

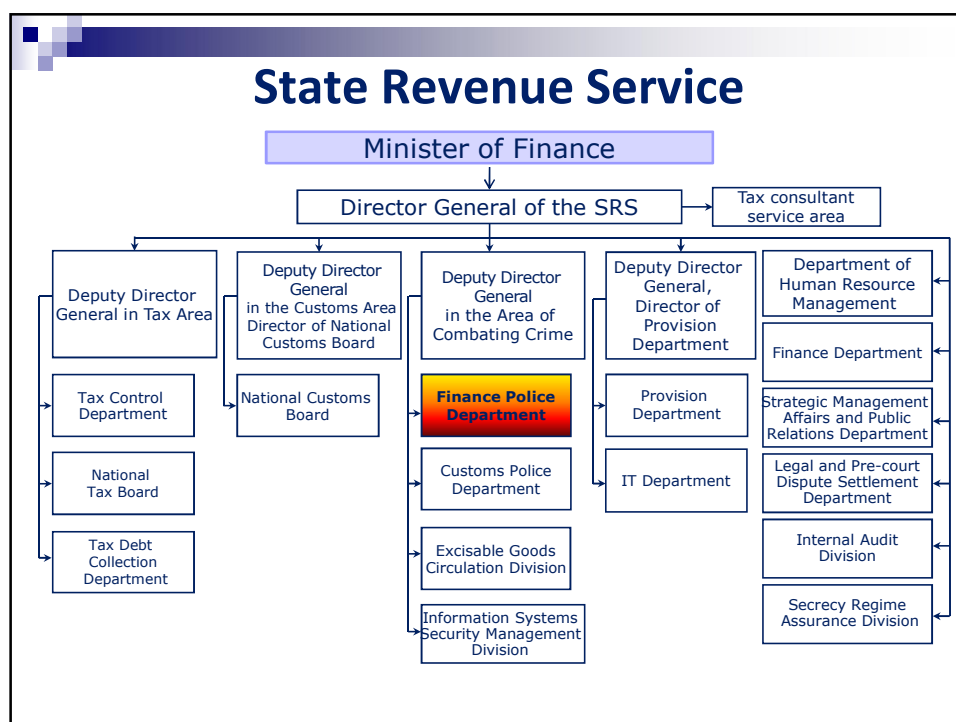


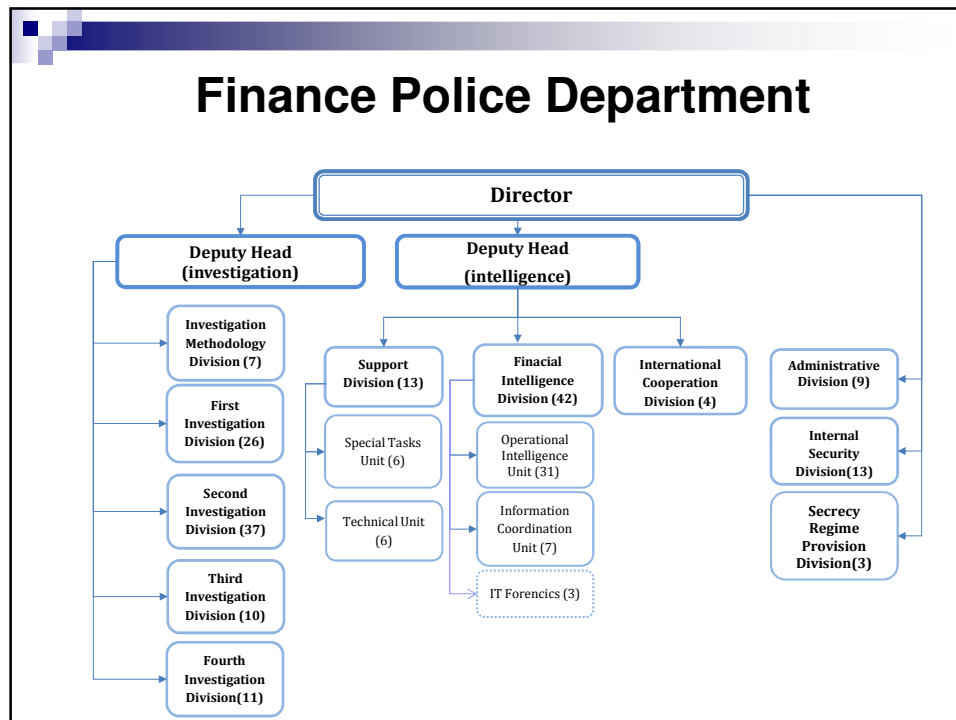
Structure, functions and risk analysis by the Finance police in the fight against organized crime

June 11, 2015, RIGA, LATVIA

Māris VĪTOLS

*Head of the Financial Intelligence Division
of the Finance Police Department
of the State Revenue Service
Republic of Latvia*





MAIN FUNCTIONS ACCORDING TO THE LAW ON STATE REVENUE SERVICE

TO CARRY OUT INVESTIGATORY OPERATIONS (INTELLIGENCE) AIMED AT

- DETECTION AND PREVENTION OF CRIMINAL OFFENCES IN THE AREA OF STATE REVENUE
- DETECTION OF CRIMINAL OFFENCES IN THE ACTIVITIES OF OFFICIALS AND EMPLOYEES OF THE STATE REVENUE SERVICE

TO CONDUCT CRIMINAL INVESTIGATIONS OF CASES

- WHERE CRIMINAL OFFENCES ARE DETECTED IN THE AREA OF STATE REVENUE AND IN THE ACTIVITIES OF OFFICIALS AND EMPLOYEES OF THE STATE REVENUE SERVICE

INVESTIGATION ONLY OF THOSE CRIMINAL PROCEEDINGS
WHICH CAUSE LOSSES TO THE STATE BUDGET FROM CRIMINAL OFFENCES IN
THE AREA OF STATE REVENUE

MAIN TASKS OF FPD STRUCTURAL UNITS (1)

INVESTIGATION DIVISIONS	PRETRIAL CRIMINAL INVESTIGATION AND METHODOLOGY
FINANCIAL INTELLIGENCE DIVISION	OPERATIONAL ACTIVITIES, RISK ANALYSIS, INFORMATION COORDINATION, IT FORENSICS AND FPD IT SYSTEM ADMINISTRATION AND DEVELOPMENT
OPERATION INTELLIGENCE UNIT	OPERATIONAL ACTIVITIES AND RISK ANALYSIS According to Operational activities Law investigatory measures are: 1) investigatory inquiring; 2) investigatory surveillance (tracing); 3) investigatory inspection; 4) investigatory acquisition of samples and investigatory research; 5) investigatory examination of a person; 6) investigatory entry; 7) investigatory experiment; 8) controlled delivery; 9) investigatory detective work; 10) investigatory monitoring of correspondence; 11) investigatory acquisition of information expressed or stored by a person through technical means; 12) investigatory wiretapping of conversations; 13) investigatory video surveillance of a place not accessible to the public.
INFORMATION COORDINATION UNIT	INFORMATION EXCHANGE WITH FPD NATIONAL PARTNER SERVICES AND TAX ADMINISTRATION, FPD IT SYSTEM ADMINISTRATION AND DEVELOPMENT
IT FORENSICS (since 2014)	TECHNICAL SUPPORT IN OPERATIONAL ACTIVITIES AND CYBER TECHNICAL EXPERTISE IN CRIMINAL PROCEEDINGS (most wanted specialists in FPD ☺)

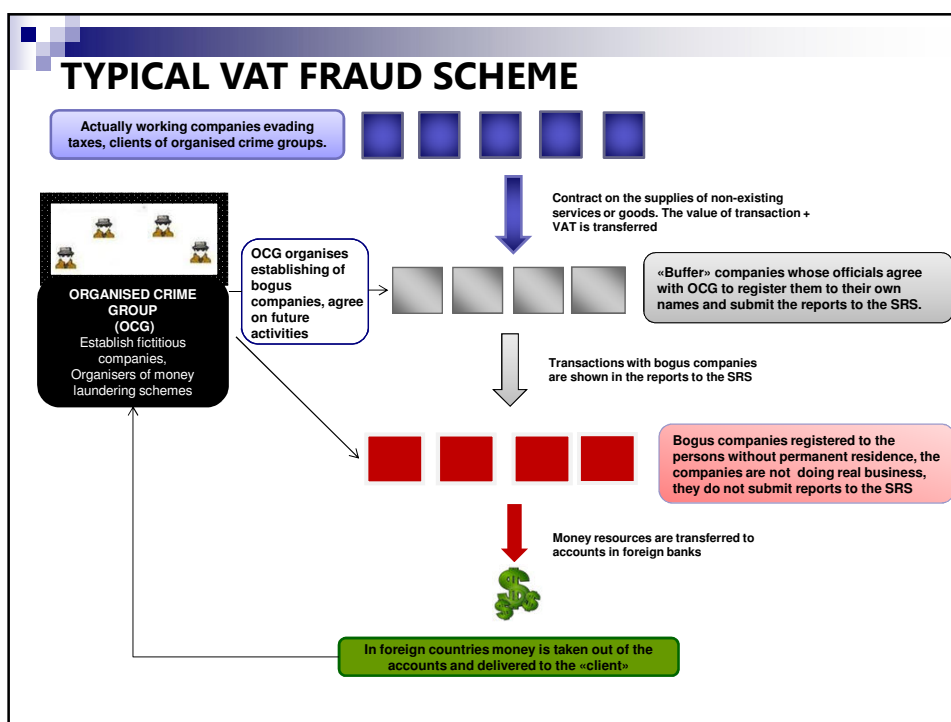
MAIN TASKS OF FPD STRUCTURAL UNITS (2)

INTERNAL SECURITY DIVISION	OPERATIONAL ACTIVITIES AIMED AT DETECTION OF CRIMINAL OFFENCES IN THE ACTIVITIES OF OFFICIALS AND EMPLOYEES OF THE STATE REVENUE SERVICE
SUPPORT DIVISION	OPERATIONAL AND TECHNICAL SUPPORT IN CRIMINAL PROCEEDINGS AS WELL AS IN INTELLIGENCE CASES, SECURITY PROVISION
SPECIAL TASKS UNIT	OPERATIONAL SUPPORT MAINLY AIMED TO LOCATE PERSONS THAT ARE WANTED IN THE CRIMINAL PROCEEDINGS INVESTIGATED BY FPD AND HIDE FROM FURTHER PROSECUTION
TECHNICAL UNIT	WORK WITH SPECIAL TECHNICAL EQUIPMENT
INTERNATIONAL COOPERATION DIVISION	ONE LIAISON OFFICER AT EUROPOL, INTELLIGENCE AND INVESTIGATION SUPPORT DURING CROSS-BORDER COOPERATION (Eurojust, JTs, MLAs, bilateral exchange, etc.)

FPD PRIORITIES:

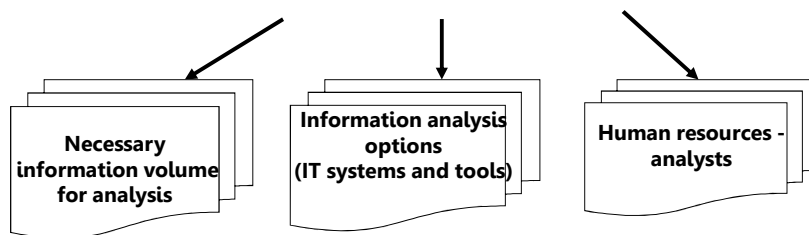
- **TAX EVASION (ART 218, CRIMINAL CODE)**
- **VAT FRAUD (ART 177, CRIMINAL CODE)**
- **LEGALIZATION OF ILLEGAL PROCEEDS (ART 195, CRIMINAL CODE]**

IN RELATION TO THE ORGANISED CRIME
AND/OR
CORRUPTION IN THE AREA OF STATE REVENUE



Preconditions for risk analysis

In order to timely detect probable tax evasion/fraud three important preconditions need to be available



TAKING INTO ACCOUNT FPD UNIQUE LOCATION WE HAVE DIRECT ACCESS TO ALL SRS INFORMATION RESOURCES

Taxpayers' registration information

- Registry of Enterprises.
- Registry of Population.

Internal information

Information about various tax administrating activities

- tax control; risk analysis; enforced collection; contacts, visits etc.

Information from different SRS departments

- Customs Information, Activities of Excise Department

Information about tax payments

Information from tax returns

- VAT return, Annual reports, Corporate income tax return, Annual personal income tax returns, Statements on social contributions and personal income, Additional declarations on Personal income, etc.)

«Explanation» registry – explanations given by the officials of the risky companies about the company's economic activity (deny their relation to the company) and *Registry of Fictitious Companies*, where the taxpayers are included, according to several principal features.



EXTERNAL INFORMATION WHICH IS IMPORTED AND STORED IN SRS DATABASES

- Registry of Enterprises
- Registry of Population
- State Land Service (Cadastre) and Land Register
- Banks (legal persons account numbers)
- etc.

11



**NOT ALL EXTERNAL DATA IS FULLY IMPORTED
IN THE SRS INFORMATION SYSTEMS AND IT COULD
BE ACCESSED ONLINE**

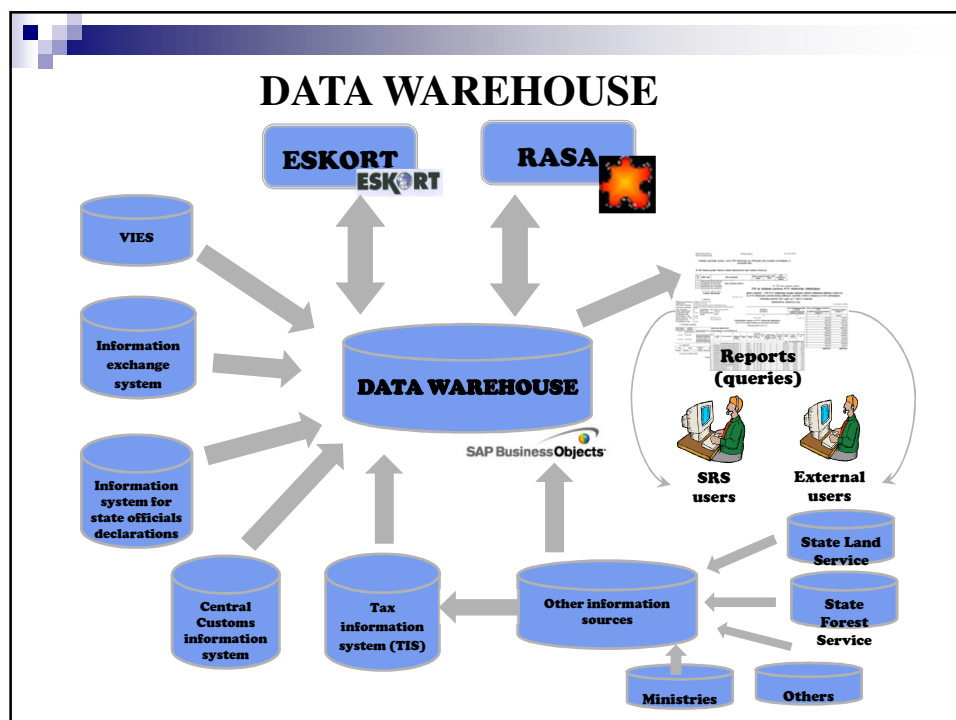
- ✓ Vehicle Registry
- ✓ Shipping Registry
- ✓ Aircraft Registry
- ✓ Border Guard Information System
- ✓ etc.

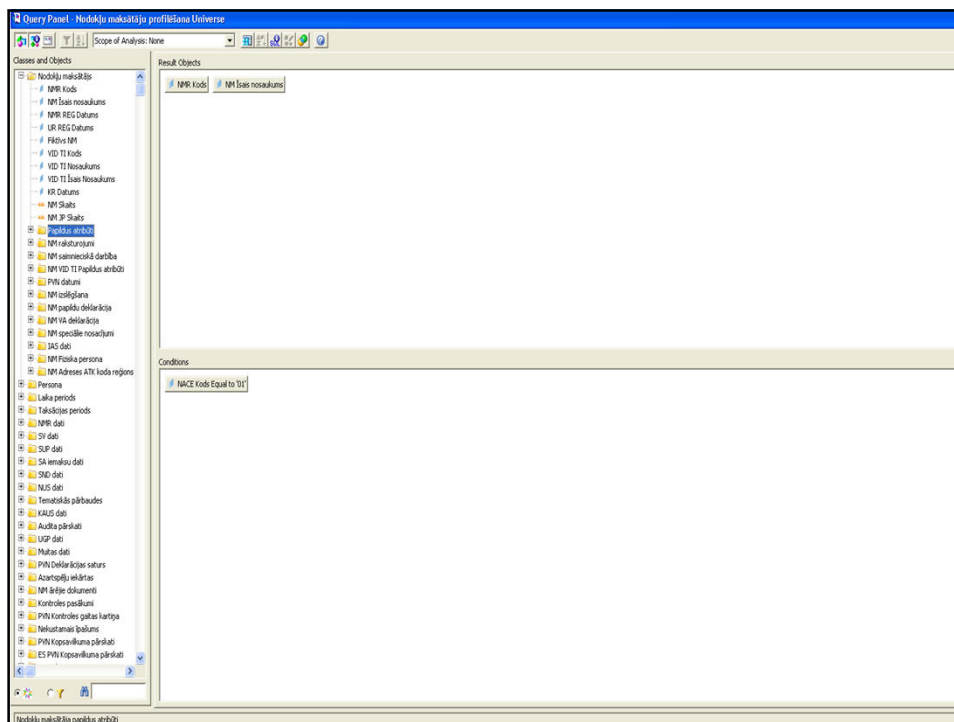


DATA WAREHOUSE

ALL INFORMATION REGISTERED IN SRS SYSTEMS (TAX ADMINISTRATION, CUSTOMS etc.) IS REGULARLY TRANSFERED INTO DATA WAREHOUSE

- ❖ Unique system where information from different sources is collected and made available in one place
- ❖ All information is divided into objects and filters for more comfortable use.
- ❖ Objects and filters are grouped in universes depending on the source or purpose of use, e.g. universe "Taxpayers submitted documents"
- ❖ Business Objects is special software State Revenue Service uses to work with Data Warehouse
- ❖ Tax Control Department prepares standard reports (query templates) to be used for risk analysis purposes
- ❖ Each user may build own queries and prepare own reports, using objects and filters (about one certain taxpayer or specific group of taxpayers from certain local office or economic branch)
- ❖ The information from different format files (MS Excel, dBase, text files) can be imported and used as query source





MAIN ANALYTICAL TOOLS IN FPD

- **DATA WAREHOUSE**
- **CRIMINAL RECORDS SYSTEM** (FPD DATABASE CONTAINS INFORMATION ON ALL FPD CRIMINAL PROCEEDINGS, PERSONS, OPERATIONAL INFORMATION AND LINKS INCLUDING CLASSIFIED INFORMATION)
- **DATA PROCESSING SYSTEM** (NEW SPECIFIC FPD TOOL THAT HELPS TO DETECT RELATIONSHIPS BETWEEN OBJECTS – COMPANIES, PERSONS, PHONE NUMBERS, etc. THIS TOOL USES SPECIALLY PROCESSED INFORMATION FROM MAIN TAX ADMINISTRATION SYSTEMS AND FPD CRIMINAL RECORDS SYSTEM AT THE SAME TIME)
- **i2 ANALYST NOTEBOOK** (VISUALIZATION OF INFORMATION FROM DATA WAREHOUSE AND/OD FPD DATA PROCESSING SYSTEM)

