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Foreign inquiries sent to the Estonian FIU in 2022

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A BRIEF SUMMARY

The survey provides an overview of the foreign inquiries and spontaneous information disclosures made by other countries to the Estonian Financial Intelligence Unit (FIU) in 2022¹. In 2022, the FIU received **348 foreign inquiries and 214 spontaneous information disclosures**. Malta, Latvia, and Germany made the most foreign inquiries and spontaneous information disclosures, and the top five countries were largely the same as in 2021.

Compared to the year before, the volume of the foreign inquiries made to the FIU decreased by about a quarter, primarily **due to the decrease in the number of foreign inquiries from Germany, Finland, and Slovenia**. The inquiries made by these countries were **related to fraud, where funds were transferred to a payment service provider bank account opened in Estonia and transferred abroad from there**. It is likely that, because of active foreign communication over several years, the authorities of other countries have started to address the payment service providers directly. Additionally, one of the reasons for the decrease in the number of foreign inquiries was the decision of the FIU to completely terminate its relations with the financial intelligence units of Russia and Belarus.

The analysis of the content of foreign cooperation shows that Estonia is primarily a **transit country** for assets of criminal origin, and that **Estonia is used in the layering stage**. In case of the countries making the most inquiries and spontaneous information disclosures, there are two connections with Estonia that are dominating: 1) **accounts of foreign payment service providers in Estonian credit institutions**, to which funds obtained by fraud are transferred, and 2) **accounts of Estonian legal persons abroad**, through which assets of criminal origin are moved. The presumed predicate offences are, similarly to 2021, mostly **various types of fraud, in the case of which both the perpetrators and the victims are located abroad**.

It is difficult to estimate the amounts related to Estonia, as in several inquiries, the foreign financial intelligence units have not specified the amounts. In the incidents of the recent years (2021–2022), **where the volume of transactions related to Estonia can be estimated, it is around 63 million euros**. A large part of these are fraud cases, where the amount per each case is not very large. In the foreign inquiries received in 2021, the volume of assets that have passed through the Estonian financial system was estimated at 642 million euros. The significantly larger amount in 2021 is partly explained by the fact that large money laundering cases that took place several years ago already were requested about. Also, **in 2021, the FIU received more individual inquiries concerning very large amounts of money**.

In 2022, international cooperation was mostly concerned with the cases that have taken place recently (in 2021–2022). The change is because several major procedures have reached a stage in other countries where foreign cooperation is no longer necessary. The exceptions were the inquiries from the Financial Intelligence Unit of Latvia, more than half of which were related to a historical money laundering case.

In 2022, the FIU received five foreign inquiries and spontaneous information disclosures concerning suspected terrorist financing, of which only one case had a substantive connection with Estonia. In total, eight foreign inquiries concerning suspicion of violation of international financial sanctions, and spontaneous information disclosures, were received. The suspicion of sanctions evasion was not confirmed in any of the cases.

¹ The international cooperation of financial intelligence units distinguishes between two forms of information exchange: foreign inquiries and spontaneous information disclosures¹. The difference between them is that the sender awaits a response to a foreign inquiry, but not to a spontaneous information disclosure. A spontaneous information disclosure is made when it is believed that the information could be of use for the financial intelligence unit of the recipient country in its analyses and risk assessments. The survey does not cover the foreign inquiries and spontaneous information disclosures made by the FIU to other countries.

1. Number of foreign inquiries and spontaneous information disclosures, and connection with Estonia

In 2022, the FIU received 348 foreign inquiries and 214 spontaneous information disclosures² from 52 countries, including from all EU Member States. 26 countries made more than 5 foreign inquiries or spontaneous information disclosures (Figure 1).

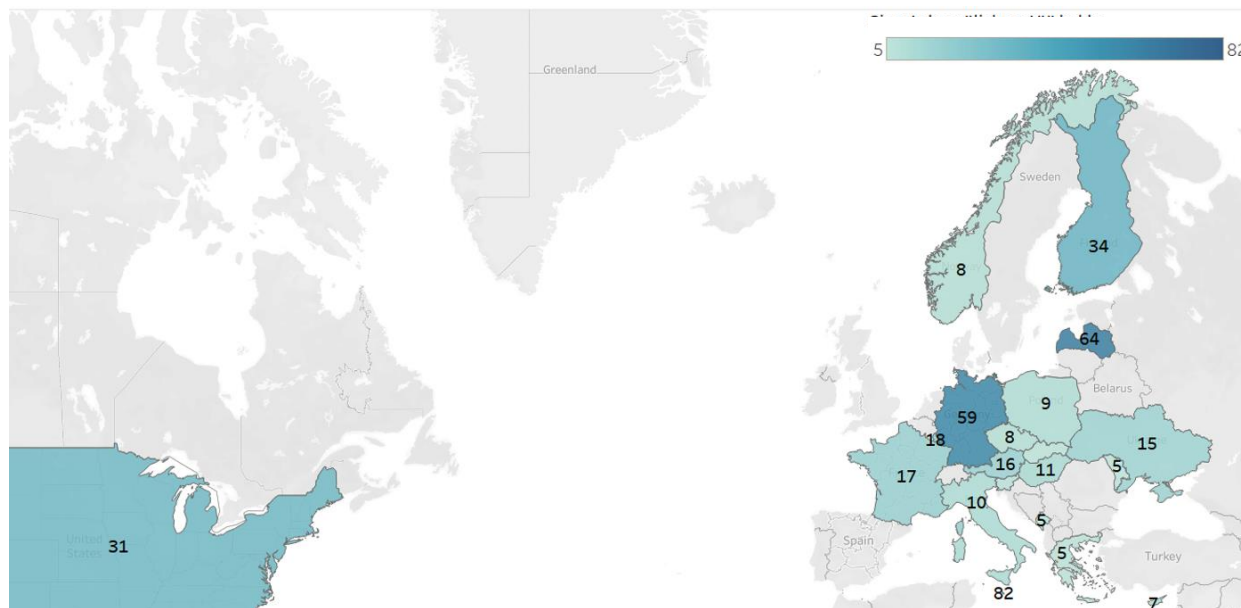


Figure 1. Countries that made 5 or more foreign inquiries or spontaneous information disclosures to the FIU in 2022³.

The number of spontaneous information disclosures remained at the same level as in the previous year (205 in 2021), and the number of foreign inquiries decreased by nearly a quarter (468 in 2021). One of the reasons for the decrease in the volume of foreign inquiries was the decrease in the number of foreign inquiries received from Germany, Finland, and Slovenia. The foreign inquiries of the three countries concerned fraud (see also Chapter 2 and the 2021 Financial Intelligence Unit Annual Overview of International Cooperation⁴), where **the funds obtained by fraud were transferred to a client of a foreign payment service provider who had opened an account with an Estonian credit institution**. The reason for the decrease in the number of inquiries may be an improvement in the awareness of the authorities of other countries of the actual account owner and user, which is why the authorities may now more than before be directly contacting the payment service provider who has detailed information concerning a client. The decrease in the foreign inquiries was also affected by the FIU's decision to completely terminate its relations with the financial intelligence units of Russia and Belarus.

In the foreign inquiry cases of 2022, according to suspicions, **Estonia was primarily involved in the layering stage of money laundering** and was a **transit country** in the movement of funds:

² In the international cooperation of financial intelligence units, two forms of information exchange are distinguished: foreign inquiries and spontaneous information disclosures (in addition, financial intelligence units also send information through cross-border dissemination (XBD), which is a report in its nature and not the focus of this survey. The difference between the two forms is that the sender awaits a response to a foreign inquiry, but not to a spontaneous information disclosure. A spontaneous information disclosure is made when it is believed that the information could be of use for the financial intelligence unit of the recipient country in its analyses and risk assessments.

³ The figure does not include Russia, which in 2022, made 10 foreign inquiries.

⁴ 2021 (2022) Financial Intelligence Unit Annual Overview of International Cooperation. The Financial Intelligence Unit [\[https://fiu.ee/media/246/download\]](https://fiu.ee/media/246/download)

funds suspected of involvement in money laundering were placed into the financial system abroad, moved through Estonia during the layering stage, and the integration stage took place abroad.

Similarly to 2021, in 2022, **the most common connection with Estonia in the foreign inquiries made to the FIU were the accounts of foreign payment service providers opened in Estonian credit institutions, where funds suspected of involvement in criminal activity were deposited from foreign countries.** Many cases involved a movement of assets obtained through various types of **fraud**.

In the case of payment service providers accounts opened in Estonia, there are variations of similar modes of operation where a false impression of the circumstances is created for a foreign person. For example, 1) a fake online shop is created where the victim will not receive the goods ordered and already paid for; 2) the victim is offered a high-yield investment opportunity; 3) a phishing e-mail is sent with a web link, clicking on which will provide access to the victim's bank details, etc. As a result of the fraud, the victim transfers funds to the account of a foreign payment service provider opened in an Estonian credit institution. The funds are converted into virtual currency and transferred on to an e-wallet or transferred immediately to an account in the next jurisdiction.

In addition to the accounts of foreign payment service providers opened in Estonian credit institutions, the second most common connection with Estonia was **Estonia's legal entities, which are "bodies" in the money laundering chain rather than service providers.** The analysis of such cases indicates that **Estonian subjects of interest** for the financial intelligence units of other countries **have opened their accounts in foreign countries instead of Estonia.** More than 1,000 legal entities appear in the foreign inquiry files. Nearly a fifth of them are Estonian legal entities.

In 2022, the FIU received three foreign inquiries related to suspected terrorist financing, and two spontaneous information disclosures. Only one foreign inquiry had a substantive connection with Estonia, where a foreign state was interested in the client of a company with a virtual asset service provider authorisation. The FIU received four International Sanctions Reports and four spontaneous information disclosures. In the foreign inquiries, no sanctions evasion was confirmed. The connection of the spontaneous information disclosures with Estonia was very weak or absent altogether.

2. The countries that sent the most inquiries

In 2022, the top three countries that made the most foreign inquiries and spontaneous information disclosures to the FIU were **Malta**, **Latvia**, and **Germany** (Table 1). These three countries sent 36% of all foreign inquiries and spontaneous information disclosures made to the FIU in 2022.

Table 1. The countries that made the most foreign inquiries and spontaneous information disclosures to the FIU.

Country	Spontaneous information disclosures in 2022	Foreign inquiries in 2022	TOTAL 2022	Spontaneous information disclosures in 2021	Foreign inquiries in 2021	TOTAL 2021	2022 vs 2021
Malta	68	14	82	47	14	61	21
Latvia	5	59	64	10	60	70	-6
Germany	24	35	59	57	70	127	-68
Lithuania	22	20	42	19	37	56	-14
Finland	4	30	34	5	60	65	-61
USA	20	11	31	0	7	7	24

Compared to 2021, the top six countries that made foreign inquiries remained largely the same, but for most of them, the number of foreign inquiries/spontaneous information disclosures made to the FIU decreased. The exceptions were Malta and the United States, which both had a significant increase in the spontaneous information disclosures made to the FIU. A significant change compared to 2021 was that since the beginning of Russia's full-scale military aggression in Ukraine in February 2022, the FIU has not accepted foreign inquiries from the Russian Federation and Belarus. In 2022, the Russian financial intelligence unit made 10 foreign inquiries to the Estonian FIU (27 in 2021).

More than half of the foreign inquiries received from the Financial Intelligence Unit of **Latvia** were related to the money laundering proceedings concerning **ABLV Bank**⁵. The schemes presented in the foreign inquiries of ABLV had taken place several years ago already (mostly between 2013 and 2017), and Estonia was mainly used in the **layering stage**. In some foreign inquiries, Latvia requested information about the cases that took place in recent years (2021–2022), where the volume of suspicious transactions related to Estonia was **3.6 million euros**. The presumed predicate offences related to the cases varied: there were tax and corruption offences in addition to fraud. In most of these cases, it was also suspected that the layering stage is taking place in Estonia.

The foreign inquiries from **Germany** were mostly related to fraud and concerned recent cases that took place in 2021–2022. In most cases, the fraudulent funds were transferred to the accounts of foreign payment service providers in Estonia. In some cases, VASPs with an Estonian authorisation were used in the scheme. In the inquiries made from Germany, the **amount related to Estonia was about 1.9 million euros**, i.e., rather modest in terms of the number of foreign inquiries.

The foreign inquiries received from **Finland** were also mostly related to recent cases, which took place in 2021–2022. The most common **predicate offences were various types of fraud**, but there were also a few inquiries related to drug offences, the counterfeiting of financial

⁵ <https://www.occrp.org/en/daily/16627-latvian-prosecutors-charge-bankers-with-laundering-2-1b-euro>

reporting, and human trafficking. According to the suspicion, Estonia was mostly involved in the **layering stage**, where the current accounts opened in Estonia, or Estonian legal persons, were used. The volume of the transactions related to Estonia was **about 8 million euros**. The most common connections with Estonia were, as mentioned, an Estonian legal person and accounts/assets in Estonia; in some cases, both simultaneously.

The foreign inquiries received from **Lithuania** were mostly related to the **accounts of Estonian legal persons at the payment service providers located in the Lithuanian jurisdiction**. These are recent cases (2022) where the suspected predicate offences were various types of fraud. Estonian companies were suspected of involvement in the **layering stage**. The volume of the transactions related to Estonia was **13.8 million euros**, but **a large proportion of the funds was not passed through Estonian accounts**, but through the **accounts opened in Lithuania** for Estonian legal persons.

In most of the foreign inquiries received from **France**, the connection with Estonia was, again, the account of a foreign payment service provider opened here. Similarly to Germany, Finland and Lithuania, fraud was the most common presumed predicate offence, the cases were recent (2021–2022), and Estonia was used in the layering stage. The amounts related to Estonia **totalled 4.8 million euros**.

In 2022, **Malta** made a significant number of spontaneous information disclosures (67) and 14 foreign inquiries to Estonia. However, the reason for the increase in the number of information disclosures from Malta is not the emergence of new risks related to Estonia, but that, after being included in the FATF “grey list” (in June 2022, Malta was removed from the grey list), the financial intelligence unit of Malta has gained additional resources to draw more focus on the crimes committed through Malta, and to notify other countries of such crimes.

The content analysis of the foreign inquiries and spontaneous information disclosures shows that the connections with Estonia vary. In spontaneous information disclosures, the tone was set by cases where **Estonian legal persons were used**: either attempts were made to open an account in Malta on their behalf, or suspicious transactions were carried out on an account of an Estonian legal person. There were also cases where **falsified documents** (identity documents and annual reports) were used. In a couple of cases, the information disclosures concerned **companies with an authorisation granted by the FIU**. In most cases, predicate offences were unidentifiable. In a few cases, there were **references to predicate offences related to fraud or gambling**. There were spontaneous information disclosures that **had no connection with Estonia**, or the connection was **very weak**.

The foreign inquiries sent by the Financial Intelligence Analysis Unit of Malta mostly concerned recent cases which took place between 2020 and 2022 and were mostly related to transactions in the accounts opened with an Estonian bank. **The amount related to Estonia totalled about 10 million euros**. There is no prevalent trend in the predicate offences. There were crimes related to organised crime (drugs, human trafficking, and weapons), fraud, corruption and embezzlement, and right-wing extremism.