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THE PREVENTION OF MONEY LAUNDERING LAW

Law No: 55/1999

Short Title 1. This Law may be cited as the Prevention of Money Laundering Law.

First Part
General Provisions

Interpretation 2. In this law unless the context otherwise requires :

"Bank" means, banks operating under Banking Law of the Turkish Republic of Northern Cyprus,

"Ministry" means, the Ministry responsible for Economic and Financial Affairs,

"Real persons or corporate bodies responsible for giving information" means, banks, co-operative societies, finance companies, insurance and reassurance companies, intermediary corporations of capital markets, portfolio management companies, administrators of investment funds, those engaged in the sale and purchase of precious metals, stones or jewellery, authorised institutions specified in the Foreign Exchange Law, those engaged in the sale and purchase of immovable property for the purpose of trade and those acting as intermediaries of same, operators of games of change, foreign exchange bureaus, State Lotteries Administration, accountants and/or auditors.

"Not negotiable and order cheque or payment order" means, cheques or other payment orders which the payee may only lodge to his account with a bank.

"Office" means, the office of Money, Foreign Exchange and Development Fund.

"Illicit Money" means, all kinds of material benefit and value obtained from; trafficking in or trade of narcotic drugs and psychotropic substances which affect the psychic state; unlawful possession, hiding, smuggling or trade of fire arms, parts of same and ammunitions; organ and tissue transplant; man slaughter offence; use of a minor or one who is mentally retarded or of any other person against his will for any unlawful purpose; secure benefits from a person for international terrorism through black mail or brute force; spying and industrial or technological spying; all kinds of money and valuable documents obtained by bribery and corruption and efforts and attempts to obtain goods and income in the manner enumerated above.

"Money Laundering" means, the evaluation of illicit money acquired by persons through commitment of predicate offences enumerated above for the purpose of securing compliance with the law; the acquirement by others of illicit money known to have been obtained in this manner; possession, use by acquirers or by others, change of hands, concealment or its removal abroad; for the purpose of assisting the perpetrator to evade the legal consequences of the offences stated above, the change of the source or place of illicit money, actions to obviate the proof thereof and attempts to this end.

"Board" means, Illicit Money Supervision Board.

"Payee" means, real person or corporate body to whom payment will be effected.

"Cash Money Limit" means, 20,000 US dollars and/or its equivalent in other currencies including legal tender.

"Legal Tender" means, Turkish Lira which is in circulation as official money in the Turkish Republic of Northern Cyprus.

Second Part

Provision regarding cash money limit,
Identification and giving of information

Cash Money Limit

3. Persons and corporations obliged to give information shall inform the Office by lists işlemlerin, kimlerin nam ve hesabına yapıldığını showing cash transactions in excess of cash money limit and in whose name and account they were made, within the first week following the month during which the transaction took place. As regards incoming and outgoing transfers they shall inform the Office solely in respect of transactions about which they have doubts. The procedure and principles regarding this information will be arranged in accordance with notification to be published by the Ministry in the Official Gazette.

Transactions exceeding cash money limit

4. All payments exceeding cash money limit shall be effected by not negotiable and crossed order cheques or by not negotiable and crossed payment orders.

The obligation to identify

5. Officials and persons and corporate bodies obliged to give information are required to identify their clients or parties to the transaction. Also, regarding payment order instructions in the name of a payee the identification of the person giving the order and recording thereof is obligatory. Arrangements regarding identification are made by the Ministry.

Documents acceptable in identification

6. Identification is effected by obtaining a convincing photocopy of the identity card, passport or driving licence issued by official departments. As regards corporate bodies a copy of the document regarding registration, a document showing that the person acting in the name of the corporate body is empowered to represent the corporate body and the document showing authorised signatures or the circular of authorised signatures.

Applications	7. Where banks are suspicious they are obliged to identify persons applying to them for business irrespective of whether or not the cash money limit is exceeded and to notify this information forthwith to the office or other empowered bodies specified by the Office. In the light of the decision to be given by the Office at the end of the investigation the matter may be referred to the Illicit Money Supervision Board to start legal proceedings.
Incoming Transfers	8. As regards bank transfers in favour of residents of the Turkish Republic of Northern Cyprus payment in cash may not be made to the payee in excess of the cash money limit. Incoming transfer may only be lodged into the account of the payee with the bank or payment may be made by cheque.
Outgoing Transfers	9. Where bank transfers to be made by residents of the Turkish Republic of Northern Republic of Northern Cyprus are in excess of the cash money limit the amount to be transferred must be paid to the bank by cheque or by debiting the account with the bank of the person making the transfer.
The obligation to give of documents and information	10. Officials and persons and corporate bodies are obliged to co-operate with officers authorised by the Office and to give all kinds of information and documents in respect suspicious transactions. Those who are required by the office or the Board to give information and documents cannot avoid giving such information or documents by pleading special provisions of their respective laws.
Secrecy of information	11. Information regarding suspicious transactions or identity of persons investigated or proceeded against by the office cannot be disclosed to persons who are party to the transactions concerned or to any other body outside the Board. Also no information or hint may be given to real persons or corporate bodies under suspicion, to the effect that information has been or will be given against them.
The obligation of officials not to disclose information	12.Persons serving in the office, members of the Board or persons empowered by court may not disclose to any person or body the information and documents acquired by them and the identity of persons from whom such information has been obtained, without court order except for the purpose of giving testimony in an investigation to the parties concerned or in court.
Disclosure not contravening secrecy principle	13.Irrespective as to whether or not there is contrary provision in any law, officers of the bank or its external auditors giving information and/or documents to the Office, do not commit a breach of the secrecy principle and such persons are immune from proceedings under the said principles.
The obligation to disclose to the Office and to the bank	14. (1) Where it is established that income under suspicion constitutes illicit money officers empowered and the persons and corporate bodies obliged to give information are required to inform the office of these transactions within 3 working days at the latest from the date on which the transaction has been ascertained. The procedure and principles regarding information and the principles of operation of the office on this subject are arranged by the Ministry through a notification published in the Official Gazette.
	(2) Where in the course of carrying out the audit within powers given to them by law or in any other manner, the officers

empowered ascertain records of income suspected of being illicit money, they are obliged to give information to the Board.

Third Part

The establishment of Illicit Money Supervision Board.
Its Meetings, Duties and Powers.

The establishment of Illicit Money Supervision Board

15. (1) Illicit Money Supervision Board is established to evaluate reports prepared by the office for the prevention of money laundering, to carry out examination in the light of this information and to submit its findings to court.

(2) Illicit Money Supervision Board consists of the following persons and representatives.

(A) Representative of the Ministry
(B) Manager of the Department of Money, Foreign Exchange and Development Fund. (Natural Members)
(C) Representative of the Department of Customs and Excise.
(D) Representative of the Central Bank of the Turkish Republic of Northern Cyprus.
(E) Representative of the Director General of Police.

Meetings of the Board

16. (1) Representative of the Ministry is the chairman of the Board

(2) The Board at its first meeting, chooses an assistant chairman from among the members to perform the duties of the chairman in the absence of the chairman.

(3) The Board meets at least once a month upon the call of the chairman. The Board may have further meetings where necessary.

(4) The quorum required for meeting and decision of the Board is the simple majority of the total number of members. Where votes are equal the chairman of the Board has a casting vote. Members of the Board may not abstain in voting. The natural member does not have voting right.

(5) Decisions of the Board are recorded in the minute book and are signed by members present at the subsequent meeting at the latest. No decision may be taken by circularising members.

(6) Decisions of the Board include the following

(A) Date and Number of meeting
(B) Names and surnames of those participating in the meeting.
(C) C. Names and surnames of those not participating in the meeting.
(D) The result of voting and where necessary the reasons advanced by members for the way voted by them.

Duties and powers of the Board

17. (1) The Board after scrutinising the reports submitted by the office and where necessary demanding more detailed information and documents, decides for necessary action by relying on the information and documents submitted.

(2) Where the Board concludes from the information and documents that there are serious findings and evidence suggesting money laundering, it refers the matter to the Attorney General for the purpose of taking measures regarding rights and amounts due to interested party or parties.

(3) The Board may avail itself from the technical services of consultants deemed suitable for the purpose of making investigation in connection with the money laundering report and may authorise such persons to examine all kinds of documents on the matter.

The Board's criteria in respect of suspicious transactions

18. (1) The following are the criteria for doubtful transactions which will enable the Board to make investigation:

(A) Where in respect of the transaction, there is unwillingness to give information which should normally be given by everybody; difficulties are confronted in acquiring information regarding identification; too little or untrue information is given; document submitted is suspected to be false; making of misleading statements on financial position; transaction not consistent with the declared purpose.

(B) Transfers of abnormally large amounts from countries where offences are committed in respect of narcotic drugs and smuggling and there are terrorist organisations; or from centres outside the borders or from these countries and outside centres.

(C) Where it is established that there is abnormal increase in the accounts of the person with its bank or other depositories, and that large amounts of idle money are kept in these accounts.

(D) The transfer of large amounts of money to addresses and accounts outside those normally dealt with by the client; in a manner inviting suspicion.

(E) Large movements of cash or remittance of large amounts from outside the country in the name or account of a person who has bad reputation and does not possess a specific business, commercial past and infra structure.

(F) Generally speaking transfer of large amounts of money into or outside the country without the use of an account, realisation of electronic fund transfers without adequate explanations and the demand for payment of same in cash.

(G) The maintenance of more than one account by the person with the same depository in an unaccustomed manner, these accounts totalling large amounts when taken together or the division into separate accounts of the total transaction, each below the scope of disclosure with the idea of avoiding disclosure of continuous information.

(H) Lodgement by many people into the same account without a reasonable explanation or transfer into the same account from several separate accounts.

(I) Where accounts are opened with foreign banks for the purpose of transferring funds thereto by persons whose transactions within the country are too small to necessitate the operation of a bank account, or the transfer after a short while into transitional accounts of these amounts with foreign banks without any other operation.

(J) Existence of accounts disproportionate to the business carried on and the transfer of funds effected between these accounts; transitions effected in these accounts, clearly not connected with commercial purposes; payment to persons not connected in any way with the person or company in an unaccustomed manner.

(K) Borrowing large amounts and settlement of same in a short time in an unexpected manner without a reasonable explanation.

(L) Obtaining credit within the country by showing an account outside the country as guarantee, upon non-payment of this loan securing conditions for seizure by the creditor of funds in the account shown as guarantee and bringing same into the country; or where a loan has been secured within the country in the normal manner its settlement by transfers of offshore banks outside the country.

(M) In the application for credit nondisclosure of convincing information as to where the loan will be utilised and non-submission of clear information as to repayment of the loan.

(N) Monies of nearly equivalent totals leaving or coming into the country at approximately near dates.

(O) Increasing the frequency of transfers by division of the total amount.

(P) Large amounts of transfers into or outside the country without indicating the account number.

(2) Types of doubtful transactions listed above are meant to be a guide. It is possible that a doubtful transaction may take place in a different manner or nature though not conforming to the types indicated above if the manner and nature of the transaction invited suspicion such transaction may also be investigated.

(3) According to principles of reciprocity the Board may exchange information and documents or sign agreements with responsible authorities in other countries in respect of money laundering.

Money Laundering Offence

19. Money laundering by persons arising from:
All kinds of material benefit and value obtained from; trafficking in or trade of narcotic drugs and psychotropic substances which affect psychic state; unlawful possession, hiding, smuggling or trade of fire arms, parts of same and ammunitions; organ and tissue transplant; manslaughter offence; use of a minor or one who is mentally retarded or of any other person against his will for any unlawful purpose; secure benefits from a person for international terrorism through black mail or brute force; spying and industrial or technological spying; all kinds of money and valuable documents obtained by bribery and corruption and efforts and attempts to obtain goods and income; commit an offence.

Offence and penalty

20. (1) Authorised persons engaged in investigation or members of the Board may not disclose information obtained by them in the course of their examination to anybody other than the court or other authorised persons. Those who are shown to have disclosed such information commit an offence and upon conviction are liable to a fine up to 10 billion Turkish Lira or imprisonment up to ten years or to both.

(2) Person or persons who are shown to have committed doubtful acts above the cash money limit and/or those attempting this and/or those attempting to take illicit money outside the country commit an offence and upon conviction are liable to a fine up to 10 billion Turkish Lira or imprisonment up to 10 years or to both. In such cases amounts in excess of the cash money limit are confiscated by official bodies and are dealt with in accordance with the decision of the court.

(3) Persons and/or administrators who are shown to have contravened sections 3.4.5.6.7.8.9.10.11.12.13 and 14 of this law commit an offence and upon conviction are liable to a fine up to 10 billion TL or to imprisonment up to 10 years or to both.

(4) Real persons or corporate bodies who are shown to have contravened section 19 of this Law Commit an Offence and upon conviction are liable to a fine up to 15 billion TL or to

imprisonment up to 15 years or to both.

Power of courts to confiscate	21. In offences committed contrary to provisions of this law the courts have powers to confiscate money or material values which constitute the subject matter of the proceedings.

Fourth Part

Transitional Provisions

Transitional Section Actions pending Establishment of the Board	1. Pending legal establishment of Illicit Money Supervision Board the duties and powers of the Board are carried out by the Department of Money, Foreign Exchange and Development Fund.

Fifth Part

Final Provisions

Power of administration	22. This Law is administered by the Ministry responsible for Economic and Financial Matters.
Coming into Force	23. This law comes into force from the date of its publication in the Official Gazette.