

**REPUBLIC OF LITHUANIA
LAW
AMENDING
THE LAW
ON PREVENTION OF MONEY LAUNDERING**

1997 June 19 No. VIII-275

Vilnius

(As amended on 27 April 2004 No. IX-2189)

**Article 1. New Version of the Law of the Republic of Lithuania on
Prevention of Money Laundering**

The Law of the Republic of Lithuania on Prevention of Money Laundering shall be amended and set forth to read as follows:

**“REPUBLIC OF LITHUANIA
LAW
ON PREVENTION OF MONEY LAUNDERING**

**CHAPTER ONE
GENERAL PROVISIONS**

Article I. Purpose of the Law

1. The purpose of this Law is to establish the measures for prevention of money laundering and designate the institutions responsible for the implementation of the money laundering prevention measures.
2. The provisions of this Law have been harmonised with the legislation of the European Union indicated in the Annex to this Law.

Article 2. Definitions

1. **Person** - a natural or legal person, an undertaking of a foreign country.
2. **Financial institutions** - credit and financial institutions defined in the Law on Financial Institutions.
3. **Other entities** - the following persons:
 - 1) auditors;
 - 2) insurance undertakings and insurance broker companies;
 - 3) investment companies with variable capital;
 - 4) management companies;

5) accounting undertakings or undertakings providing tax advice services;

6) notaries and persons licensed to perform notarial acts;

7) lawyers and lawyer assistants when they are acting on behalf of the client or represent him in financial or real estate transactions or provide assistance in planning and execution of their clients' transactions relating to purchase and sale of immovable property, companies or rights, managing of client money, securities or other property, opening and management of bank, savings or securities accounts, the creation, operation or management of undertakings, and administration of establishment contributions;

8) persons engaged in economic-commercial activities related to trade in real estate, precious stones, precious metals, works of art, antiques and other property the value of which is in excess of LTL 50 000 or an equivalent sum in foreign currency where payment is made in cash;

9) gaming companies;

10) providers of postal services who provide domestic and international remittance services.

4. **Customer** - a person carrying out monetary operations or entering into transactions with a financial institution or any another entity other than state or municipal institutions, other institutions maintained from the budget, the Bank of Lithuania, state and municipal funds, diplomatic missions or consular institutions of foreign countries.

5. **Monetary operations** - depositing or accepting, withdrawal or payment of money, exchange of currency, lending, donation and any other type of payment or receipt of money in civil transactions or in any other manner other than payments to state and municipal institutions, other institutions maintained from the budget, the Bank of Lithuania and state and municipal funds, diplomatic missions or consular institutions of foreign countries or settlement with said entities.

6. **Money** - banknotes, coins issued by the Bank of Lithuania and funds in accounts, banknotes issued by other states, treasury notes, coins and funds in accounts which are legal tender.

7. **Money laundering** - the following conduct when committed intentionally:

1) the conversion or transfer of property, knowing that such property is derived from criminal activity for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;

2) the concealment or disguise of the true nature, source, location, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity;

3) the acquisition, possession or use of property, knowing at the time of receipt/transfer, that such property was derived from criminal activity;

4) preparation, attempts to commit and aiding and abetting in the commission of any of the activities referred to in subparagraphs 1-3 of this paragraph.

8. Prevention of money laundering - implementation of the measures stipulated in this Law.

9. Financing of terrorism - activities aimed at using the proceeds or other assets derived from criminal activity or in any other way for direct or indirect financing of terrorism.

10. Property – tangibles, cash and securities, other assets and titles to such assets, results of intellectual activity, information, actions and their results as well as other property and non-property values.

CHAPTER TWO

STATE INSTITUTIONS RESPONSIBLE FOR THE PREVENTION OF MONEY LAUNDERING

Article 3. Institutions Responsible for Prevention of Money Laundering

The Government of the Republic of Lithuania, the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania, hereinafter “the Financial Crime Investigation Service”, the State Security Department of the Republic of Lithuania, hereinafter “the State Security Department”, the Bank of Lithuania, the Customs Department under the Ministry of Finance of the Republic of Lithuania, the Insurance Supervisory Commission of the Republic of Lithuania, the Securities Commission of the Republic of Lithuania, the State Gaming Supervisory Commission and the Council of the Lithuanian Bar Association shall be the institutions which, according to their competence, shall be responsible for the prevention of money laundering stipulated in this Law.

Article 4. Obligations of the Institutions Responsible for Prevention of Money Laundering

1. The Bank of Lithuania shall approve instructions for credit institutions aimed at the prevention of money laundering.

2. The Insurance Supervisory Commission of the Republic of Lithuania shall approve instructions for insurance undertakings and insurance broker companies aimed at prevention of money laundering.

3. The Securities Commission of the Republic of Lithuania shall adopt instructions for financial brokers, investment companies with variable capital, management companies and the depository aimed at prevention of money laundering.

4. The State Gaming Supervisory Commission shall adopt instructions for gaming companies aimed at prevention of money laundering.

5. The Council of the Lithuanian Bar Association shall approve instructions for lawyers and lawyers’ assistants aimed at prevention of money laundering and shall ensure that lawyers and lawyers’ assistants are properly

qualified and informed about measures for the prevention of money laundering, specified in this Law and other legal acts.

6. The Financial Crime Investigation Service shall approve instructions for providers of financial leasing and other entities, with the exception of lawyers and lawyers' assistants, intended for prevention of money laundering.

7. The institutions referred to in paragraphs 1-5 of this Article must designate senior employees for organising the implementation of measures for the prevention of money laundering provided for in this Law and liaise with the Financial Crime Investigation Service.

8. The Financial Crime Investigation Service must be notified about the designation of employees specified in paragraph 7 of this Article.

Article 5. Functions of the Financial Crime Investigation Service in Implementing Measures for the Prevention of Money Laundering

1. The Financial Crime Investigation Service shall have competence:

1) to collect and record the information set out in this Law about the customer's monetary operations and the customer carrying out such operations;

2) to collect and examine the information related to the implementation of measures for the prevention of money laundering and to make proposals to institutions on how to improve the money laundering prevention system;

3) to communicate, according to the procedure determined by the Government, the information to the law enforcement and other state institutions about the monetary operations carried out by the customer;

4) to conduct pre-trial investigation of legalisation of the money and property derived from crime;

5) to co-operate with foreign state institutions and international organisations implementing measures for the prevention of money laundering;

6) to provide to financial institutions and other entities information about the criteria for identifying suspicious monetary operations or transactions;

7) to supervise the activities of financial institutions and other entities related to money laundering prevention.

Article 6. The Functions of the State Security Department in Implementing the Measures for Preventing Financing of Terrorism

1. The State Security Department shall:

1) gather and examine intelligence relating to financing of terrorism;

2) co-operate with foreign institutions and international organisations which are gathering intelligence about financing of terrorism;

3) provide information to the institutions specified in Article 4 of this Law about the criteria for identification of financing of terrorismterrorist financing.

2. The State Security Department and the Financial Crime Investigation Service shall co-operate in implementing the measures for the prevention of financing of terrorism.

Article 7. Rights of the Financial Crime Investigation Service in Implementing Measures for the Prevention of Money Laundering

1. The Financial Crime Investigation Service shall have the right:

1) to obtain from state institutions, financial institutions, other entities, except lawyers and lawyers' assistants, data necessary for the performance of its functions and documents about monetary operations;

2) to obtain from institutions, financial undertakings and other entities information relating to the implementation of measures for the prevention of money laundering;

3) to co-ordinate the activities of institutions related to the implementation of measures for the prevention of money laundering;

4) to instruct the managers of institutions, financial undertakings, and other entities about the circumstances and conditions providing possibilities for violating laws and other legislative acts related to the implementation of money laundering prevention measures. Managers must study the instructions of the Financial Crime Investigation Service, and within seven days following the receipt of the instruction, report to the Financial Crime Investigation Service about the measures taken.

5) to request that financial institutions and other entities other than lawyers or lawyers' assistants suspend suspicious monetary transactions for up to 48 hours.

2. The rights of the officers of the Financial Crime Investigation Service who conduct pre-trial investigation into legalisation of money or assets derived from crime shall be regulated by the Code of Criminal Procedure.

Article 8. Co-operation between State Institutions

Law enforcement and other state institutions must report to the Financial Crime Investigation Service about any indications of suspected money laundering, the violations of this Law and the measures taken against the perpetrators. The information which must be communicated by state institutions to the Financial Crime Investigation Service, and the procedure for communicating this information shall be established by the Government.

CHAPTER THREE MONEY LAUNDERING PREVENTION MEASURES

Article 9. Suspiciousness of Monetary Operations

1. Financial institutions and other entities, except for lawyers and lawyers' assistants, upon establishing that a customer is performing a suspicious monetary operation, must suspend the operation and report, within three hours, about it to the Financial Crime Investigation Service, irrespective of the amount involved in the operation. Where financial institutions and other entities do not receive, within 48 hours from the communication of the report, an instruction from the Financial Crime Investigation Service specified in paragraph 2 of this Article, the operation shall be renewed. Financial institutions and other entities shall not be liable to the customer for non-performance of their contractual obligations and the damage caused in the performance of the obligations specified in this Article.

2. The Financial Crime Investigation Service must, when it is justifiable, within 48 hours from the receipt of the information referred to in paragraph 1 of this Article, take steps to impose provisional measures concerning temporary restriction of property rights in accordance with the procedure provided for in the Code of Criminal Procedure.

3. Where suspension of a monetary operation may interfere with the investigation into legalisation of the money or assets derived from crime and other criminal acts related to money laundering, the Financial Crime Investigation Service must notify the financial institution or another entity.

4. Where notaries or persons authorised to perform notarial duties have suspicion that the transaction carried out by their client is related to money laundering, they must submit the documents evidencing the client's identity and other information specified in paragraph 1, Article 13 of this Law to the Financial Crime Investigation Service immediately after conclusion of the transaction, irrespective of the amount of money received or paid under the transaction by the customer.

5. When lawyers and lawyers' assistants suspect that a transaction which their client is entering into may be related to money laundering, they must submit the documents evidencing the client's identity and other information specified in paragraph 1, Article 13 of this Law to the Council of the Lithuanian Bar Association immediately after the transaction has been completed, irrespective of the amount of money received or paid by the client under the transaction, save for the cases indicated in paragraph 7 of this Law.

6. The Council of the Lithuanian Bar Association must, within 3 working hours after the receipt of the information specified in paragraph 5 of this Article, forward it to the Financial Crime Investigation Service.

7. Lawyers and lawyer's assistants, when ascertaining the legal position for their client, or defending or representing that client or acting on his behalf in court proceedings, including advice on instituting or avoiding proceedings, whether such information is received during or after such proceedings, shall not be obliged to comply with the requirements specified in paragraph 5 of this Article.

8. Where a monetary operation or a transaction may be related to the financing of terrorism, the data specified in this Article, must be reported,

within 24 after the receipt of the data about the operation or transaction, by the Financial Crime Investigation Service, following the procedure prescribed by the Government, to the State Security Department.

9. The criteria according to which a monetary operation or transaction shall be held suspicious shall be determined by the Government.

10. The procedure for suspension of the suspicious monetary operations specified in this Article and furnishing of the information to the Financial Crime Investigation Service shall be determined by the Government.

Article 10. Customer Identification

1. Financial institutions and other entities, before opening accounts, accepting deposits, providing services of safe custody for valuables or when concluding agreements with their customers must identify the customer in the presence of the customer himself or his agent. Financial institutions and other entities must identify the customer when performing a single or several related monetary operations or when entering into transactions which exceed LTL 50,000 or its equivalent in foreign currency, irrespective of whether the transaction is performed during a single or several related operations, with the exception of cases where the customer has already been identified. If during the monetary operation the final amount of the operation is not known, financial institutions and other entities must identify the customer immediately after establishing that the amount involved in the operation is in excess of LTL 50,000 or its equivalent in foreign currency. In the event of several related monetary operations the customer must be identified immediately after establishing that several monetary operations are related.

2. Life-assurance undertakings must identify the customer and the insured person where the annual single premium payable by the customer is in excess of LTL 8 500 or the amount or amounts of payable periodic premiums is in excess of LTL 3 500 or its equivalent in foreign currency.

3. Gaming companies must identify the customer if he exchanges cash into gambling chips, pays or wins a sum which exceeds LTL 3 500 or its equivalent in foreign currency.

4. It shall be prohibited to perform the operations specified in paragraphs 1-3 of this Article where the customer, in cases specified by this Law, does not produce identification documents or where he does not produce all the documents or where the documents are incorrect.

5. The procedure for identifying the customer and establishing several related monetary operations shall be determined by the Government.

Article 11. Opening of Accounts or Performance of Other Monetary Operations through an Agent

Where a customer opening an account or performing operations referred to in paragraphs 1-3, Article 10 of this Law, is acting not on his own behalf,

financial institutions and other entities must establish identity of the customer and of the person on whose behalf the customer is acting.

Article 12. Safe Keeping of Information

1. Financial institutions must keep a register of the monetary operations and suspicious transactions conducted by the customer specified in paragraphs 1 and 2, Article 13 of this Law with the exception of cases where a customer of a financial institution is another financial institution.

2. Notaries and persons authorised to perform notarial acts must keep a register of suspicious transactions of their clients and transactions involving the receipt or payment of an amount exceeding LTL 50 000 or its equivalent in foreign currency.

3. Other entities, except notaries or persons authorised to perform notarial acts, as well as lawyers or lawyers' assistants must keep a register of monetary operations and suspicious monetary operations referred to in paragraph 5, Article 13 of this Law.

4. Insurance undertakings and insurance broker companies must keep a register of premiums received specified in paragraph 3, Article 13 of this Law.

5. Lawyers or lawyers' assistants must keep a register of reported suspicious transactions entered into by their clients.

6. The Council of the Lithuanian Bar Association must keep a register of suspicious transactions entered into by the clients of lawyers or lawyers' assistants forwarded to it.

7. The register keeping regulations shall be determined by the Government.

8. Copies of documents confirming identity must be kept for at least ten years from the end of the relationship with the customer.

9. Documents attesting a monetary operation or transaction or other legally valid documents relating to monetary operations or transactions entered into must be kept for at least ten years from the date of executing a monetary operation or concluding a transaction.

Article 13. Communication of Information to the Financial Crime Investigation Service

1. Financial institutions conducting monetary operations must communicate to the Financial Crime Investigation Service data evidencing the customer's identity and information about the monetary operation where a single monetary operation or several related operations conducted by the customer involve a sum in excess of LTL 50 000 or its equivalent in foreign currency. The information furnished to the Financial Crime Investigation Service shall indicate the data confirming the customer's identity and where the monetary operation is conducted through an agent – data evidencing the agent's identity, the amount of the monetary operation, the currency used, the date of the operation, its type, and the beneficiary of the operation.

2. Credit institutions shall communicate to the Financial Crime Investigation Service data evidencing the customer's identity, and information about a single cash exchange of one currency into another if the sum of the money exchanged is in excess of LTL 20 000 or its equivalent in foreign currency.

3. Insurance undertakings insurance broker companies shall communicate to the Financial Crime Investigation Service data evidencing the customer's identity, data attesting identity of the insured person and information about premiums received if the sum of the premiums received from the customer from the start of a calendar year or from an earlier communication under one or several insurance contracts is in excess of LTL 10 000 or its equivalent in foreign currency.

4. Notaries or persons authorised to perform notarial acts must communicate to the Financial Crime Investigation Service data evidencing the client's identity and information about a transaction entered into by the client if the sum received or paid under the transaction is in excess of LTL 50 000 or its equivalent in foreign currency.

5. Other entities, with the exception of notaries or persons authorised to perform notarial acts, lawyers or lawyers' assistants, shall communicate to the Financial Crime Investigation Service data attesting the client's identity and information about a single payment in cash where the sum of the paid and received cash is in excess of LTL 50 000 or its equivalent in foreign currency.

6. The information specified in paragraphs 1-5 of this Article shall be communicated to the Financial Crime Investigation Service without delay, but no later than within 7 working days after the date of the monetary operation or the date when the transaction was entered into.

7. The information specified in paragraph 1 of this Article shall not be communicated to the Financial Crime Investigation Service if the customer of a financial institution is another financial institution.

8. A financial institution may not communicate to the Financial Crime Investigation Service the information specified in paragraph 1 of this Article if the customer's activities involve large-scale, periodic and regular monetary operations that are in conformity with the criteria determined by the Government.

9. The exception referred to in paragraph 8 of this Article shall not apply if the customer of a financial institution is a third country undertaking, its branch or agency or it:

- 1) provides legal advice, is a practising lawyer, carries out notarial activities;
- 2) organises and runs lotteries and gambling;
- 3) carries out activities involving ferrous, non-ferrous or precious/rare metals, precious stones, jewellery, works of art;
- 4) is a car dealer;
- 5) is in the real estate business;
- 6) is an auditor;

- 7) provides individual health care;
- 8) organises and holds auctions;
- 9) organises tourism and travels;
- 10) is a wholesaler in spirits and alcohol products, tobacco goods;
- 11) is a dealer in oil products;
- 12) is a dealer in medicinal products.

Article 14. Activities of Customs Offices

1. Customs offices shall undertake in the manner prescribed by the Government control of the sums of cash brought in to the Republic of Lithuania from the third countries within the meaning used in the Law on Customs (hereinafter - third countries) and taken out from the Republic of Lithuania to third countries.

2. Customs offices must record each case of cash incoming into the Republic of Lithuania from third countries or outgoing from the Republic of Lithuania to third countries, if a single sum of the incoming or outgoing cash is in excess of LTL 10 000 or its equivalent in foreign currency.

3. Customs offices must promptly, but not later than within seven working days, notify the Financial Crime Investigation Service if a person brings in to the Republic of Lithuania from third countries or takes out from the Republic of Lithuania to third countries a single sum of cash in excess of LTL 50 000 or its equivalent in foreign currency.

Article 15. Responsibilities of Financial Institutions and Other Entities

1. Financial institutions and other entities other than lawyers or lawyers' assistants must establish appropriate mechanisms of internal control in order to prevent financial operations related to money laundering and ensure that their employees are well informed and properly trained in the measures for prevention of money laundering specified in this Law and other legal acts.

2. Financial institutions and entities other than lawyers and lawyers' assistants must designate senior employees responsible for organising the implementation of the measures for prevention of money laundering provided for in this Law and maintain contacts with the Financial Crime Investigation Service.

3. The Financial Crime Investigation Service must be informed about the designation of the employees referred to in paragraph 2 of this Article.

4. Financial institutions shall be prohibited from opening anonymous accounts.

Article 16. Protection of the Information Communicated to the Financial Crime Investigation Service

1. The information specified in this Law which is received by the Financial Crime Investigation Service may not be disclosed or communicated to

other state administration, control or law enforcement authorities except in the cases stipulated by this Law and other laws.

2. Persons who are in breach of the procedure for keeping confidentiality and use of information shall be held liable under law.

3. Institutions, their officials and employees, financial institutions and their employees, other entities and their employees shall be prohibited from disclosing to the customer or any other person that the information about the financial operations performed by them or transactions entered into or an investigation in respect of these operations or transactions has been submitted to the Financial Crime Investigation Service.

4. Furnishing to the Financial Crime Investigation Service of the information specified in this Law shall not be qualified as disclosure of an industrial, commercial or bank secret.

CHAPTER FOUR

FINAL PROVISIONS

Article 17. Appeal against the Actions of the Financial Crime Investigation Service

The actions of the Financial Crime Investigation Service officers may be appealed against in a manner prescribed by law.

Article 18. Compensation for Damage

Damage resulting from illegal actions of the Financial Crime Investigation Service officers in discharge of their duties shall be compensated for in a manner prescribed by law.

Article 19. Liability

Officers and persons who commit a breach of the requirements of this Law shall be held liable in a manner prescribed by law.

**LEGAL ACTS OF THE EUROPEAN UNION WHICH ARE BEING
IMPLEMENTED**

Council Directive of 10 June 1991 on prevention of the use of the financial system for the purpose of money laundering (91/308/EEC).

Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use the financial system for the purpose of money laundering- Commission Declaration.”

Article 2. Entry into Force

This Law, save for Article 3, shall enter into force on January 1, 2004.

**Article 3. Recommendation to the Government the Republic of
Lithuania**

The Government of the Republic of Lithuania shall adopt, by May 1, 2004, legal acts necessary for the implementation of this Law.

I promulgate this Law passed by the Seimas of the Republic of Lithuania

PRESIDENT OF THE REPUBLIC

ROLANDAS PAKSAS