

OPINION

By: Prof. Dr. Ganeta Minkova Minkova,
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professional field 3.6 Law

***Regarding:* dissertation for awarding the educational and scientific degree "Doctor" in the doctoral program "Accounting and Control" in professional field 3.8 Economics at the Higher School of Insurance and Finance, city of Sofia**

Grounds for the presentation of the opinion: participation in the Scientific Jury: Order No. 88 dated April 05, 2021 of the Rector of the Higher School of Insurance and Finance (HSIF)

Author of the dissertation: **Polina Dimitrova Kavrakova**

Topic of the dissertation: **Money laundering in
the non-financial sector.
(Mechanisms. Diagnostics.
Preventive measures.)**

1. Data on the procedure and the applicant

Polina Dimitrova Kavrakova is enrolled as a doctoral student in an independent form of study in the doctoral program "Accounting and Auditing" in professional field 3.8. Economics, Department of Accounting and Auditing, with scientific supervisors Prof. Dr. Lyubka Tsenova and Assoc. Prof. Dr. Zhelyo Hristozov.

The PhD student has passed all the necessary exams, which are provided in her individual plan. During her studies, she submitted a dissertation, which is why she was dismissed with the right of defense. The dissertation was discussed in the Department of Accounting and Auditing at HSIF, and a positive opinion was given for initiation of a procedure for its public defense.

By Order No. 88 dated April 05, 2021 of the Rector of HSIF a Scientific Jury was appointed and a date for public defense was set.

In accordance with the requirements of the Law for the Development of the Academic Staff in the Republic of Bulgaria and the Regulations for its application, the dissertation student has submitted the necessary documents in connection with the procedure for awarding the educational and scientific degree "Doctor".

2. Relevance of the dissertation topic

The last two decades have seen intensified processes of globalization of the economy, as the penetration of the Internet in all spheres of life has resulted in the emergence of new trade relations between partners from different parts of the world. E-banking has also made it possible to easily transfer significant cash flows between remote areas, which in turn makes it more difficult to control money laundering from illegal activities.

The topic of the dissertation is focused on the non-financial sector, which covers various activities, including tax consultants, auditors, freelance accountants, notaries, freelance lawyers, real estate brokers.

Although in other countries (Peter Reuters, Edwin Truman, James Richards, J. Robinson, Jan Koningsvelt, etc., and in our country (Georgi Petrunov, Dimitar Dinev, Nikolai Aldimirov, Plamen Panayotov, Iva Pushkarova, etc.) there is research on money laundering, there is still no in-depth study of the mechanisms through which this is done in the non-financial sector. This requires these mechanisms to be outlined in their specifics, so that adequate preventive measures can be taken to prevent vicious practices. These are the circumstances that allow an up-to-date study of money laundering in the non-financial sector.

3. Structure of the work and content of the individual chapters. Contributing moments.

The dissertation consists of 179 pages, which include content, abbreviations, bibliography, appendices. A total of 80 sources in Bulgarian and English, 79 websites, 28 reports, transcripts and plans, 59 legal acts were used. The dissertation contains a number of figures that illustrate the main theses of the author, as well as an anonymous survey, the results of which are summarized and analyzed. The footnotes are 238, the citations are correct, but as a remark it should be noted that when referring to Internet sites there is no date on which they are visited.

The paper consists of an introduction, three chapters and a conclusion and meets the established requirements for structuring a dissertation. The introduction

is from page 5 to page 9, the first chapter covers from page 9 to page 42, the second chapter - from page 42 to page 85, the third chapter - from page 85 to page 155, and the conclusion - from page 155 to page 157, which shows that the dissertation work is balanced. The larger volume of the third chapter is justified, as the mentioned survey is included here (pp. 133-154).

The language of the dissertation is clear and precise. The dissertation is technically designed according to the requirements approved by practice.

In the introduction, the dissertation student focuses on the relevance of the chosen topic and outlines the object, subject, purpose of research, research methods and 4 research tasks. The main research thesis is formulated, according to which "despite the constant changes in order to improve the legal framework at European and national level, satisfactory levels of efficiency and security of the system are not created, operating in a dynamic and challenging environment, whose development continues to exceed the development of the regulatory framework."

The introduction also points out the limitations regarding the developed material.

In terms of its content, the introduction fully meets the requirements established by the practice.

The first chapter of the dissertation is entitled "Money Laundering Mechanisms". The dissertation student examines the concept of "money laundering" in terms of its origin and content. She points out that the Bulgarian legislator clarifies this concept in Art. 2 of the Measures Against Money Laundering Act (MAMLA) by describing actions, the implementation of which leads to a certain result. The author gives a working definition, considering that money laundering is "a conscious, purposeful and deliberate activity aimed at turning funds of dubious origin into legal income using legal mechanisms, as well as gaps in legislation."

Several phases of money laundering are outlined: placement, layering, integration. The following main mechanisms are used in the money laundering process: use of the financial system; physical transfer of money using couriers or illegal trafficking of large amounts of cash; physical transfer of goods in trade, using false documents and declarations for the traded goods and services, and in relation to this distinction the author agrees with the opinion of another scientist.

In the first chapter, the dissertation student also focuses on crimes related to money laundering. The Penal Code in our country has introduced panels

regulating money laundering (Articles 253-253b). The generation of funds involved in money laundering schemes can be done through various crimes: fraud, robbery, racketeering, kidnappings, contract killings, corruption, human trafficking, illegal migration, drug trafficking, arms trafficking, trafficking in natural resources, counterfeiting of goods, etc. This part of the study contains a number of figures with comparative data, which allow to draw appropriate conclusions about the commission and detection of crimes related to money laundering, as well as the seizure of illegally acquired property.

In general, it can be concluded that this chapter successfully combines theoretical statements with empirical data.

The second chapter of the dissertation is entitled "Organization of Anti-Money Laundering". The chapter examines both the legal framework at national and European level and the bodies responsible for money laundering control. Special attention is paid to international cooperation between the competent authorities of the countries in order to achieve better results in the fight against money laundering. I would like to point out this as a moment of contribution the consideration of the new package of legislative proposals of 20 July 2021 in connection with the proposal of the European Commission, the European Parliament and the Council for the adoption of the "EU Security Strategy for the Union 2020-2025" The European Commission proposes the establishment of a new body at Community level to be an integrated supervisory system in the field of anti-money laundering and terrorist financing and to work together with national supervisory authorities. Special attention is paid to the Financial Intelligence Directorate at the State Agency for National Security. The study shows that in our country there are a number of administrations that have competencies in the field of combating money laundering. This raises the issue of synchronizing their powers so as to avoid duplication of functions and therefore inefficient use of administrative capacity.

The third chapter is entitled "Diagnostics and preventive measures of money laundering in the non-financial sector". This chapter outlines the range of persons who need to take certain actions in order to identify cases of money laundering and to take appropriate countermeasures, as well as the types of preventive measures. In order to strengthen prevention, suggestions have been made to improve the legislation (p. 98). The presentation contains examples from practice, which illustrate how cases of money laundering can be outlined, pointing out various indicators.

The dissertation student makes several main suggestions, which are also contributing moments of the dissertation work:

1. reduction of the amounts that can be transferred across the border from BGN 30,000 to BGN 10,000, which, however, may be revised due to inflationary processes in recent months;
2. The Financial Intelligence Directorate of the State Agency for National Security to become an independent structure, similar to, for example, the General Directorate for Combating Organized Crime;
3. increasing coordination and cooperation between the various state bodies, both at national and European level;
4. inclusion in the term "cash" of other instruments or highly liquid goods such as: checks, traveler's checks, prepaid cards, gold, diamonds, cultural artifacts, cars, jewelry, watches;
5. conducting an educational and awareness campaign, such as money laundering to be included in the curricula and in the National Strategy for Financial Literacy in the Republic of Bulgaria.

In the conclusion, 5 scientific and scientific-applied contributions are formulated, which I share, as I have indicated some of them in the previous points.

The author indicates 6 publications on the topic of the dissertation, one of which is co-authored. The publications show the in-depth scientific interest and her long-term research in the field of anti-money laundering issues.

The abstract meets the requirements and correctly reflects the main points and scientific contributions of the dissertation.

I have not received any signals of plagiarism, and the candidate has also submitted a declaration of originality of the dissertation.

I believe that Ms. Kavrakova's scientific output meets the minimum national scientometric indicators for the defense of a dissertation.

4. Conclusion

In the process of her development as a researcher, Ms. Polina Dimitrova Kavrakova convincingly demonstrates potential for theoretical thinking and the creation of scientific structures that she convincingly defends. Her creative approach is also proven by the proposals for improving the current legal regulations in the field of anti-money laundering. The definite conclusion that the candidate is a hard-working, scientifically correct and productive researcher can be made.

Based on the above, I believe that the presented scientific publications and practical activities of the candidate fully meet the requirements of the Law on the Development of Academic Staff in the Republic of Bulgaria and the Rules for its implementation. Given the positive characteristics of the dissertation made in the opinion, and in particular the ability of the doctoral student to independently develop a difficult in legal, theoretical and practical terms problem of particular relevance, I PROPOSE the Scientific Jury at the Higher School of Insurance and Finance to award to Ms. Polina Dimitrova Kavrakova the educational and scientific degree "Doctor" in the field of higher education 3. Social, economic and legal sciences. Professional field: 3.8. Economics. Scientific specialty: Accounting and auditing.

May 2022

City of Sofia

Best regards:

(Prof. G. Minkova)