

LITHUANIA

Limited enforcement

0.2% of global exports

Investigations and cases

In the period 2016-2019, Lithuania opened three investigations, commenced no cases and concluded no cases with sanctions.

The Special Investigation Service (STT) reportedly initiated an investigation in 2016 into allegations that a member of the National Parliament acting in the interest of Lithuanian frozen food company **Judex** bribed Russian officials at the State Food and Veterinary Service to avoid being fined for violations.¹ A media report in 2019 said prosecutors suspected that a member of the Lithuanian National Parliament had requested lifting that MP's immunity.² Parliament subsequently refused to do so, which prevented the investigation from moving forward.³ The STT was also reported to be investigating whether a shareholder and a director of the company **Solis Tribus** had engaged in corrupt and anti-competitive practices in Latvia (and Lithuania), in order to restrict or monopolise blood plasma collection, in favour of the company.⁴ The STT terminated for lack of evidence an investigation commenced in 2016 regarding alleged bribery of a US army officer to obtain a helicopter maintenance contract for a Lithuanian company.⁵

In other jurisdictions, the Organized Crime and Corruption Reporting Initiative (OCCRP) reported in 2019 on investigations in Kyrgyzstan concerning alleged irregularities in a multi-million dollar procurement of biometric passports won by a Lithuanian company, which, according to OCCRP, has a Belgian company behind it.⁶

The media has claimed that Lithuanian banks have been used for large-scale money laundering. One report in 2019 alleges that the Lithuanian branch of **Swedbank** was used by former Ukrainian President Viktor Yanukovich to launder millions of euros from bribes received and resources diverted from the national treasury.⁷ This was also disclosed in the report of an investigation on Swedbank released in March 2020.⁸ A 2019 report by the OCCRP alleged that the Lithuanian bank **Ukio Bankas** was one of the banks used in the Troika Laundromat, involving laundering of more than US\$4 billion between 2006 and 2013.⁹ Much of this amount allegedly originated in tax evasion schemes, organised crime and corruption.¹⁰ The bank was seized in 2013 by the Lithuanian National Bank for engaging in risky deals.

Recent developments

The Law on Whistleblower Protection entered into force in January 2019, requiring public institutions and private legal entities with more than 50 employees to introduce internal channels to receive reports, as well as the appointment of a person to handle these reports. Effective whistleblowing channels must be established in order to guarantee the confidentiality and safety of individuals reporting wrongdoing.¹¹

¹ <https://en.delfi.lt/politics/prosecutors-member-of-parliament-encouraged-bribery-of-russian-officials.d?id=81402083>; <https://www.lrt.lt/en/news-in-english/19/1067210/lithuanian-mp-grazulis-encouraged-bribery-of-russian-officials-prosecutors-say>; <https://www.lrt.lt/en/news-in-english/19/1066199/controversial-mp-grazulis-to-have-his-legal-immunity-removed>

² <https://www.oecd.org/corruption/anti-bribery/Lithuania-phase-2-follow-up-report-ENG.pdf>

³ <https://en.delfi.lt/politics/parliament-votes-against-stripping-mp-grazulis-of-his-legal-immunity.d?id=81546769>

⁴ <https://en.delfi.lt/culture/lithuanian-blood-center-corruption-investigation-expands-to-latvia.d?id=78339549>; <https://lithuaniantribune.com/lithuanian-blood-center-corruption-investigation-expands-to-latvia/>

⁵ <https://www.justice.gov/usao-ndal/pr/former-us-army-colonel-pleads-guilty-false-statements-and-conflict-interest-connection>

⁶ <https://www.occrp.org/en/investigations/multimillion-passport-deal-under-investigation-in-kyrgyzstan>

⁷ <https://www.svt.se/special/swedbank/english/yanukovich/>

⁸ <https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE57526786>

⁹ <https://www.occrp.org/en/troikalaundromat/vast-offshore-network-moved-billions-with-help-from-major-russian-bank>

¹⁰ <https://www.occrp.org/en/troikalaundromat/vast-offshore-network-moved-billions-with-help-from-major-russian-bank>

¹¹ The Law on Whistleblower Protection, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/b146ff50ed8a11e89d4ad92e8434e309?jfwid=-1deuyji1xl>

Lithuania has transposed both the 4th and 5th EU Anti-Money Laundering Directives into its national legislation, although not completely, as noted by the European Commission in January 2019.¹² The legislation extends the application of the risk-based approach and makes several changes to beneficial ownership-related obligations – extending, for example, the concept of beneficiary to senior manager in specific cases. It also facilitates cooperation and information sharing between financial supervisors.¹³

The Prosecution Service has undertaken numerous efforts since 2017 to train both prosecutors and judges to investigate and prosecute corruption-related criminal offences. Diplomats and public officials have also been trained by STT experts on corruption-related matters, with a focus on the foreign bribery offence.¹⁴ In 2018, the government increased the resources allocated to the STT by 47 per cent and salaries were increased.

Transparency of enforcement information

Statistical information is available for bribery cases, broken down by enforcement stages (such as pre-trial investigations, investigations, solved cases and convictions) and by the type of crime.¹⁵ Lithuania also collects detailed statistics on mutual legal assistance (MLA) and extradition in order to assess the effectiveness and promptness of its cooperation in foreign bribery cases. A module on international cooperation in criminal matters within the data management system of the Prosecution Service

(“Integrated Information System of Criminal Process”) is being developed to facilitate faster and more efficient data generation.¹⁶ The statistics on MLA requests issued and received can also be found in the annual reports of the General Prosecutor’s Office.¹⁷

Information about foreign bribery proceedings is announced on the official website of the investigating institution, although there is no searchable listing for specific cases.¹⁸ A database of all depersonalised cases is available online, making it possible to search for cases by case number and type, court, date and other factors.¹⁹ Since November 2017, the Penal Code prescribes an obligation to announce in full the sentencing verdict of a legal person for crimes of bribery, trading influence and graft.²⁰

Beneficial ownership transparency

Lithuania has no central register of beneficial ownership to date, as no budget has been allocated for it.²¹ Following the partial transposition of the 4th and 5th EU Anti-Money Laundering Directives, a central register of beneficial ownership is now being created as a subsystem of the Information System on Members of Legal Entities.²² Beginning in March 2021, it is expected to be integrated into the European Central Platform.

Inadequacies in legal framework

¹² https://ec.europa.eu/commission/presscorner/detail/en/MEMO_19_462

¹³ <https://www.ellex.lt/en/news/news/new-law-on-prevention-on-money-laundering-and-terrorist-financing-has-been-adopted/41351>; <https://walless.com/wp-content/uploads/2020/01/WALLESS-final.pdf>

¹⁴ During 2017-2019, more than 570 prosecutors and almost 500 law enforcement officials attended 27 training sessions on the disclosure, investigation and prosecution of corruption-related criminal offences, <https://www.oecd.org/corruption/anti-bribery/Lithuania-phase-2-follow-up-report-ENG.pdf>

¹⁵ <http://prokuraturos.lt/lt/administracine-informacija/planavimo-dokumentai-ataskaitos/ataskaitos/138>, pp.11-14.

¹⁶ <https://www.oecd.org/corruption/anti-bribery/Lithuania-phase-2-follow-up-report-ENG.pdf>, p.7.

¹⁷ <http://prokuraturos.lt/lt/administracine-informacija/planavimo-dokumentai-ataskaitos/ataskaitos/138>, p.21.

¹⁸ Special Investigation Service, <https://www.stt.lt/>

¹⁹ <http://liteko.teismai.lt/viesasprendimupaieska/detalipaieska.aspx?detali=2>

²⁰ <http://liteko.teismai.lt/viesasprendimupaieska/detalipaieska.aspx?detali=2>

²¹ <https://www.vz.lt/finansai-apskaita/2019/10/22/dar-yra-laiko-sleptis-ofsoruose&lowBI>

<https://www.15min.lt/naujiena/aktualu/lietuva/istatymas-del-tikruju-savininku-viesinimo-galioja-bet-neveikia-nedave-pinigu-56-1213912>

²² The answer to the official query, submitted to the Centre of Registers by Transparency International Lithuania in March 2020; JADIS, <https://www.registrucentras.lt/p/33>

There are no significant inadequacies in the legal framework.

foreign bribery, both in the public and private sectors, providing information and training.

Inadequacies in enforcement system

Despite recent efforts to step up Lithuania's anti-money laundering supervision, including the establishment of new departments for money-laundering prevention and electronic money supervision at the Central Bank,²³ there are still questions as to whether anti-money laundering supervision in Lithuania is adequate.²⁴

Increased STT resources and reforms to its structure have not resulted in increased enforcement efforts against foreign bribery, which may denote that this is not a priority for the institution. The OECD WGB Phase 2 Follow-Up Report on Lithuania in 2019 found that further efforts were needed to ensure effective enforcement of anti-bribery laws with regard to corporate liability and imposing sanctions for foreign bribery, including confiscation.²⁵ There is also a lack of awareness and understanding about the risks of foreign bribery in both the private and public sectors.

Recommendations

- Systematise collection and publication of information on enforcement against foreign bribery, including MLA data
- Expedite the creation of the central beneficial ownership register and publish it in open-data format
- Strengthen whistleblower protection and ensure effective implementation of related legislation
- Strengthen existing bilateral relationships with foreign prosecuting authorities in order to improve MLA efficiency
- Ensure direct access by procurement authorities and the Public Procurement Office to information about convictions of natural and legal persons for corruption, to facilitate their exclusion from bidding proceedings
- Improve anti-money laundering supervision of financial institutions by regulatory institutions, such as the Financial Crime Investigation Service and the Bank of Lithuania, paying particular attention to the newly-established fintech sector
- Continue raising awareness about

²³ <https://www.reuters.com/article/us-lithuania-moneylaundering/lithuania-steps-up-anti-money-laundering-effort-after-baltic-scandals-idUSKCN1PJ1OW>

²⁴ <https://voices.transparency.org/lithuanias-money-laundering-problem-c3b3ebba1618>

²⁵ <https://www.oecd.org/corruption/anti-bribery/Lithuania-phase-2-follow-up-report-ENG.pdf>