



Finanšu izlūkošanas  
dienests

# Money laundering and hybrid threats caused by COVID-19

Riga, Latvia  
18 February 2021

## Overview



- › Although, AML measures during the global pandemic remain a high priority, Covid-19 is not doing any favours to any countries, including Latvia's, capability to prevent and combat ML.
- › Both information available at a disposal of the FIU Latvia, and international organisations indicate tendency on specific ML risks arising due to the Covid-19.

*The ML risk profile affected by Covid-19 is based on the following assumptions:*

- › activity of «non-essential» businesses is limited and on-site client services are restricted, therefore online sales are increasing;
- › support measures to reduce the negative impact on the Latvian economy are implemented, which may create new ML opportunities;
- › impact on the financial and social behaviour due to the closure of businesses, unemployment, restructuring of governmental resources.

# Cybercrime



The precaution measures and limitation of physical movement of individuals increased the demand for on-line communication and purchases, significantly increasing cyber security risks for users.

- > a rise in phishing emails and text messages containing links to malicious websites, attachments to obtain personal payment information, and social engineering has been observed;
- > a specific form of cyber-frauds reported consist in impersonating public authorities who provide social aid to fraudulently obtain funds or personal information;\*
- > business e-mail compromise scams – cyber-criminals are exploiting weaknesses in businesses' network security to gain access to customer contact and transaction information, to later request fake payment for goods.

*\*A particular typology involves fake e-mails on behalf of the World Health Organization (also received in Latvia).*

## Other predicate offences



Based on the ML risks identified by the FIU Latvia and international organisations in the context with Covid-19, predicate offences are identified more frequently than stand alone ML cases.

Some of the most common predicate offences are as follows:

### *Fraud:*

- > fraud with medical equipment;
- > fraud related to economic relief measures;
- > fraud/embezzlement related to public procurement contract;
- > intentionally driving legal persons to insolvency.

### *Corruption:*

- > corruption relates to the ease of the public procurement procedures to ensure the swift delivery of highly demanded medical supplies.

### *Medicrime:*

- > the pandemic has led to a significant demand for medical equipment and supplies which in turn resulted in overpricing and low-quality goods;
- > corruption risks related to Covid-19 vaccines procurements.

## Attracting investment vs protecting financial system: an example

The duality of the establishment of «green corridor» with Belarusian companies:

- › great pressure from society, government and desire to be a preferred country for business purposes;
- › duty to protect the financial system.

## The challenge of being competitive

Formation of somewhat competitive disadvantage in economy not only in international or EU level, but also in regional level, affecting cooperation between some countries:

- › countries are caught between a wide range of AML/CFT/CFP requirements and performed assessments by various international institutions, which are not homogeneous;
- › Covid-19 crisis management methods differs significantly in every country.



Finanšu izlūkošanas  
dienests

**Thank you for your  
attention!**

