sure that all the decisions are published on the website of the State Register of Legal Acts www.legis.md	3 months	
14.	Parliament should introduce legislation expanding restrictions and increasing the penalty against actuaries who minimize risks in their assessment reports	9 months	
15.	Parliament should introduce legislation – and NCFM should adopt rules – restricting shareholders, management, actuaries and auditors from reopening business under another name or to hold management positions if they have previously been sanctioned	12 months	
16.	Parliament should introduce legislation to ensure any NCFM decision is approved by a majority of NCFM's appointed members and not by a majority of quorum	9 months	
17.	Parliament should amend the NCFM law and the administrative code imposing the suspension of NCFM decisions by the Courts of Appeal as opposed to District Courts	9 months	
18.	Parliament should introduce measures to hold judges accountable for decisions to transfer shares without the consent of the NCFM	9 months	
19.	Banks should increase their institutional capacity to identify suspicious transactions and report them to the FIU	6 months	
20.	FIU should create a specialized function to analyze corporate registration activities to identify money laundering patterns	12 months	
21.	NAC, CARA, FIU, and the specialized prosecution offices should request additional resources to attract finance/banking specialists	6 months	
22.	FIU should provide capacity building support for judges, lawyers, notaries, and bailiffs on submitting information on suspicious transactions	12 months	

23.	Parliament should introduce legislative amendments requiring bailiffs and judges to submit suspicious transaction reports to the FIU and providing dissuasive sanctions for not fulfilling this obligation	9 months	Yellow
24.	Parliament should introduce requirements for independent auditors to report to NBM and law enforcement agencies when banks, insurance companies and other financial institutions are suspected of participating in fraudulent or illegal activity	12 months	Red
25.	NAC, APO, PCCOCS should improve cooperation and exchange of data, including, but not limited to, establishing joint investigation teams, including NBM, NCFM and legal professionals, where appropriate	3 months	Yellow
26.	APO should establish joint international investigation teams with the agreement of other countries' relevant authorities and specialized international organizations	9 months	Green
27.	PGO, APO, NAC, and CARA should consistently communicate investigative and recovery milestones related to the bank fraud to the public. These should be made available on institutions' websites in an easily accessible format	3 months	Yellow
28.	Agency for Court Administration should publish online all court decisions of the Economic District Court and the Economic Court of Appeal issued from 2009 till now	12 months	Red
29.	Agency for Court Administration should amend the civil procedure code to improve its case management system to avoid the registration of cases already pending or previously decided	6 months	Yellow
30.	Parliament should increase the efficiency and transparency of disciplinary proceedings by amending Law on Disciplinary Liability of Judges	6 months	Yellow
31.	Parliament should revise the liquidation process for private companies to expedite recoveries of assets and more directly deal with falsified debts	12 months	Red
32.	NBM Banking Supervision department should exercise its functions to audit and oversee the activities of liquidators as stringently as they would for banks and publish such reports in a timely manner, including information regarding payments to bank creditors	9 months	Yellow
33.	CARA, NAC, and APO should draft and implement a well-resourced, rigid, asset tracking and recovery effort supported by international technical assistance	6 months	Yellow
34.	CARA and bank liquidators appointed by NBM should improve cooperation and exchange of data, including establishing joint teams	3 months	Yellow
35.	Parliament should adopt legislation empowering non-criminal asset seizures	6 months	Green
36.	EBRD should finance an external assessment of its past lending practices in Moldova and should investigate ways to mitigate any potential contributions to fraud, money laundering, and corruption	12 months	
37.	Government of Moldova and international partners should strengthen bilateral (MLA) and multilateral institutional partnerships regarding wanted persons, confiscation and asset recovery	15 months	
38.	Government of Moldova should undertake all efforts on the appointment of a liaison prosecutor to Eurojust and a representative to the headquarters of Interpol	6 months	
39.	Republic of Moldova should continue political and diplomatic efforts to expedite the seizure and recovery of proceeds of money laundering and fraud, and to extradite suspected perpetrators	Immediate	Yellow
40.	PGO must ensure all the requests to Interpol are grounded and have no political motivation	Immediate	Red
41.	PGO, Ministry of Interior and the Ministry of Justice should establish a joint group and evaluate all the requests to Interpol (especially those related to corruption, money laundering) from the last three years 3	12 months	
42.	Government of Moldova should approve law enforcement agencies' additional funding for translation purposes and for contracting specialists (e.g. financial experts)	3 months	Red

Recommendation no. 1. Parliament should implement a procedure to ensure all future appointments of NBM Governors and Deputy Governors are merit based and transparent (effective from the next vacancy).

Institutional response: the legal framework which regulates the activity of the NBM takes on, to a great extent the good practices and international recommendations applicable to central banks, including eligibility as to the members of governing bodies. These provisions are subject to periodic evaluations from international bodies (IMF) including within the periodic exercise Safeguards Assessment. Thus, the IMF Recommendations issued in the latest Safeguards Assessment Report 2020 were included in the Law amending certain legal acts no. 364/2022 in force as of 13 January 2023.

CCIA assessment: the Law amending certain legal acts no. 364/2022 in force as of 13 January 2023 provides nothing related to the appointment procedure of NBM governors and deputy governors.

Status: **Not implemented**

Recommendation no. 2. National Bank of Moldova should strengthen its capacity to investigate money laundering red flags with money laundering approaches being integrated into on-site and off-site bank inspections (within 6 months from issuance of this report)

Institutional response: the 2018 Regulation on the inspections of financial situations and inspections of banks contains clear audit criteria for audit of banks. Moreover, to improve the National Bank of Moldova (NBM) analysis and monitoring capacity, a specialised IT solution was initiated on 1 April 2021 to monitor the transparency of shareholders and remote analysis in the field of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) shall allow the NBM to strengthen its operational capacity on distance supervision of banks in order to monitor risks, and use red flags qualitative indicators with increased efficiency as to the manner in which banks comply with legislative requirements in force in AML/CFT. Parliament amended AML legislation to extend the definition of beneficial owner and the notion of politically exposed persons (PEP) and their close associates and introduced the list of international sanctions.

CCIA assessment: the amendments to AML law were intended to address gaps in the FIU mandate, as well as implement MONEYVAL recommendations and EU AML Directive 4 and EU AML Directive 5 provision in the NBM's supervised sectors as bank and non-banking sectors (payment service providers and foreign exchange offices). The impact on the NBM policy and practice is, therefore, not yet clear. The annual report of NBM was not yet published at the time of drafting of this Report. However, some steps are being taken. Development partners helped the NBM draft a Regulation on setting the pecuniary sanctions for AML/CFT infringements by banks, payments service providers and foreign exchange offices. The document was not yet approved.

Status: **Partially implemented**

Recommendation no. 3. NBM should make bank inspection reports publicly available online, excluding the information related to commercial secrets (6 months)

Institutional response: the requirements of public availability are provided in the Regulation on the requirements on banks to publish information no. 158/2020 which transposes the 575/2013 EU Regulation on prudential requirements for credit institutions and investment companies. Thus, the information on the economic-financial activity of banks is published on the banks' websites according to this regulation, International Standards of Financial Reporting and the inspection report on the annual financial situation. The NBM is not entitled to publish the inspection report, since this is a result of the

contractual relations between the bank and the audit company. The NBM, as a supervisory authority has only the mandate to check whether the banks comply with the requirements to publish the information, including the inspection report.

CCIA assessment: NBM is not moving to comply with this recommendation.

Status: **Not implemented**

Recommendation no. 4. NBM should disclose and make public and easily accessible information on ultimate beneficial owners of the commercial banks (9 months).

Institutional response: Each bank publishes on its webpage the information on the shareholders with more than 1% of the shares as well as information on the ultimate beneficial owners. During monitoring and supervision, the NBM checks the manner in which banks comply with the requirements of publishing information including as to disclosing beneficial owners of shareholders. The sanctioning for not disclosing is provided in Law no. 202/2017.

CCIA assessment: NBM is not moving to comply with this recommendation.

Status: **Not implemented**

Recommendation no. 5. NBM should make sure all decisions of the Supervisory Board and the Executive Board are published on the website of the State Register of Legal Acts www.legis.md (3 months)

Institutional response: the decisions of the Supervision Board of the NBM and the Executive Board are published on its website according to the provisions of the Law on the commercial secret and according to the Strategy on external communication of the NBM. Additionally, according to technical practices and standards, representatives of interested institutions take over the needed information from the NBM webpage to place it to their own webpage, by use of modern technology automated takeover of data. The NBM takes over the data from the website of the National Bureau of Statistics regarding the inflation rate which is published monthly.

CCIA assessment: NBM is not moving to comply with this recommendation.

Status: **Not implemented**

Recommendation no. 6. IMF should examine the efficacy of NBM efforts to identify beneficial owners of banks (6 months)

Institutional response: the process of rendering transparent the banking sector has been positively evaluated by IMF which mentioned in the Additional Memorandum on the economic and financial policies of 28 February 2020: *the banking sector of the Republic of Moldova went through a series of transformations during the implementation of the program with the support of IMF. Following NBM measures taken in respect of the shareholders which did not comply with the requirements, at the moment, 90% of the shares of banks are administered by financial groups internationally known.* In Report no.20/76 of March 2020, in p.21 it is mentioned that *major vulnerabilities of the banking sector have been redressed within the program. A significant progress was accomplished in ensuring transparency of shareholders and their conformity with quality requirements. [...] These reforms strengthened the resistance of the Moldovan banking sector and contributed to attracting new investments. The banks are capitalised, liquid and with adequate profitability rates which the bank lending recorded an increase in 2019.*

CCIA assessment: NBM considers that IMF has positively evaluated it in 2020. No IMF report has been yet issued to comply with this recommendation.

Status: **Not implemented**

Recommendation no. 7. MSE should develop and implement an accessible and easy-to-use public interface providing joint stock company disclosures including externally audited financial statements (18 months).

Institutional response: MSE publishes on its website (www.bvm.md) the reports and relevant information received from issuers. In addition, links are displayed where the mentioned information can be accessed on the issuers' own web pages. At the same time, in order to increase access to information related to the shareholding structure of companies listed at the MSE, the corresponding module for each issuer was introduced on the web page. Here the relevant data from the received reports are published, as well as the links to the issuers' own web pages, where they disclose the given information (for issuers that have this obligation).

CCIA assessment: although improvements have been made, the interface of the MSE seems still not so easy to be used.

Status: **Partially implemented**

Recommendation no. 8. National Commission for Financial Markets annual reports should incorporate the value and ratio of the reinsured risks, with a breakdown by the country of the reinsurer as opposed to the current practice of disclosing only the amount of insurance premiums transferred to reinsurers (immediate)

Institutional response: the above-mentioned aspect will be analysed when preparing the future annual report, which will include detailed information related to the reinsurance segment, including the distribution of reinsurance premiums per country. The normative framework in force and the new Law no. 92/2022 regarding the insurance or reinsurance activity, which partially transposes the set of EU "Solvency II" Directives, sorts the reinsurance companies admitted to practice reinsurance activity on the territory of the Republic of Moldova based on the rating criteria assigned by the international rating companies.

CCIA assessment: NCFM has committed to such analysis in its next annual report. The annual report for 2022 is not published yet.

Status: **Partially implemented**

Recommendation no. 9. Parliament should amend the relevant statute to make sure that the appointment of the administrators of insurance companies without prior notice to NCFM are invalid (9 months).

Institutional response: the Parliament is working on the draft Law no. 441 of 1 January 2022 regarding the amendment of some normative acts, to modify Law no. 192/1998 on the National Commission of Financial Markets, Law no. 92 on insurance or reinsurance activity and Administrative Code. The draft provisions related to appointed persons with management positions refer to the fact that they can initiate the exercise of their duties only after the positive opinion of the supervisory authority. Important additions are made to the disclosure of information on the beneficial owners of the qualified holdings of insurance companies, with additional transparency requirements.

CCIA assessment: CCIA will follow-up on the draft provisions and the adoption of the amendments.

Status: **Partially implemented**

Recommendation no. 10. NCFM should disclose and make easily accessible information on the ultimate beneficial owners of insurance companies (9 months).

Institutional response: under the Law no. 92/2022, the insurance company publishes the information related to the shareholders and/or groups of persons acting in concert who hold qualified shares in the insurance company and the effective beneficiaries of these persons in the form established by the authority, similar to the legal mechanisms applicable to commercial banks. These legal provisions entered into force on 1 January 2023.

CCIA assessment: although amendments were done to the legislation, beneficial owners of insurance companies are not yet to be found on the NCFM website. To be followed up with NCFM.

Status: **Partially implemented**

Recommendation no. 11. Parliament should amend legislation to require NCFM to conduct onsite inspections of insurance companies at specific intervals as required in the banking sector (9 months).

Institutional response: Parliament adopted Law no. 92/2022 on insurance or reinsurance activity³, which provides for the possibility for the supervisory authority to carry out field inspections at insurance companies (art. 117 para. (5)). Starting from 1 July 2023 the supervisory authority will be the NBM, following some processes of transition of the activities between the concerned authorities.

CCIA assessment: the amendments were approved but they do not require periodic assessments. The CCIA will follow-up with the NBM to inquire on the practical implementation of the provisions.

Status: **Partially implemented**

Recommendation no. 12. NCFM should assess the assets of all insurance companies to determine whether liquidity indicators are overestimated, or assets appear overvalued. (18 months).

Institutional response: in 2021, the NCFM carried out, for the first time, an exercise to assess the resilience of the insurance market for the period 2016-2020, consolidated per market, based on the activity of 10 licensed insurers as well as individually per insurer. NCFM faced problems in terms of determining the correctness of the valuation of insurers' assets. Or, the legislation in force assigns powers to verify the correctness of the preparation of the evaluation reports to the Land and Cadastre Agency. The NCFM requests the Land and Cadastre Agency to examine the evaluation reports presented by insurers, a process that lasts from 4 to 6 months. At the same time, the submission of a request for the evaluation of the assets of the supervised entities cannot be satisfied without the consent of the owner to access the asset. Furthermore, in the event that based on an independent evaluation different data would be obtained than those reported by the insurer, they would not prevail over the evaluation reports held by the participants. Or, in accordance with the legislation in force, the evaluator's report can only be annulled by the court.

³ https://www.legis.md/cautare/getResults?doc_id=134551&lang=ro#

By Law no. 216 of 3 August 2022, amendments were made to the framework law (Law no. 192/1998)⁴, which strengthen the institutional and intervention rights of the NCFM, but these have not yet been applied in practice.

CCIA assessment: CCIA will follow-up with NCFM on the practical implementation of the latest amendments.

Status: **Partially implemented**

Recommendation no. 13. NCFM should make sure that all the decisions are published on the website of the State Register of Legal Acts www.legis.md (3 months)

Institutional response: the NCFM identified a series of documents (published in the Official Gazette) but which are not published on the website of the State Register of Legal Documents, www.legis.md, and intervened in this regard with the Ministry of Justice to update the platform.

CCIA assessment: the institution did its part, but must now follow up with the Ministry of Justice. The CCIA will follow that process closely.

Status: **Partially implemented**

Recommendation no. 14. Parliament should introduce legislation expanding restrictions and increasing the penalty against actuaries who minimize risks in their assessment reports (9 months).

Institutional response: Parliament reported that Art. 304⁴ and art. 305 para. (9) of the Code on Contraventions of the Republic of Moldova no. 218/2008⁵ provides for sanctions for non-compliance with the rules regarding the conduct of activities on the non-banking financial market, the sanctions being also for actuaries.

CCIA assessment: it appears that the Parliament does not find it necessary to implement this recommendation.

Status: **Not implemented**

Recommendation no. 15. Parliament should introduce legislation – and NCFM should adopt rules – restricting shareholders, management, actuaries and auditors from reopening business under another name or to hold management positions if they have previously been sanctioned (12 months).

Institutional response: Parliament is examining draft law no. 441 of 1 December 2022 regarding the amendment of some normative acts, which contains these amendments⁶.

CCIA assessment: CCIA will follow-up on the provisions and adoption process.

Status: **Partially implemented**

Recommendation no. 16. Parliament should introduce legislation to ensure any NCFM decision is approved by a majority of NCFM's appointed members and not by a majority of quorum (9 months).

⁴ https://www.legis.md/cautare/getResults?doc_id=132566&lang=ro

⁵ https://www.legis.md/cautare/getResults?doc_id=136060&lang=ro#

⁶ <https://www.parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/6275/language/ro-RO/Default.aspx>

Institutional response: According to the Law no. 126/2022, changes were made to the framework legislation and the number of NCFM Board of Directors (BD) members being reduced from 5 to 3. Thus, the meetings of the BD are deliberative if at least 2 members participate in them and are chaired by the president of the BD, and in his/her absence, by the empowered vice-president. At the same time, according to the framework law, NCFM BD members do not have the right to abstain from voting.

CCIA assessment: CCIA will follow-up with NCFM on the manner in which the Board of Directors voting takes place in practice.

Status: Fully implemented

Recommendation no. 17. Parliament should amend the NCFM law and the administrative code imposing the suspension of NCFM decisions by the Courts of Appeal as opposed to District Courts (9 months).

Institutional response: Parliament is examining draft law no. 441 of 1 December 2022 regarding the amendment of some normative acts⁷, which contains these amendments.

CCIA assessment: CCIA will follow-up on the provisions and adoption process.

Status: Partially implemented

Recommendation no. 18. Parliament should introduce measures to hold judges accountable for decisions to transfer shares without the consent of the NCFM (9 months).

Institutional response: Parliament is examining draft law no. 441 of 1 December 2022 regarding the amendment of some normative acts⁸, which contains these amendments.

CCIA assessment: CCIA could not find measures to hold judges accountable for decisions to transfer shares without the consent of the NCFM in this draft law. CCIA will follow-up with the Parliament.

Status: Not implemented

Recommendation no. 19. Banks should increase their institutional capacity to identify suspicious transactions and report them to the FIU (6 months)

Institutional response: NBM did not provide any information. CCIA is aware, however, that NBM organised a seminar on internal risk evaluation for members of boards of banks. The donor community provided such specialized training for more than 400 bank staff in 2022 and in 2023 as of this writing (May) for another 200 bank personnel.

CCIA assessment: CCIA assesses the progress as positive so far. CCIA will continue to monitor.

Status: Partially implemented

Recommendation no. 20. FIU should create a specialized function to analyse corporate registration activities to identify money laundering patterns (12 months).

⁷ <https://www.parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/6275/language/ro-RO/Default.aspx>

⁸ <https://www.parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/6275/language/ro-RO/Default.aspx>

Institutional response: In order to create a system for analyzing corporate registration activities to detect signs of money laundering, provisions were introduced, based on which the Agency for Public Services will notify to FIU suspicious cases identified in the process of providing public services. Thus, it will be possible to further analyze this data and, as the case may be, block the possibility of using legal entities for criminal purposes.

CCIA assessment: CCIA will follow-up with FIU on the implementation of this function.

Status: Partially implemented

Recommendation no. 21. NAC, CARA, FIU, and the specialized prosecution offices should request additional resources to attract finance/banking specialists (6 months)

Institutional response: NAC requested⁹ 50 additional staff units, emphasizing the need to modify and review the structure and the limited staff of the Centre and its structural subdivisions.

A working group on solving deficiencies regarding the internal structure and staffing of the **Prosecution Service**, established on the basis of Order of Prosecutor General no. 86/3 of 07.11.2022 was created. A draft of the new organizational chart of **Prosecutor's Office for Organized Crime and Special Cases (PCCOCS)** was put forward. In particular, it was examined the need to remedy the situation and introduce units of "specialist" (in the financial-banking, IT field, etc.) in the payroll of PCCOCS, but also in the institutional documents of other authorities that would allow their employees to be members of criminal investigation teams. (NBM refused the request of PCCOCS to designate an employee of the bank to be heard as a specialist in the financial-banking field on the grounds that this fact is not allowed by the institutional legal framework in force).

Under the law, the budgets of the specialized prosecutor's offices are reflected separately in the budget of the Prosecutor General's Office and are administered by the chief prosecutors of the specialized prosecutors' offices, however this is not implemented in practice. Currently, the **Anti-Corruption Prosecutor's office (APO)** is involving specialists and expertise from the banking field when required.

CCIA assessment: prosecution service (which includes two specialised prosecution offices) created a working group to also deal with the CCIA's recommendation and NAC made a request for additional staff. CCIA will follow up on the success of those activities.

Status: Partially implemented

Recommendation no. 22. FIU should provide capacity building support for judges, lawyers, notaries, and bailiffs on submitting information on suspicious transactions (12 months).

In the absence of any response, the CCIA is not yet in position to assess the activities of the institutions and to decide on the status of the recommendation.

Recommendation no. 23. Parliament should introduce legislative amendments requiring bailiffs and judges to submit suspicious transaction reports to the FIU and providing dissuasive sanctions for not fulfilling this obligation (9 months).

⁹ By answer no. 17/2-1182 of 24 January 2023 at the request of CSN 10 no. 5 of 10 January 2023 of the National Security, Defence and Public Order Commission

Institutional response: Parliament adopted amendments to the Law on AML on 30 March 2023 and included the amendments regarding bailiffs. But not judges. FIU argued that nowhere in the world judges are reporting entities.

CCIA assessment: the text is not yet published in the Official Gazette but the draft contains amendments regarding bailiffs as per institution's answer.

Status: **Partially implemented**

Recommendation no. 24. Parliament should introduce requirements for independent auditors to report to NBM and law enforcement agencies when banks, insurance companies and other financial institutions are suspected of participating in fraudulent or illegal activity (12 months).

Institutional response: according to the Parliament, the current regulatory framework provides for such reporting following the audit by the audit companies (see art. 53 para. (3)-(5) of Law no. 92/2022, art. 31 of Law no. 271/ 2017, art. 89 of Law no. 202/2017)¹⁰.

According to NBM, the obligation to inform and communicate with the NBM is in place already in Law no. 202/2017 art. 89. The same is provided in the Law on the payment services and electronic money no. 114/2012 art. 30 para. (2).

CCIA assessment: The institutions consider the solutions to a recommendation already in place and do not intend to implement it. In the light of the institutions' responses the CCIA will consider the need to adjust the follow-up procedure.

Status: **Not implemented**

Recommendation no. 25. NAC, APO, PCCOCS should improve cooperation and exchange of data, including, but not limited to, establishing joint investigation teams, including NBM, NCFM and legal professionals, where appropriate (3 months)

Institutional response:

According to the PCCOCS, there is an effective cooperation with CARA in the area of financial investigations¹¹ and the confiscation of criminal assets.

APO and PCCOCS see the need to amend the Criminal Procedural Code in order to expand the powers of specialists who participate as members of the criminal investigation team, so that the documents they issue to have legal force.

Specialized prosecution offices in carrying out functional activities most frequently cooperate at the national level with CARA in regards to financial investigations and freezing criminal assets.¹²

¹⁰ https://www.legis.md/cautare/getResults?doc_id=134551&lang=ro#;
https://www.legis.md/cautare/getResults?doc_id=132918&lang=ro#;
https://www.legis.md/cautare/getResults?doc_id=136505&lang=ro#

¹¹ In the Moldovan legislation, CARA's mandate is to carry out "parallel financial investigation" provided in Article 6 point 201 of the CPC and Law on CARA. For the purposes of this paper, the term "financial investigation" shall be used because the term is more comprehensive.

¹² Thus, during 2022, financial investigations were initiated in 135 criminal cases (money laundering – 17; human trafficking – 10; corruption – 7; drug trafficking – 7; smuggling/evasion from payment of import duties – 7; tax evasion – 7; other crimes – 80), CARA was involved in 109 cases. In the same period, financial investigations were carried out in 69 criminal cases, which resulted

CCIA assessment: The work on amending the Criminal Procedure Code was initiated in August 2022 and amendments are to be approved in autumn 2023. CCIA will evaluate the text of the law as soon as it is available.

Status: Partially implemented

Recommendation no. 26. APO should establish joint international investigation teams with the agreement of other countries' relevant authorities (9 months) and specialized international organizations.

Institutional response: the decision to conclude an agreement on the formation of the joint investigation team belongs exclusively to the criminal investigation body, especially the prosecutor working on the specific case. According to the law, the competent authority to decide on the creation of a joint investigation team is the PGO. During 2022, in APO 5 joint investigation teams were active, which were created in the previous years, of which: 4 created with the counterparts from Romania and 1 with Latvia. During the same period, 2 joint investigation teams created with the competent authorities in Romania were closed, and the criminal cases were sent to court. Currently, within the criminal cases under the management of APO, 3 joint investigation teams are operational, of which 2 are created with the competent authorities from Romania and 1 with Latvia (on the criminal case generically named "Bank Fraud" and the case generically named "Laundromat").

CCIA assessment: CCIA will follow-up with APO to assess if further assistance is needed to ensure effective functioning of JITs.

Status: Fully implemented

Recommendation no. 27. PGO, APO, NAC, and CARA should consistently communicate investigative and recovery milestones related to the bank fraud to the public. These should be made available on institutions' websites in an easily accessible format (3 months)

Institutional response: By the joint Order of the PGO, the NAC, the State Fiscal Service and FIU no. 29/38/270/12 of 18 May 2021 the mechanism for the recovery of financial means stolen from the banking system was approved and implemented. In this context, **CARA** ensures the compilation, analysis and systematization of the information received from the NBM, FIU, PCCOCS, State Fiscal Service, etc., according to the progress indicators related to the actions established in the mechanism and sends monthly generalized information to **APO** (responsible for monitoring the implementation). APO draws up a compiled report and presents it to the PG, who is responsible for communicating such information to the public.

PGO: During 2022, with reference to all cases of high-level corruption, outcomes were brought to the public's attention by informing the originators of the complaints, press releases placed on the website of the PGO, and, as applicable, on the Facebook page of APO. In all cases, there is explanation of the factual and legal grounds. At the same time, additional information was provided by the prosecutors through answers to questions along with participation in press conferences/briefings or in various television shows or radio emissions.

in the identification of assets and financial means used to commit crimes in a total amount of MDL 42,592,047 (with the help of CARA – MDL 23,308,412), as well as resulting in the identification of assets and financial means resulting from crimes, in a total amount of MDL 176,170,547 (with the help of CARA – MDL 147,950,342).

PGO and NAC publish information every week on seizures, the latter relying on data from CARA.

CCIA assessment: With respect to the massive “bank fraud” events of a decade ago and the ongoing prosecution and recovery efforts press releases were published on the PGO website on that topic, and the annual reports of NAC and PGO contain data on the case, however, there is no consolidation of information as to the recovery of assets in a format easily accessible to the general public. There is also no explanation as to what seizure/recovery means or which are the amounts returned to the state budget.

Status: **Partially implemented**

Recommendation no. 28. Agency for Court Administration (ACA) should publish online all court decisions of the Economic District Court and the Economic Court of Appeal issued from 2009 till now (12 months).

Institutional response: at court level, judges and judicial assistants are responsible for publishing court decisions. Legal assistants have the mandate of system registrar and act under the supervision of judges. The ACA is the authority responsible for ensuring the accessibility of court decisions on the National Portal of Courts and ensures, on a permanent basis, the possibility of searching for court decisions, by the name of the parties, guarantees the transparency of court decisions by implementing the latest and more practical ways of searching for the information they contain.

CCIA assessment: the reply of the institution does not refer to court decisions of Economic District Court and the Economic Court of Appeal.

Status: **Not implemented**

Recommendation no. 29. Agency for Court Administration (ACA) should amend the civil procedure code to improve its case management system to avoid the registration of cases already pending or previously decided (6 months)

Institutional response: ACA suggests to supplement the Civil Procedure Code (CPC) as to the refusal to receive the complaint to court when there is already a pending application¹³.

The proposal for amendment has been sent to the Legal Drafting Department of the Ministry of Justice which is to prepare a draft law, hold public consultations, finalize it and send it to the Government, then Parliament for approval in the IV trimester of the 2023.

ACA considers it absolutely necessary to develop the functionalities of the Integrated Case Management Program, which currently allow courts to view the files and court decisions from all courts, but pending applications can only be viewed from within the court where it was filed.

CCIA assessment: The draft amendments are still work in progress, thus CCIA will follow-up on the draft amendments. It appears that the final adopted text will be available at the end of the year.

Status: **Partially implemented.**

Recommendation no. 30 Parliament should increase the efficiency and transparency of disciplinary proceedings by amending Law on Disciplinary Liability of Judges (6 months)

¹³ ACA proposes to complete art. 169 para. (1) CPC with letter f) with the following wording “in the national courts there is a pending claim with the same object, the same parties”.

Institutional response: By Law no. 5 of 2 February 2023, changes were made to Law no. 544/1995 regarding the status of the judge, Law no. 947/1996 regarding the Superior Council of Magistracy and Law no. 178/2014 regarding the disciplinary liability of judges in order to improve the disciplinary liability of judges and judicial inspection.

CCIA assessment: it is too early to assess the impact of the legal amendments since it entered into force in April 2023. At the moment, Superior Council of Magistracy (SCM) is drafting the rules for disciplinary liability of Judicial Inspection to be adopted by 1 September 2023. CCIA will follow the adoption of those rules and their implementation in practice.

Status: **Partially implemented**

Recommendation no. 31. Parliament should revise the liquidation process for private companies to expedite recoveries of assets and more directly deal with falsified debts (12 months).

Institutional response: Parliament replied that policies in this field are under the competence of the Ministry of Economy.

CCIA assessment: CCIA will follow-up with the Parliament and Ministry of Economy on this recommendation.

Status: **Not implemented**

Recommendation no. 32. NBM Banking Supervision department should exercise its functions to audit and oversee the activities of liquidators as stringently as they would for banks and publish such reports in a timely manner, including information regarding payments to bank creditors (9 months).

Institutional response: NBM does the preliminary approval of the transactions of selling the assets of the banks in the liquidation process. Most of the requests from liquidators refer to preliminary approval of bank's assets worth more than MDL 1 million. During 2018-2022, NBM examined 77 of such requests of liquidators. The NBM cooperates with FIU, GPO, State Fiscal Service, Customs Office, Public Services Agency. If there are suspicions as to eventual involvement of the buyer in suspect transactions, the NBM requests NAC/FIU to verify the source of money as well as information on any restrictions/prohibitions as to the transactions, including if these were subject to investigations. From the date of licence withdrawal until present, NBM carried out 9 thematic/complex controls ex-officio/on the spot as to the liquidation process of the three banks in liquidation process (UNIBANK, Banca Sociala and Banca de Economii). As a result, by NBM decisions, the liquidators were indicated measures and recommendations to improve the internal verification procedures as to the assets of banks and debt recovery. During 2018-2022, the liquidators of these banks presented to the NBM requests to approve the Financial reports on the finalisation of the liquidations process for 4 banks (Intreprizbanca, Banca Guinea, Oguzbank, Universalbank). NBM approved the financial reports and ordered the deletion of banks from the Registry of legal entities. Following this, the liquidators are no longer liable for liquidating the bank. During 2022-2023 the NBM benefited from a technical assistance project provided by IMF on evaluating the current legal framework and adoption of a revised Law on the liquidation of banks to include a procedure of forced liquidation to reach public policy objectives without impeding the NBM to fulfil its functions. The purpose of this project is to identify an optimal model for regulating and administering the process of forced liquidation and prepare a draft law in this regards.

CCIA assessment: CCIA will follow-up on the status of draft laws.

Status: **Partially implemented**

Recommendation no. 33 CARA, NAC, and APO should draft and implement a well-resourced, rigid, asset tracking and recovery effort supported by international technical assistance (6 months)

Institutional response: CARA benefited from the following budget allocations: 2018 – MDL 5,135,200, 2019 – MDL 7,002,100, 2020 – MDL 8,465,900, 2021 – MDL 11,098,000, 2022 - MDL 13,085,100. These amounts show the year-to-year increase in budget allocations to strengthen the Agency's activity. With the support of GiZ¹⁴ the procedure to identify a developer of the automated informational system “Register of undisclosed criminal assets” was initiated and a licence for the use of an information analysis software was financed, training courses and study visits had been organised. In 2022, within a project with Soros Moldova Foundation, CARA's staff benefited from English language courses, public speech and public communication courses. Another project was initiated in March 2023 with EU and Council of Europe¹⁵.

According to the Action Plan of the **Anticorruption Prosecutor's Office** for 2022, approved by the Order of the Chief Prosecutor of the Anticorruption Prosecutor's Office no. 3 of 25 February 2022, in conjunction with point 3.1.5 of the Operational Plan approved by Order of the Prosecutor General no. 25/8 of 23 March 2021, the objective “Conducting parallel financial investigations and using financial information, including by ensuring an operative and efficient exchange of information in the FIU and the responsible institutions, with the involvement of relevant specialists” was established.

End of December 2022, the Parliament approved the National Program for the recovery of criminal assets for the years 2023-2027 and the Action Plan regarding its implementation¹⁶. The goal of the policy document is to accelerate proceeds recovery, including money from the Bank Fraud and other high-profile cases. The main objectives of the program are to strengthen the system by making changes to legislation and creating the recovery mechanism, including the asset repatriation mechanism. The purpose of the program is to increase the efficiency of the national criminal asset recovery system, improve communication, collaboration and coordination between the responsible authorities and their counterparts abroad. The Program comprises nine chapters, including situation analysis, objectives, expected impact, implementation costs, risks, responsible authorities and institutions.

CCIA assessment: Efforts are being made, however, no evaluations have been made yet to assess their effectiveness. CCIA will follow up on the implementation of the National Program and its Action Plan.

Status: **Partially implemented**

Recommendation no. 34. CARA and bank liquidators appointed by NBM should improve cooperation and exchange of data, including establishing joint teams (3 months)

Institutional response: CARA has no legal mandate to create joint teams, including with bank liquidators. On the other hand, Law no. 48/2017 and the Criminal Procedure Code expressly provide both the Agency's competences within financial investigations, as well as the ways for cooperation and data exchange with other authorities. By joint Order of the Prosecutor General, NAC, the State Fiscal Service and FIU no. 29/38/270/12 of 18 May 2021, the Mechanism for the recovery of criminal assets stolen from the banking

¹⁴ “Strengthening the Rule of Law and Anti-Corruption Mechanisms in the Republic of Moldova” Project, carried out with the financial support of the EU, the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by the GiZ.

¹⁵ “Enhancing the anti-money laundering and asset recovery regime in the Republic of Moldova”, part of the third phase of the Partnership for Good Governance of the Council of Europe, and the European Union.

¹⁶ https://www.parlament.md/Actualitate/Comunicatedepresa/tabid/90/ContentId/8261/Page/0/language/ro-RO/Default.aspx?fbclid=IwAR3meaPCiUdwnvwwGOVYBKQsWn2Cvv2QTSEe58oHgsoWWDrrqWOT1TaX_3quo

system was approved and implemented, within which CARA requests relevant information from the Ministry of Finance, NBM and other authorities, which is further sent to APO.

NBM: During 2021-2022, three banks in the liquidation process (UNIBANK, Banca Sociala and Banca de Economii) responded to 26 requests for information from CARA. During July 2022-January 2023, the three banks in the liquidation process replied to 7 requests from CARA. NBM periodically presents information to CARA regarding the liquidation processes.

CCIA assessment: although there seems to be a sort of cooperation and exchange of data between CARA and bank liquidators, there was no concrete response from institutions on joint investigation teams.

Status: partially implemented.

Recommendation no. 35. Parliament should adopt legislation empowering non-criminal asset seizures (6 months)

Institutional response: by Law no. 190 of 21 July 2022, changes were made to the Criminal Code, which provide for the implementation of the mechanism for extended confiscation of assets accumulated through deeds of corruption.

CCIA assessment: CCIA will monitor the implementation of the amendments to the Criminal Code in order to assess whether legal professionals are trained on how to apply these amendments and whether the new mechanism become effective.

Status: Fully implemented

Recommendation no. 36. EBRD should finance an external assessment of its past lending practices in Moldova and should investigate ways to mitigate any potential contributions to fraud, money laundering, and corruption (12 months).

In the absence of any response, the CCIA is not yet in position to assess the activities of the EBRD and to decide on the status of the recommendation.

Recommendation no. 37. Government of Moldova and international partners should strengthen bilateral (MLA) and multilateral institutional partnerships regarding wanted persons, confiscation and asset recovery (15 months).

In the absence of any response, the CCIA is not yet in position to assess the activities of the institutions and to decide on the status of the recommendation.

Recommendation no. 38. Government of Moldova should undertake all efforts on the appointment of a liaison prosecutor to Eurojust and a representative to the headquarters of Interpol (6 months)

Institutional response: No official answer but the CCIA was able to acquire the information that the Republic of Moldova has not yet appointed a liaison prosecutor to Eurojust in 2023. There is no information regarding Interpol.

CCIA assessment: In the absence of any official data, the CCIA is not yet in position to assess the activities of the institutions and to decide on the status of the recommendation.

Recommendation no. 39. Republic of Moldova should continue political and diplomatic efforts to expedite the seizure and recovery of proceeds of money laundering and fraud, and to extradite suspected perpetrators (immediate)

Institutional response: The Moldovan Minister of Justice affirmed that they are in constant contact with the Ministry of Justice from Israel in respect of the case of fugitive MP Ilan Shor. The [chief of APO](#) stated that the authorities in Israel can recognize the sentence and the time in jail can be served in Israel. In August 2022, [the French authorities](#) have seized a property valued at over 83 million lei pertaining to V. Plahotniuc. In October 2022, [the US Treasury Department](#) has imposed sanctions against former PDM leader Vladimir Plahotniuc and Ilan Shor. In December 2022, the UK government announced that it included in a sanctions list 30 corrupt political figures, including Ilan Shor and Vladimir Plahotniuc. The [European Parliament](#) on 19 April 2023, adopted a resolution calling on the European Union to sanction Shor and Plahotniuc, and where appropriate their businesses and political organizations, as well as for both men to be extradited to Moldova to stand trial. On 27 April 2023, the President of the Republic of Moldova country approved the initiation process to sign the [International Treaty on Exchange of Data for the Verification of Asset Declarations](#). On 29 May 2023, the Chisinau Court of Appeal magistrates approved the trial in absentia of fugitive Vladimir Plahotniuc.

CCIA assessment: The Moldovan Government has taken a number of measures to expedite the seizure and recovery of proceeds of money laundering and fraud, and to extradite suspected perpetrators. The Government should continue to cooperate at bilateral level with the states to ensure the seizure and recovery of proceeds of money laundering and fraud, and to extradite suspected perpetrators. The CCIA notes the positive actions taken by other states to support the Moldovan government's efforts in this connection, and hopes that other countries will similarly follow suit so that no safe heaven is allowed for the perpetrators of large-scale corruption and embezzlement.

Status: **Partially implemented**

Recommendation no. 40. PGO must ensure all the requests to Interpol are grounded and have no political motivation (immediate)

Institutional response: The PGO claims that it does not have mandate to announce wanted persons. It is done by the prosecutors who lead or carry out the criminal investigation¹⁷. The refusal to include in the database of persons announced as wanted by Interpol is done by the Commission for the Control of INTERPOL Files¹⁸ and the Central Bureau of Interpol.

CCIA assessment: It is clear that the PGO has provided only a minor procedural reason for its current position. The CCIA will continue to pursue implementation of this important change since it is the role of the PGO to ensure unified and quality correspondence of all prosecutors with INTERPOL.

Status: **Not implemented**

Recommendation no. 41. PGO, Ministry of Interior and the Ministry of Justice should establish a joint group and evaluate all the requests to Interpol (especially those related corruption, money laundering) from the last three years (12-months).

¹⁷ According to the Criminal Procedure Code and Joint Order no. 144/206/208-275/73 of 15 June 2006 regarding the notification of wanted persons.

¹⁸ The Commission for the Control of INTERPOL Files is an independent body that ensures that all personal data processed through INTERPOL's channels conforms to the rules of the Organization. The Commission has three functions, as defined in INTERPOL's Constitution: a supervisory role, an advisory role, and a processing role—in which it handles individual's requests for access to, correction of or deletion of data in the INTERPOL Information System. <https://www.interpol.int/Who-we-are/Commission-for-the-Control-of-INTERPOL-s-Files-CCF>.

In the absence of any response, the CCIA is not yet in position to assess the activities of the institutions and to decide on the status of the recommendation.

Recommendation no. 42 Government of Moldova should approve law enforcement agencies' additional funding for translation purposes and for contracting specialists (e.g. financial experts) (3 months)

Institutional response: the mid-year amendment of the Law on budget for 2023 is ongoing, the Government approved the draft and has sent it to Parliament which is currently examining it. The current version does not include additional funding neither for specialists, nor for interpreters.

CCIA assessment: CCIA will follow up with the draft law and adopted provisions.

Status: **Not implemented**