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Pierre Gramegna  
Minister of Finance of the Grand Duchy of Luxembourg

Brussels, 2 March 2018

Dear Minister,

In December of 2017, the European Parliament adopted the PANA Inquiry Report, which notes that “‘freeports’ may constitute offshore storage facilities, enabling money laundering and untaxed trade in valuables”. Furthermore, ‘freeports’ have been included among the list of obliged entities under the 5th Anti-money Laundering Directive, and will be bound, upon its entry into force, to carry out due diligence in their transaction and storing activities.

Following up on these developments, a group of MEPs took the initiative of visiting the Freeport in Luxembourg, to engage in a dialogue with the facility’s administration and enquire about its functioning, checks and controls on assets stored and their owners, cooperation with tax and law enforcement authorities, etc. The visit took place on the 5th of February 2018.

Regarding compliance with obligations derived from European regulation on anti-money laundering and financing of terrorism and administrative cooperation in the field of taxation, we learnt that the private company running the Luxembourg Freeport is not bound to perform identification or due diligence on ultimate beneficial owners or named shareholders of assets stored in its premises. Its activity centers in providing storage space in optimal conditions of conservation and security to users, who are brought in by service providers accredited with the Luxembourg authorities, namely companies obviously specialising in storage, packing, shipping and conservation of works of art, as well as wine, cars and other goods. We noticed that the following entities have a postal box inside the building: **Brandl, Mt Art ,Zilkens, Priv’Art, Lux Charity, Passion Project, Fine Art Logistic, Natural Le Coultre, Link Management.**

We learnt that it falls only upon the Luxembourg Customs Authorities, which have officers in permanence in the facilities, to check all the assets and valuable goods entering, exiting and moving within the Freeport and collect and register information on their beneficial owners. On the other hand, according to the Freeport, the service providers accredited by the Luxembourg authorities, who liaise between the clients and the Freeport, are the entities carrying out due diligence on their clients, i.e. the beneficial owners of the assets destined to be stored in the Freeport, or their representatives, on a risk basis. As a result the Freeport does not have any information on the beneficial owners and the goods stored in its premises.

Given this regulatory background, we hereby submit the following questions:



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## Access to Information

1. Do Customs collect data on natural persons as ultimate beneficial owners of all assets entering/exiting the Freeport, even when no custom duties are due (either because goods can be imported duty-free or they are already so called Union goods)? Which Customs rules apply? Do Customs carry out customer due diligence on the owner?
2. How many Customs officers are placed in the Freeport facilities? Do Customs officers benefit from specific training to verify assets, which enter/exit the Freeport? Do Customs officers check the content of the boxes upon arrival at the Freeport?
3. Are Customs made aware of any transaction (sale, manufacturing, etc.) taking place within the Freeport? Are clients obliged to inform Customs authorities about these transactions? Are these transactions registered by Customs?
4. Is there full, automatic and unhindered access to the database collected by Customs by Luxembourg tax and police authorities, including the Financial Intelligence Unit?
5. Is the data on natural persons, as ultimate beneficial owners, and value of stored assets collected by Customs authorities in the Freeport subject to automatic exchange of information with other Member States, in the framework of the Directive on Administrative Cooperation? If not, in which framework do the Luxembourg authorities share this data with other Member States?
6. Have any suspicious cases been reported, if so, how many, which ones and what were the consequences?
7. To what extent do the Luxembourg authorities share data on natural persons as ultimate beneficial owners and value of stored assets collected by Customs authorities with third countries? Do the Luxembourg authorities include this data within the scope of the Common Reporting Standard or does the exchange of data with third countries require a specific request for mutual assistance in criminal matters?
8. Can you provide statistical data on beneficiaries and value of stored assets in the Freeport broken down by nationality?

## Supervision of service providers

9. Which authority in Luxembourg accredits the service providers that intermediate relations between the Freeport services and the client, and under which criteria?
10. Given that these service providers are obliged entities within the meaning of Article 3 of the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, which self-regulatory body or



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competent authority was designated by the Luxembourg authorities to ensure their adequate supervision?

11. If a self-regulated body is the designated supervisory authority, how does it ensure that the service providers carry out proper due diligence on clients and assets stored in the Freeport and that their employees conduct business without conflicts of interest? How many supervisory actions have been carried out since the opening of the Freeport in 2014? How many suspicious activity reports have been reported to the Luxembourg FIU?
12. Has there ever been any seizure of assets from the Freeport following a request from the Luxembourg police, Attorney General or following a request from a foreign law enforcement authority?
13. Do Luxembourg authorities have full access to data collected by service providers on their clients, if they do so wish? Does professional secrecy apply, under the law of Luxembourg, to their commercial activities?

#### **Shareholders**

14. Do the Luxembourg authorities have access to the full shareholder structure and full list of shareholders of Eurocenter Investment SA, the company which controls Natural Le Coultre Luxembourg SA, owner of the Freeport? Does Mr. Jean-Marc Peretti appear among the shareholders?
15. Are the shareholders provided with all relevant information on the Freeport, according to the Shareholder Rights Directive (Directive EU 2017/828)?
16. Has any assessment of financial and commercial probity ever been conducted by Luxembourg authorities on the shareholders of the companies controlling Freeport Luxembourg prior to their licensing to operate the Freeport?

Best regards,

Ana Gomes

Evelyn Regner