

11.1. Professionals: vulnerability in the sector of bailiffs and trustees in bankruptcy

11.1.1. General description of the sector

Specificity of the sector

Table 62. Description of the sector of bailiffs and trustees in bankruptcy

Market participants	Number of market participants as of 31.12.2019	Number of obliged entities	Existence of a professional association or umbrella organization
Bailiffs	42	conditional	Chamber of Bailiffs and Trustees in Bankruptcy
Trustees in bankruptcy	64		

The vulnerability of bailiffs and trustees in bankruptcy has been addressed jointly in the national risk assessment, although the professional services (functions) of both professions differ significantly. Nevertheless, for the following reasons, the working group considered that the vulnerabilities of both sectors could be assessed together.

The bailiff's task is mainly to ensure the enforcement of judgments but also of extrajudicial proceedings from the point of view of the prevention of money laundering and terrorist financing. In the performance of this task, the right to dispose of the property of the person who is the subject to the judgment is important in particular through the mandate conferred on the bailiff. The trustee in bankruptcy (also acting on a court decision) has, in essence, the right to perform acts similar to bailiff (the right to sell the debtor's assets) in order to secure creditors' claims. There are also important differences, for example, the trustee in bankruptcy has the right to act as the manager of the company in the bankruptcy estate (while at the same time representing the creditors), whereas the bailiff does not have this right.

The Money Laundering and Terrorist Financing Prevention Act (MLTFPA), see an analogy with regard to the professional services of both agencies, outlines the subjectivity in these activities as follows (§ 3 (2) of the MLTFPA):

(2) This Act applies to the economic, professional, or official activities of notaries, attorneys, bailiffs, bankruptcy trustees, interim trustees, and providers of other legal services where they act in the name and on account of a customer in a financial or real estate transaction. This Act also applies to the economic, professional, or official activities of a said person where the person guides the planning or making of a transaction or makes an official operation or provides an official service related to:

- 1) the purchase or sale of an immovable, a business, or shares of a company;
- 2) the management of the customer's money, securities, or other property;
- 3) the opening or management of payment accounts, deposit accounts, or securities accounts;
- 4) the acquisition of funds required for the foundation, operation, or management of a company;
- 5) the foundation, operation, or management of a trust, company, foundation, or legal arrangement.

It should be noted that under the MLTFPA, a bailiff or trustee in bankruptcy is not the obligated person for any and all services/official activities, and this fact certainly has an impact on the vulnerability of the sector in terms of prevention of money laundering and terrorist financing. However, as the national risk assessment looks at the activities of the sectors as a whole (rather than focusing only on those transactions

that ensure subjectivity under the MLTFPA), the regulation simply needs to be taken into account when assessing vulnerabilities.

Understandably, the acts cannot list all the professional activities of bailiffs and trustees in bankruptcy in detail. In general, there is an obligation to comply with the requirements of the law if a financial transaction or real estate transaction is carried out in the name or on behalf of someone or if the activities of a legal person are organized as professional services (trustee in bankruptcy). It is clear that providers of both services may receive information on suspicious transactions even in cases where they do not qualify as legally obliged entities. It is, therefore, appropriate to look at the activities of the sectors more broadly and to assess how the sectors may be exposed to the threat from an ML/TF perspective.

The service is characterized by the fact that it operates with a state mandate (court or the Ministry of Justice) and special laws regulating its activities – the Code of Enforcement Procedure and the Bankruptcy Act; in addition to the special laws listed, the important legal framework for ML/TF is also the MLTFPA.

With regard to trustees in bankruptcy and bailiffs, the Financial Intelligence Unit (FIU) is the supervisory authority competent to verify compliance with the requirements of the MLTFPA. Various instructions for fulfilling the notification obligation, establishing internal procedural rules, and preparing a risk assessment document are also available on the website of FIU.

The Chamber of Bailiffs and Trustees in Bankruptcy, a public legal entity established by law, operates in the sector. On certain issues, the Chamber has created practical tools for the cross-sectoral application of AML/CTF measures. Thus, in 2019, an assessment of the risks related to money laundering and terrorist financing related to the field and guidelines for risk mitigation and management have been prepared. The Chamber, in cooperation with the FIU, organizes training for bailiffs and trustees in bankruptcy on the implementation of measures to prevent money laundering and terrorist financing. In the auction environment of electronic auctions organized by bailiffs and trustees in bankruptcy, the acquisition of background information of auction winners has been applied, where appropriate.

Serving customers from abroad is not characteristic of the sector.

Both bailiffs and trustees in bankruptcy must pass an examination in order to operate, including the examiner’s practice, with questions regarding compliance with the requirements of the MLTFPA.

As of 31.12.2020, there were 40 bailiffs and 73 persons with the right to act as trustees in bankruptcy in Estonia. The number of bailiffs has decreased in recent years (46 as of 31.12.2017, 44 as of 31.12.2018, and 43 as of 31.12.2019). The number of trustees in bankruptcy has also decreased in recent years (87 as of 31.12.2017, 83 as of 31.12.2018, and 79 as of 31.12.2019). The number of bailiffs is determined by the Minister of Justice since the positions of bailiffs are filled through competitions announced by the Minister of Justice. The last competition for the position of enforcement agent was organized in 2015. The number of persons entitled to act as a trustee in bankruptcy is not limited. The right is granted either to a person who has successfully passed the examination or to a person who meets certain requirements (for example, an attorney-at-law, a bailiff, etc.) even without the obligation to pass the examination.

Table 63. Data of the survey carried out in the sector of bailiffs and trustees in bankruptcy

Sector	Number of market participants	Sample scope	Sample size/ number of required responses	Number of invitations sent	Number of responses received	Response rate
Bailiffs	42	sample	38	42	24	63%
Trustees in bankruptcy	65	sample	56	65	21	38%

Trustees in bankruptcy did not show activity in the survey conducted in this assessment. At the same time, the activity of bailiffs can be considered sufficient to draw certain conclusions based on the feedback received.

11.1.2. Description of risk typologies

Common risk scenarios in this sector:

- Use of figureheads to disguise the beneficial owner in transactions;
- Creation of possible claims in the bankruptcy estate as alleged cash transactions (trustees in bankruptcy);
- Filing fictitious claims in a bankruptcy estate;
- Concealment of property, including concealment of assets acquired through a criminal offense to prevent official acts;
- Artificial reduction of the value of an asset with the aim of acquiring it later and thus getting rid of claims;
- Corruption offenses (collusion bribery);
- Compromise of data (theft of information, manipulation);

11.1.3. Threats

11.1.3.1. Threats of money laundering

The threat of cash transactions

In practice, no cases of using the services of the sector for money laundering have been identified during the period under review in the course of this national risk assessment, where the relevant court judgments have entered into force.

Cash is anonymous in nature, and therefore there is a threat that illegal cash will be placed in real estate, for example, through bailiffs and trustees in bankruptcy. Criminals could use the sector to hide their assets acquired through a criminal offense and hide beneficial owners of the assets. On the other hand, the day-to-day work of bailiffs and trustees in bankruptcy does not involve a large number of transactions where the proportion of cash would be significant. The nature of the transactions is not an attractive way of money laundering, which would encourage “laundering” of the assets acquired through a criminal offense. The execution of transactions, in turn, requires the enforcement agent to apply thorough due diligence measures, which significantly reduces the threat of money laundering. The trustee in bankruptcy may make a transaction with the bankruptcy estate in cash only with the permission of the court.

Based on the above, the threat of cash transactions can be considered average-low.

Threat associated with non-resident and e-resident owner companies

Foreign persons (non-residents) may appear in enforcement or bankruptcy proceedings mainly as participants in the proceedings (claimant, debtor) or as buyers of liquid assets. Trustees in bankruptcy and bailiffs must identify their participants in the proceedings and the purchasers of the property or their representatives by means of documents or electronic authentication solutions. Participants in property auctions are also subject to a background survey (politically exposed persons, origin of the property, beneficial owner).

Based on the above, the threat associated with non-resident and e-resident owner companies can be assessed as low.

The threat of non-application of due diligence in regard to clients

By applying appropriate due diligence measures to the purchasers of the liquid assets of the bailiff and the trustee in bankruptcy, it is possible to keep out of the market persons who could abuse it. Otherwise, criminals may be able to move monetary values through front men/companies, leaving the beneficial owners unknown for the bailiffs and trustees in bankruptcy. There may be variability in the application of due diligence measures by bailiffs and trustees in bankruptcy. In practice, no significant weaknesses in the monitoring arrangements have been identified, but no regular and comprehensive inspections have been carried out.

Based on the above, the threat of non-implementation of due diligence measures can be assessed as average.

Conclusion

The threat of using services for money laundering is present by consumers of services in the sector; however, it is rather **low** based on the nature and practice of the services.

Table 64. The threat level of money laundering in the sector of bailiffs and trustees in the bankruptcy sector

Sector	The threat level of money laundering at the sectoral level	
Bailiffs and trustees in bankruptcy	1	low

11.1.3.2. Threats of terrorist financing

Terrorist financing and the associated threats to the activities of bailiffs and trustees in bankruptcy have not been identified in practice in the past. A theoretical threat can be the possibility of using services to disguise the beneficial owners of a transaction in order to carry out economic transactions aimed at TF, but this likelihood in the sectors must be assessed as low. Due to the nature of the services, the use of the service is unsuitable for transferring the value needed for TF.

Conclusion

Table 65. The threat level of terrorist financing in the sector of bailiffs and trustees in the bankruptcy

Sector	The threat level of terrorist financing at the sectoral level	
Bailiffs and trustees in bankruptcy	1.4	low

Based on the available information, the threat of terrorist financing in the activities of bailiffs and trustees in bankruptcy is rather **low**. Entering into economic transactions for TF purposes in order to conceal the beneficial owners may be deemed as a theoretical threat. However, the occurrence of such scenarios in the sector is rather unlikely.

11.1.4. Vulnerabilities

11.1.4.1. Vulnerabilities of prevention of money laundering

11.1.4.1.1. Exposure to a threat

In the case of transactions carried out for the purpose of money laundering, bailiffs and trustees in bankruptcy must, in the course of their activities, seek in particular the beneficial owners of the persons

involved in the transaction, correctly identify them and assess the threats of money laundering and take appropriate measures to mitigate them. Both enforcement and bankruptcy proceedings are characterized by the liquidity of assets, so care must be taken to identify both the origin of the assets (liquid assets) and the origin of the money paid for the assets. It is important to perform the task of identifying threats to the professional service provider.

In addition to the money laundering threats posed by the counterparty, it is also important to monitor the legal service providers' own legal compliance and presumably the desire to identify suspicious transactions/transaction patterns and manage them with appropriate risk measures. There has rarely been a problem with the legal compliance of trustees in bankruptcy in Estonia. An example is a later case from the end of 2020, where a trustee in bankruptcy was suspected of embezzlement and bribery. Therefore, the possibility that the sector is vulnerable due to the personal characteristics of the professional operating in it cannot be ruled out.

- **The threat of cash transactions**

The use of cash is an additional threat factor, and it is important to monitor compliance with the obligation to identify the origin of assets.

- **Threat associated with non-resident and e-resident owner companies**

Foreign persons (non-residents) may appear in enforcement or bankruptcy proceedings mainly as participants in the proceedings (claimant, debtor) or as buyers of liquid assets. Trustees in bankruptcy and bailiffs must identify their participants in the proceedings and the purchasers of the property or their representatives by means of documents or electronic authentication solutions. Participants in property auctions are also subject to a background survey (politically exposed persons, origin of the property, beneficial owner). Thus, the threat of vulnerability is low in this respect.

- **The threat of use of frontmen**

As the nature of professional services makes it possible to reduce the transparency of a company's activities, service providers in the sector must monitor the use of frontmen and the origin of the assets used in transactions. There is a particularly high threat of a transaction in illegally obtained assets, both in alleged and actual cash transactions.

Based on the specifics of their service, trustees in bankruptcy can get acquainted with the economic activities of the bankrupt debtor, in the course of which access to both transaction data and documents is obtained. Based on that, it is possible to identify unusual transactions and assess them in terms of suspected money laundering, including deciding on the need to comply with the notification obligation to the FIU.

The activities of trustees in bankruptcy are also characterized by the availability of information aimed at detecting other economic crimes (causing insolvency, embezzlement, tax crimes, unlicensed economic activities), which is why attention must also be paid to other crimes (predicate offense).

- **The threat of non-application of due diligence in regard of customers**

By applying appropriate due diligence measures to the clients of the enforcement agent and the trustee in bankruptcy, it is possible to keep people who could abuse the market out. Otherwise, criminals may be able to move monetary value through frontmen/companies, leaving the beneficial owners hidden for the bailiffs and trustees in bankruptcy. There may be variability in the application of due diligence measures by bailiffs and trustees in bankruptcy. In practice, no significant weaknesses in the monitoring arrangements have been identified, but no regular and comprehensive inspections have been carried out.

Brief summary

Based on the above, it can be concluded that bailiffs and trustees in bankruptcy might have actual exposure to the above threats, but the level of exposure can be considered average or rather low.

11.1.4.1.2. Risk awareness

Management commitment and leadership

The results of the NRA survey show that the sector's awareness of money laundering prevention is average, but additional knowledge would certainly be useful. This may be due to the fact that the sector is aware that money laundering prevention is an important issue, but has largely taken the view that, due to the specificities of the sector, money laundering prevention is not a major issue in the particular sector, i.e., the sector does not face the same risks of money laundering as other sectors.

The notification statistics of the sector are supported by feedback from the survey, which indicates that compliance with the reporting obligation is rather low. The small number of notifications may also be directly due to the fact that there are no circumstances to be notified to the FIU. However, there are market participants who have had suspicious transactions, and they have also notified the FIU. Reports have been sent both on the basis of suspicion of money laundering and on the basis of the amount.

There is no management as such in the sector; professional service providers act as professionals and are personally responsible for their actions. Offices have also been set up for professional activities, but as a rule, the head of the offices are the same professionals, and the nature of activities is highly dependent on the character of the bailiff or the trustee in bankruptcy operating as the head of the office.

Guidelines and instructions that affect risk assessment and due diligence have been developed in cooperation with the Chamber of Bailiffs and Trustees in Bankruptcy; market participants are also assisted by the website of the FIU or legislation. It is also possible to use external data sources (NRA+sNRA+Internet search). With regard to technical support, the possibilities created by public authorities for carrying out various inspections can be used.

The Chamber of Bailiffs and Trustees in Bankruptcy has organized regular training in cooperation with the FIU, as well as coordinated the content of various guidance materials in cooperation, so the level of awareness in the form of the activities of the umbrella organization and supervisory authority must be considered very good.

Brief summary

Considering both the results of the survey and the number of notifications submitted to the FIU, the risk awareness of bailiffs and trustees in bankruptcy is at an average level and will hopefully improve even more every year. This is reflected in the commitment of both market participants and the umbrella organization, which in turn is reflected in both investments in money laundering and terrorist financing detection solutions and staff training, as well as in informing the FIU. At the same time, there is still a need to raise awareness within the sector.

11.1.4.1.3. Legal framework and control

Quality of supervision

Supervision of the obligations is provided for both sectors in § 64 (1) of the MLTFPA. The supervisory authority is the FIU.

When applying risk-based supervision, the FIU has also found the sector to be of a low level of risk, that is why the FIU pays less attention to taking supervisory measures in the sector. Bailiffs and trustees in bankruptcy have been assessed in 2008 and most recently in 2020. Assessment procedures have been carried out in the main sectors to evaluate compliance with the notification obligation; in individual cases, shortcomings in compliance with legal requirements have been identified.

Given the size of both sectors (more than 100 professionals) and the fact that the provided services vary, more supervisory resources should be directed to the sector. If possible, consider establishing a position

of the advisory contact person in the supervisory authority for the proper application of the law in relation to sector-specific professional activities.

Regarding the quality of supervision, market participants have pointed out, among other things, that the feedback on the submission of notifications is incomplete or almost non-existent, and this fact definitely needs to be improved.

Brief summary

In general, the level of the quality of regulation and supervision in the sector is average. The umbrella organization is working on raising the level of regulations in the sector and preparing guidance material for explanatory work and is organizing training. At the same time, it should be noted that due to the scarcity of the FIU's resources, supervision has been insufficient so far and needs more attention.

Effectiveness of compliance control systems and reporting

Bailiffs and trustees in bankruptcy do not have a significant compliance control system in place, nor have there been established regular reporting obligations.

Compliance with the requirements of the MLTFPA is based on the law in force in the sector and the instructions of the FIU, and the guidelines of the Chamber are also used.

The lack of a valid reporting system does not allow the supervisory authority to obtain complete information on the professional activities offered in the sector or the threats identified in carrying them out. However, such information is necessary to ensure thorough transparency of the sector and threat assessment (including ensuring the right sample of supervised entities). Today, professionals in the sector are not required to disclose which services are offered to which clients (other than for fulfilling the notification obligation or administrative purposes), which may lead to systematic failure to identify which market participants carry riskier transactions/cash transactions/qualifying transactions/non-compliance, etc., which may cause a delay in intervening with supervisory measures. Given that enforcement and bankruptcy proceedings are low-risk areas and that bailiffs and trustees in bankruptcy are not financed from the state budget or on the basis of freely designable fees, the reporting required of bailiffs and trustees in bankruptcy must be highly justified and aimed at resolving a specific issue and not satisfying the general interest.

With regard to the notification obligation, it should be noted that the notification obligation to the FIU has been fulfilled by both sectors, and the level has been satisfactory. Based on the notifications, the FIU provides feedback to market participants on the developments, the proposal, and the guidelines for the future.

Brief summary

Overall, the effectiveness of the sector's compliance control systems and reporting is average.

Quality of the framework of due diligence measures applied with regard to customers

MLTFPA provides for various due diligence measures, the application of which requires the following measures to be taken in the activities of bailiffs and trustees in bankruptcy (in cases provided by law when applying a risk-based approach):

- identification of the customer or the person participating in the occasional transaction and verification of the submitted information;
- identification and verification of the identity and right of representation of the representative;
- understanding the business relationship, occasional transaction, or operation;
- obtaining information on whether the person is a politically exposed person, a member of his or her family, or a person considered to be a close associate;
- business relationship monitoring.

If the legal person is served or if the person does not carry out the transaction in his or her own interest or on his or her own behalf, additional measures related to the identification of the beneficial owner will be added.

The assessment of vulnerability must take into account the fact that bailiffs and trustees in bankruptcy only have to apply due diligence in certain situations, so that other professional services where the application of due diligence measures is not mandatory may therefore be more vulnerable to money laundering.

Brief summary

The quality of the due diligence framework is average. From the point of view of customer control, as the survey shows, the biggest problems are the lack of a register of politically exposed persons, as well as the complexity of the process of identifying the beneficial owner and the lack of a reliable source.

11.1.4.1.4. Sector-specific risk assessment with the quality of sector-specific controls

The following vulnerabilities have been identified in the analysis and assessment of sector-specific risks:

- Identification of trust and company service providers used by criminals to create complex and opaque structures for illegal purposes;
- Identification of trust and company service providers providing services related to money-laundering for commissions, fees, or other types of income;
- Identification of other non-financial companies and professions that provide money laundering services for commissions, fees, or other types of income;
- Identification of the use of professional services by “gatekeepers” (attorneys, accountants, brokers) to conceal the identity of the beneficial owners and the source of the illicit funds.

Brief summary

There are some difficulties in providing specific services and identifying sector-specific risks. However, the quality of sector-specific risk assessment controls can be assessed as rather low.

11.1.4.1.5. Quality of response to risks identified in previous evaluations

Both sectors have also been addressed together in the past. The aggregate of structural indicators and control measures under the previous NRA is low for both sectors. On a scale of 0-1, the vulnerability indicator is 0.04, which means that, overall, these sectors are not vulnerable to money laundering and terrorist financing.

The FIU has intensified its training activities and has also carried out risk-based monitoring procedures in the sector, so it can be assessed that appropriate measures have been taken.

11.1.4.1.6. Conclusion

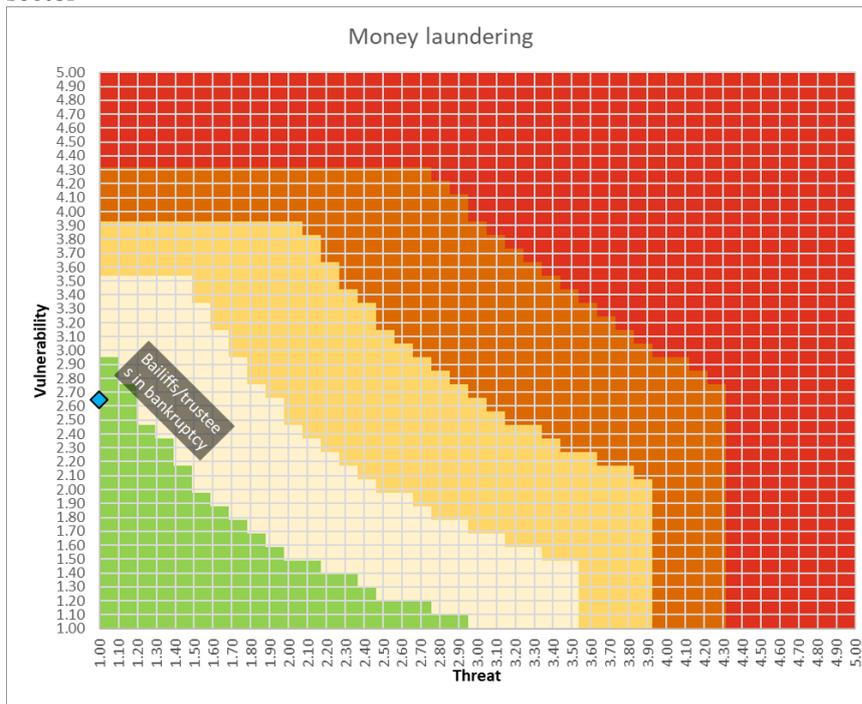
On a scale of 1-5, the vulnerability score of the bailiffs and trustees in the bankruptcy sector in terms of money laundering is 2.64, i.e., **low**.

Table 66. Level of money laundering vulnerability in the sector of bailiffs and trustees in the bankruptcy sector

Sector	Level of money laundering vulnerability at the sectoral level	
Bailiffs and trustees in bankruptcy	2.64	low

The vulnerability of the sector is generally low, as the nature and practice of services do not favor the systematic use of professional services provided by both sectors for money laundering purposes.

Figure 19. Heat map of the money laundering risk in the sector of bailiffs and trustees in the bankruptcy sector



Summary

The location of the level of vulnerability in the sector on the national level is in the middle of other sectors and at the level of below-average assessment. The risk level in the sector in terms of money laundering is **low**, which means that the risk and its consequences must be accepted, and no specific measures are considered necessary. Simplified due diligence measures may be applied in the sector.

11.1.4.1.7. Risk management strategy

11.1.4.1.7.1. Risk mitigation measures at the national level

Based on the results of the risk assessment, the following suggestions are made to improve the situation at the national level:

- Change of reporting obligation: with regard to the introduction of reporting obligations, the need to establish such regular reporting obligations should be considered, which would address the previously identified specific risks (persons, transactions). The introduction of this obligation is necessary in order for both law enforcement and supervisory authorities to be able to react immediately to a potential identified risk, as well as for a more efficient allocation of public resources to mitigate risks.
- With regard to the identification of politically exposed persons, consider setting up and maintaining a national database with appropriate access.
- The intervention/supervision of the FIU needs to be strengthened for market participants operating under the license of the FIU, which in turn requires the allocation of additional resources to enhance the supervision activities.
- Establishment of a strategic analysis center, the results of which will be shared with market participants (analysis based on both national and international information).

11.1.4.1.7.2. Risk mitigation measures at the level of obliged entities

Based on the results of the risk assessment, the following proposals are made to improve the situation within the sector:

- To improve cooperation between the Chamber and the Financial Intelligence Unit with a view to increasing the reporting obligation to the FIU.
- In cooperation with the Chamber and the FIU, to keep the practical instructions up-to-date, i.e., supplement them as necessary.
- To continue to organize joint training in cooperation between the Chamber and the Supervisory Authority.

11.1.4.2. Vulnerabilities of the prevention of terrorist financing

11.1.4.2.1. Exposure to the threat

No direct exposure to terrorist financing has been identified in the activities of bailiffs and trustees in bankruptcy. The threats are rather theoretical; the risk assessment should pay attention to persons from high-risk countries or persons whose activities may be suspected of trying to obscure the transparency of transactions (frontmen, shell companies) in order to obtain funding for TF activities.

11.1.4.2.2. Risk awareness

Management commitment and leadership

As the sector is not characterized by value transfer services that would be riskier in terms of TF (more appealing to those seeking such opportunities), the national risk assessment has not identified any significant vulnerabilities in the vulnerability assessment. The possibilities for exploiting the sector's TF are rather theoretical and must be hedged by raising the awareness of employees and members of management in general.

In order to raise awareness, market participants should independently consult the available materials, including the EU and UN sanctions request facilities on the FIU website and at www.sanctionsmap.eu.

11.1.4.2.3. Quality of terrorist financing detection and prevention of financing of proliferation of weapons of mass destruction

Quality of supervision

With regard to risk-based resolution, the selection of supervised entities regarding TF risks has in practice considered the sector to be non-risky, i.e., has not assessed the risk in the sector as such, which would have required the initiation of supervisory procedures to verify the relevant risk identification.

Effectiveness of compliance control systems and reporting

Similarly to ML, there is no regular compliance monitoring system or reporting in the sector. In order to identify ML risks, the introduction of a reporting obligation should be considered, but no such conclusion was reached in the working group during the current national risk assessment for TF risks.

Quality of the framework of due diligence measures applied with regard to clients

The identification of risks and the taking of the necessary measures takes place analogously to the implementation of ML risk management measures.

Quality of the identification of sector-based international sanctions

Although bailiffs and trustees in bankruptcy are not persons with a specific obligation, International Sanctions Act obliges them to apply the following measures when concluding transactions subordinated to the MLTFPA:

(1) Upon entry into force, amendment, or termination of a financial sanction, a person with special obligations shall verify whether the person who has a business relationship with him or her or plans to do so is the subject of the financial sanction. If a person with special obligations identifies the subject of a financial sanction or that a transaction or activities planned or performed by him or her violates the

financial sanction, he or she shall apply the financial sanction and immediately notify the Financial Intelligence Unit thereof.

(2) If a person with special obligations doubts whether a person in a business relationship with him or her or planning to do so is a subject of a financial sanction or a transaction or activities planned or performed by him or her violates a financial sanction, the person with special obligations shall apply the financial sanction and the following due diligence measures:

1) collects additional information as to whether the person in business relations with him or her or planning to do so is the subject of a financial sanction or the proposed or performed transaction or Act violates the financial sanction and verifies it on the basis of additional documents, data or information from a reliable and independent source;

2) collects additional information concerning the purpose and nature of the business relationship, transaction, or Act and verifies it on the basis of additional documents, data, or information that comes from a reliable and independent source;

3) A person with special obligations shall also apply the due diligence measures provided for in subsection of this section in the event of threat or suspicion of violation of a financial sanction:

4) If a person with special obligations identifies a subject of a financial sanction as a result of the application of due diligence measures prescribed in subsection (2) of this section or that a transaction or activities planned or performed by him or her violates the financial sanction or if the additional information obtained in the application of due diligence measures does not enable it to be identified, as well as in case of suspicion of violation of the financial sanction specified in subsection (3) of this section, the person with special obligations shall notify the Financial Intelligence Unit thereof. The FIU has also published guidelines on compliance with international financial sanctions on its website. Requests for EU and UN sanctions can be made on the FIU website and at www.sanctionsmap.eu.

Brief summary

Thus, both sectors are subject to strict regulation (essentially the same obligations as a person with a special obligation, with a difference in the obligation to draw up rules of procedure), i.e., the quality is very good in terms of regulation.

11.1.4.2.4. Sector-specific risk assessment with the quality of sector-specific controls

The examination of professional competency covers TF risks together with ML risks. No additional quality controls have been established to prevent TF vulnerabilities, nor is the inclusion of such controls considered necessary in this risk assessment to mitigate TF vulnerabilities.

11.1.4.2.5. Quality of response to risks identified in previous evaluations

By analogy with the ML part, the previous risk assessments for the TF part did not indicate any differences in the sector.

11.1.4.2.6. Conclusion

On a scale of 1-5, the vulnerability score of the bailiffs and trustees in the bankruptcy sector in terms of terrorist financing is 2.76, i.e., **low**.

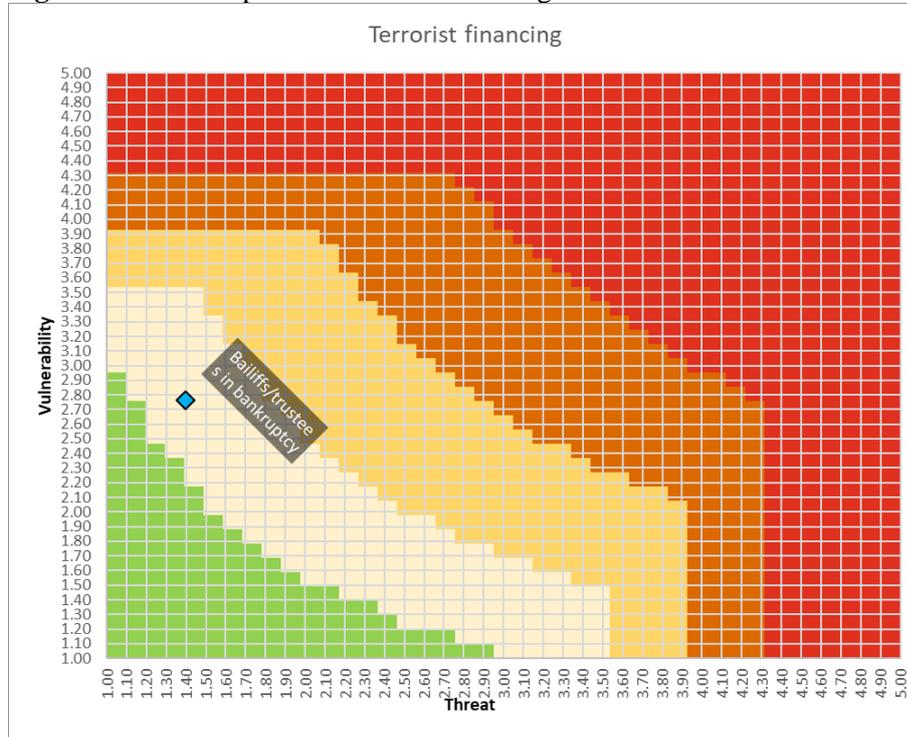
Table 67. Level of vulnerability to terrorist financing in the sector of bailiffs and trustees in the bankruptcy

Sector	Level of vulnerability to terrorist financing at the sectoral level	
Bailiffs and trustees in bankruptcy	2.76	low

As the risks associated with terrorist financing are, in practice, rather minimal for bailiffs and trustees in bankruptcy, and the working group considers it unlikely that the current organization of the sector could

in any way lead to a significant potential for exploitation for TF purposes. The working group is of the opinion that the sector is no more vulnerable to transactions for TF purposes than other conventional sectors (which are not subject to the MLTFPA regulation). The identified vulnerabilities of a theoretical nature have been compensated by subjecting certain professional services to the requirements of the MLTFPA, i.e., the requirements of due diligence measures and compliance with the notification obligation.

Figure 20. Heat map of the terrorist financing risk in the sector of bailiffs and trustees in the bankruptcy



Summary

The level of risk in the sector in terms of terrorist financing is **below average**, which means that the risk and its consequences must be accepted, and no specific action is considered necessary. Simplified due diligence measures may be applied in the sector.

11.1.4.2.7. Risk management strategy

11.1.4.2.7.1. Risk mitigation measures at the national level

Based on the results of the risk assessment, the following suggestions are made to improve the situation at the national level:

- If necessary, to provide the FIU with cooperation opportunities for market participants to identify threats in relation to sector-specific services or customers.

11.1.4.2.7.2. Risk mitigation measures at the level of obliged entities

Based on the results of the risk assessment, the following proposals are made to improve the situation within the sector:

- Independent awareness-raising of service trends in the sector in the implementation of possible TF schemes.
- Independent awareness-raising on financial sanctions, including sanctions and regimes to combat terrorism.