

## What Is Money Laundering?

Money laundering includes acts which aim to legalise money or other property acquired by way of criminal acts, or conceal its source. These acts are usually conducted by drug dealers, robbers, terrorists, burglars, tax evaders, smugglers, persons who accept bribes, and other persons related thereof.

## Law on Prevention of Money Laundering and Terrorist Financing

At the beginning of the year 2008 the new Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing came into force. It establishes the preventive measures to be taken by the banks and other subjects in order to prevent money laundering and terrorist financing. The law obliges the bank to identify the customer's identity in certain cases.

By responding to the questions of the bank you will help to prevent crimes, and money laundering, in particular. You should be tolerant to the employees of the bank when they ask you to present an ID or respond to additional questions.

Be very careful about your personal data, and do not reveal the information about your account to other persons. Do not accept any offers from suspicious persons to conclude a transaction in your name. In this way you will avoid troubles and prevent a crime.

What should you do in case of any suspicions that a financial crime is likely to be committed? Inform the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania ([www.fntt.lt](http://www.fntt.lt)).

# Why Do Banks Ask?



## Bank Employees Must Ask

The bank must follow the principle “get to know your customer”. This implies that bank employees have to understand the customer’s actions. If a customer wants to conclude an unusual financial transaction or the aim of a transaction is not clear to the bank, bank employees must inquire the customer about the aim of his financial transaction or the source of funds. In particular situations the bank may request to present agreements, accounts or other documents confirming the customer’s explanations.

## Communication and Information

The bank protects all the information provided by a customer concerning their mutual business relations. A customer must inform the bank about any changes to the data. Throughout the entire period of business relations with a customer the bank must verify whether the submitted data and documents are authentic and accurate as well as observe business relations with the client.

## Requirements for the Conclusion of Transactions

Before concluding any financial transaction, the bank must identify the customer’s identity and verify whether the deals conform to:

- the customer’s field of activity,
- the usual cooperation with the bank.

Should the transaction fails to conform to these criteria, the bank must verify the source of the funds utilised in such a transaction.

## Legal Requirements

### Opening an Account for Private Persons

When an account is being opened or any financial transaction is being concluded, the bank will ask you to present an ID bearing a photo (e.g. a passport, an identity card, a driving license bearing your signature).

### Opening Accounts for Legal Persons

Apart from an ID bearing a photo, the representatives of a legal person must present the documents confirming that such a legal person is being represented lawfully (e.g. an extract from the Centre of Registers, the Articles of Association or incorporation documents of a company or organisation). This requirement is also applied when another legal person is being represented. The information provided must contain the field of activities and the structure of management of a respective legal person.

### The Actual Beneficial Owner

The bank must identify the actual beneficial owner. The actual beneficial owner means a natural person who controls the managing body of a legal person or a person on whose behalf and in whose interest a bank transaction is being concluded.

### Politically Exposed Persons

The bank must keep a close watch on foreign citizens who are or were entrusted important public duties (e.g. members of the Parliament, diplomats, high-ranking officers, etc.), and immediate family members (spouses, parents, brothers, sisters, etc.) or assistants of these citizens.

## In Case Of Information Denied or False Information Submitted

If a client refuses to provide the bank with the required information about the source of funds or other property (or any other additional data), the bank is forbidden to conclude a financial transaction and may terminate the deals or business relations with the client. If, in compliance with the Law of the Republic of Lithuania on the Prevention of Money Laundering and Terrorist Financing, an assumption about the possibility of money laundering arises, the bank must inform the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania.

If the bank does not act in compliance with the legal acts regulating the prevention of money laundering and financing terrorists, the above mentioned Financial Crime Investigation Service may impose sanctions, and foreign states may recommend their credit institutions to discontinue relations with that bank.

## Control

The Financial Crime Investigation Service controls the relations between banks and their customers in order to prevent money laundering and terrorist financing.

