

# FRAUD AND MONEY LAUNDERING IN THE REPUBLIC OF MOLDOVA: THE ROLE OF INTER-INSTITUTIONAL COOPERATION

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## **Abstract**

*As businesses develop and transform, becoming increasingly digital, the threat of fraud and money laundering has intensified. Combating these financial crimes can be achieved through local and international cooperation, emphasizing the crucial role of trust and law enforcement institutions. According to estimates by the United Nations Office on Drugs and Crime, approximately 2-5% of global GDP - equivalent to about 5.3 trillion US dollars - is laundered worldwide each year. Fraudsters steal billions of dollars annually from companies and individuals. In the Republic of Moldova, there have also been cases in which companies and individuals were defrauded and the proceeds were subsequently laundered and lost.*

*The purpose of this paper is to analyze the situation regarding fraud and money laundering in the Republic of Moldova, to present the major fraud typologies and the relationship between fraud and money laundering and to identify and propose measures to prevent and combat this phenomenon. It also aims to emphasize the role of inter-institutional cooperation in ensuring the protection of the business environment and the citizens of the Republic of Moldova.*

*Research Methodology: In the preparation of this article, the following research methods were employed: analysis and synthesis, the graphic method, induction and deduction and time series analysis.*

*Conclusions: The research highlights that, as businesses digitalize, financial crimes such as fraud and money laundering are increasingly committed electronically. This trend makes cooperation between institutions essential in preventing and combating these crimes. Establishing a trusted anti-fraud network that enables rapid information exchange and early warning mechanisms would enhance the efficiency of investigations and protect businesses from the risk of financial losses, reputational risk and customer attrition. As preventive measures, this study proposes organizing of anti-fraud and AML training for company employees and organizing information campaigns for customers. These measures would strengthen anti-fraud and AML awareness and help ensure a solid environment capable of mitigating fraudulent activities.*

*The originality of the paper lies in highlighting the ways to prevent and combat fraud through cooperation between institutions, as well as in ensuring rapid*

information exchange and early warning. The article presents actions aimed at preventing and combating fraud and money laundering in the digital world that need to be undertaken at the company level to ensure greater customer protection.

**Keywords:** fraud, money laundering, financial crimes, protection, cooperation, digital world.

## FRAUDA ȘI SPĂLAREA BANILOR ÎN REPUBLICA MOLDOVA - ROLUL COOPERĂRII ÎNTRE INSTITUȚII

### Rezumat

Pe măsură ce afacerile se dezvoltă și se transformă, devenind tot mai digitalizate, crește și amenințarea reprezentată de fraudă și spălarea banilor. Combaterea acestor infracțiuni financiare poate fi realizată prin cooperare la nivel local și internațional, subliniind rolul esențial al încrederii și al instituțiilor de aplicare a legii. Potrivit estimărilor Oficiului Națiunilor Unite pentru Droguri și Criminalitate, aproximativ 2-5% din PIB-ul global - circa 5,3 trilioane de dolari SUA - este spălat anual la nivel mondial. Escrocii sustrag în fiecare an miliarde de dolari de la companii și persoane fizice. Și în Republica Moldova au existat cazuri în care companii și persoane au fost victime ale fraudei, iar fondurile obținute ilegal au fost ulterior spălate și pierdute.

Scopul acestui articol este de a analiza situația fraudei și a spălării banilor în Republica Moldova, de a prezenta tipologiile de fraudă și legătura dintre fraudă și spălarea banilor, de a identifica și propune modalități de prevenire și combatere a acestor fenomene, precum și de a evidenția rolul cooperării dintre instituții în asigurarea protecției mediului de afaceri și a cetățenilor Republicii Moldova.

Metodologia cercetării: La elaborarea articolului au fost utilizate următoarele metode de cercetare: analiza și sinteza, metoda grafică, inducția și deducția, precum și metoda seriilor de timp.

Concluzii: Rezultatele cercetării evidențiază faptul că, odată cu digitalizarea afacerilor, se înregistrează o creștere a infracțiunilor financiare (fraudă/spălare a banilor) prin mijloace electronice, iar rolul cooperării dintre instituții este esențial în prevenirea și combaterea acestora. Crearea unei rețele antifraudă bazate pe încredere, prin intermediul căreia informațiile să poată fi schimbate rapid și să existe mecanisme de avertizare timpurie, va contribui la creșterea eficienței investigațiilor și la protejarea afacerilor de riscul pierderilor financiare, de riscul reputațional și de riscul pierderii clienților. Propunem, ca măsură de prevenire și combatere a fraudei, organizarea de instruiți antifraudă și AML pentru angajații companiilor, precum și desfășurarea de campanii de informare pentru clienți, acestea contribuind la consolidarea culturii antifraudă și AML, la asigurarea unui mediu solid care să descurajeze acțiunile frauduloase.

Originalitatea lucrării constă în evidențierea modalităților de prevenire și combatere a fraudei prin cooperarea dintre instituții și asigurarea unui schimb rapid de informații și a avertizării timpurii. Articolul prezintă acțiunile necesare pentru prevenirea și combaterea fraudei și a spălării banilor în mediul digital, care trebuie întreprinse la nivelul companiilor pentru a asigura o protecție sporită a clienților.

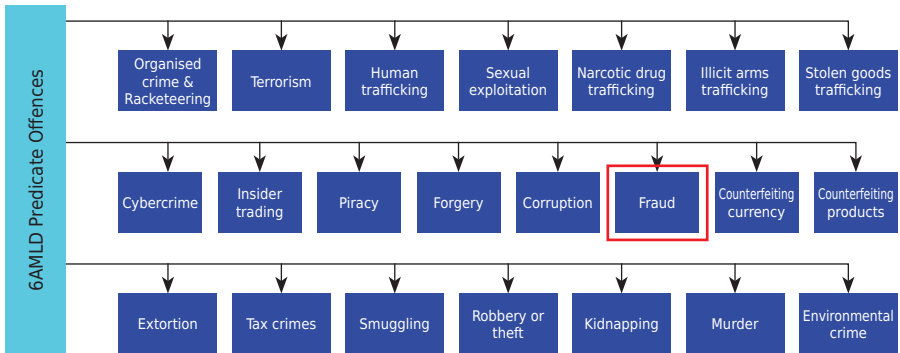
**Cuvinte-cheie:** fraudă, spălarea banilor, infracțiuni financiare, protecție, cooperare, mediul digital.

## INTRODUCTION

### What is Fraud?

In the digital economy, people are increasingly using electronic means to make transfers to one another. Under these conditions, individuals often become victims of highly sophisticated fraud attacks, as fraudsters continuously invent new methods. In the specialized literature, various definitions of fraud exist. According to the Cambridge Advanced Learner’s Dictionary, fraud is defined as a “*crime of obtaining money by deceiving people*” [2]. According to the Merriam-Webster Dictionary, fraud is defined as “*the crime of using dishonest methods to take something of value from another person*” [11]. According to the Explanatory Dictionary of the Romanian Language, fraud is defined as “*the commission, in bad faith and in order to obtain benefits, of acts that infringe the rights of another (causing damage to another person); theft*” [5].

In the Sixth Anti-Money Laundering Directive (6AMLD), fraud is one of the 22 predicate offences of money laundering, alongside piracy, forgery, cybercrime, extortion, tax crimes, narcotic drug trafficking, etc. [12]. A predicate offence is any offence provided by the Criminal Code that is capable of generating proceeds that may become the object of the money laundering offence under Article 243 of the Criminal Code No. 985/2002 [3, 10].



**Figure 1. Fraud - One of the 22 predicate offenses of ML according to 6th AMLD.**

Source: [12]

## What is money laundering according to Law No. 308/2017 on the Prevention and Combating of Money Laundering and Terrorism Financing?

- *Money laundering – acts established in art. 243 of the Criminal Code and in the international treaties to which the Republic of Moldova is a party [10]*

Money laundering, according to Article 243 of the Criminal Code of the Republic of Moldova No. 985-XV of 18 April 2002 refers to the following acts [3]:

- the conversion or transfer of property by a person who knows, or should have known, that it constitutes illicit proceeds, for the purpose of concealing or disguising the illicit origin of the property or assisting any person involved in the commission of the predicate offence to evade the legal consequences of such actions.*
- the concealment or disguising of the nature, origin, location, disposition, transmission, transfer, or true ownership of the property, or of the rights attached thereto, by a person who knows, or should have known, that it constitutes illicit proceeds.*
- the acquisition, possession, or use of property by a person who knows or should have known that it constitutes illicit proceeds.*
- participation in any association, agreement, complicity by providing assistance, aid, or advice in order to commit the acts provided for in letters a)-c).*



Figure 2. Steps of money laundering

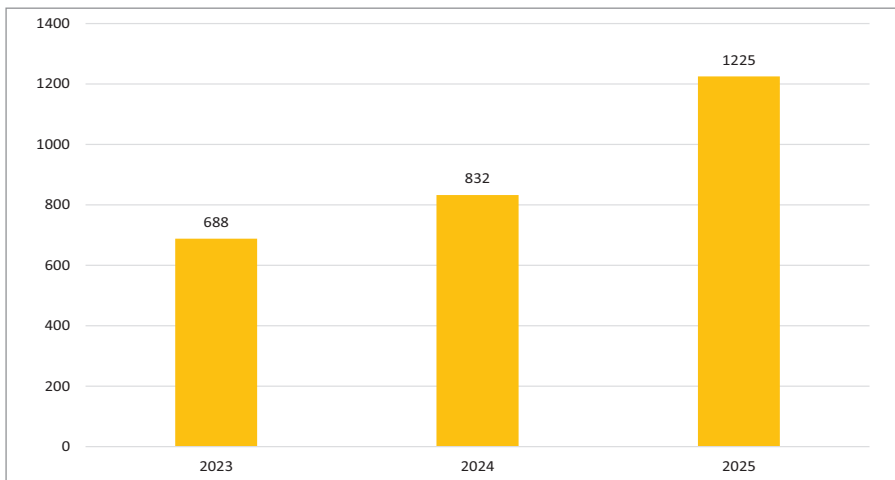
Source: [13]

Stages involving money laundering [1,4,6,7-9,13]:

1. *Placement* – depositing illicit funds through various intermediaries and financial institutions, usually in the form of cash
2. *Layering* – transferring funds between individuals or entities locally or internationally in order to obscure their illicit origin
3. *Integration* – the final stage of money laundering during which illicit funds are reintroduced into the legitimate economy or into the financial system as legal funds.

## Results and discussion

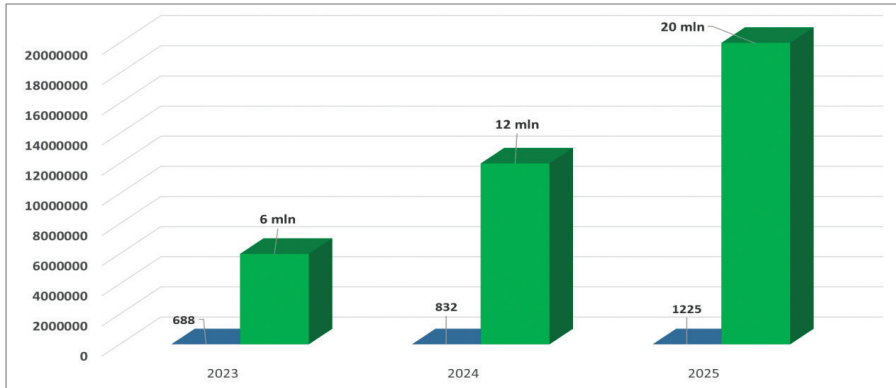
By analyzing the dynamics of fraud cases registered in Moldova (Fig. 3), an increasing trend can be observed, from 688 cases in 2023 to 1,225 in 2025 (an increase of 537 cases).



**Figure 3. Dynamics of fraud cases registered in Moldova 2023-2025**

**Source:** elaborated by the author based on the data from [14]

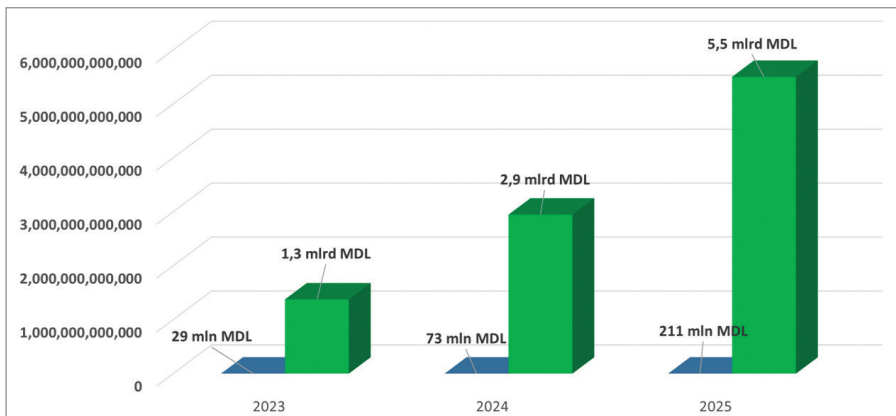
The most frequent fraud cases registered in 2025 are related to cryptocurrency investment scams, investment scams, phishing, FluBot, vishing and similar schemes. Fraudsters are becoming increasingly sophisticated and inventive in committing fraud.



**Figure 4. Dynamics of the number of fraud cases registered in Moldova vs Europe, 2023-2025**

*Source: elaborated by the author based on the data from [14]*

Analyzing the number of fraud cases registered in Moldova and Europe for the period 2023-2025, it can be observed that the number of fraud cases increased in both regions. In Europe, the number of fraud cases increased from 6 million to 20 million.



**Figure 5. Value dynamics of fraud in Moldova vs Europe, 2023-2025**

*Source: elaborated by the author based on the data from [14]*

According to Fig. 5, the value of fraud in Moldova increased during the period 2023-2025 from 29 million MDL to 211 million MDL, representing an increase of 182 million MDL. At the same time, the value of fraud in Europe increased from 1.3 billion MDL to 5.5 billion MDL.

Currently, the number of fraud cases in Moldova has increased significantly, particularly frauds performed through electronic means.

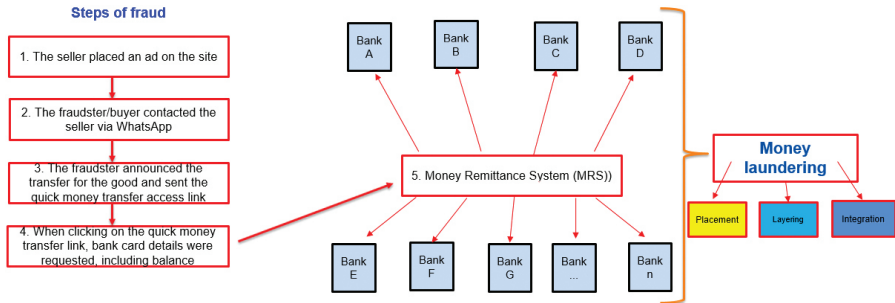
One of the most recent significant fraud cases in Moldova is the TUX case. Investigations related to this event indicate that even public sector employees - including police officers, customs officers and other officials - were involved in the "TUX scam", allegedly investing significant amounts in foreign currency.

According to estimations, the turnover of the TUX financial pyramid in the Republic of Moldova reached about 48 million Euro, which makes this case one of the biggest financial scandals in recent years. With the money involved in this pyramid - about 48 million Euro - it would have been possible to buy a Gulfstream G650 aircraft.



**Figure 6. Graphical representation of the turnover of Tux Pyramid - value equivalent to a Gulfstream G650 aircraft**

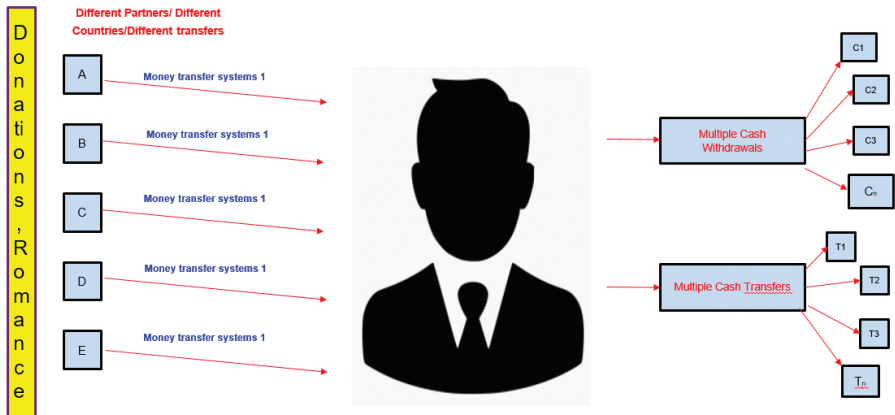
Frauds performed on shopping sites are also very popular among fraudsters. Figure 7 presents the steps of fraud when the fraudster lures the victim and collects the victim's card data. After accessing the victim's internet banking, the fraudster leaves the victim without financial resources, with the money being laundered through à **placement, layering and integration**.



**Figure 7. Fraud on shopping sites**

*Source: elaborated by the author*

Other types of fraud schemes involve money mules – persons who transfer money on behalf of other individuals. Criminals recruit money mules in order to help them to launder money obtained from illegal activities, often without the mule being aware of the criminal nature of the transactions.



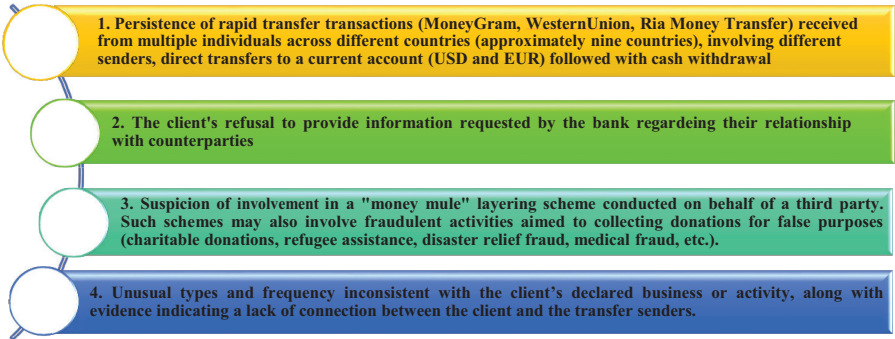
**Figure 8. Use of money mules in fraud schemes**

*Source: elaborated by the author*

Figure 8 presents a money mule who received money from different persons who were deceived through various social networking sites. These individuals were persuaded to transfer money as donations or as

part of romance scams based on fake announcements. After receiving the funds, the money mule transferred the money to other persons or withdrew the funds and passed them to the criminals.

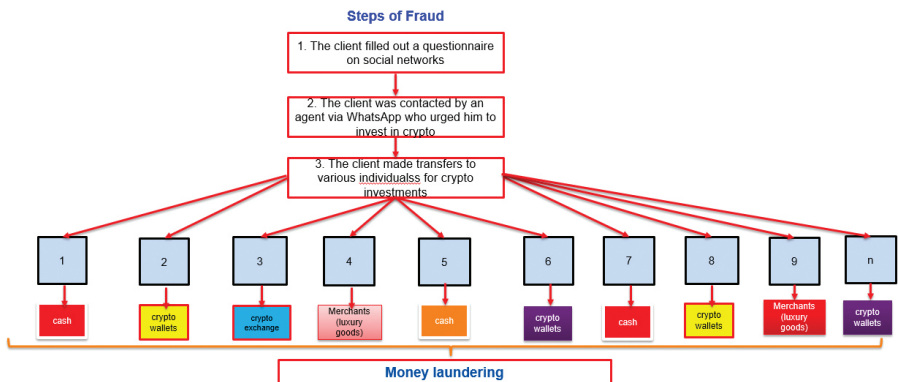
Figure 9 shows indicators for identifying money mules.



**Figure 9. Indicators for identifying money mules**

*Source: elaborated by the author*

In Figure 10 illustrates a case of social media fraud, in which individuals filled out unknown online questionnaires and were subsequently contacted by unidentified persons who encouraged them to invest in cryptocurrency. After investing through online investment platforms, the victims were unable to recover their funds.



**Figure 10. Fraud on social media**

*Source: elaborated by the author*

The following section presents several types of fraud commonly encountered in the Republic of Moldova.

### ***Phishing***

- Emails that appear to originate from banks or other companies and contain expressions designed to attract attention.
- Such emails usually include attention-grabbing subject lines, such as important message or account suspension, which can create concerns about outstanding payments or potential account restrictions or seizure.
- These messages typically contain urgent calls to action, encouraging recipients to access a link immediately by claiming that negative consequences will occur otherwise.
- Once the link is accessed, victims may be asked to provide personal and financial information, such as name, address, card details, CVV2/CVC code, personal identification number (IDNP), phone number, or authorization code received via SMS, email, or banking applications. After this information is disclosed, fraudsters may gain access to the victim's funds.
- Phishing may also occur through SMS messages (smishing). These messages may appear to originate from the bank but typically contain fraudulent links requesting personal or card details.

### ***Flubot***

- FluBot is a type of SMS-based fraud that infects a mobile device by prompting the user to download an application. The application is malicious software (malware) intentionally designed to cause technical harm.
- This malware can take control of the infected device, allowing criminals to access personal data or bank accounts.
- It can also send infected messages to the victim's personal contacts, with the aim of persuading them to install the application as well.

### ***Remote Access Programs***

- Fraudsters are becoming increasingly inventive in their methods of deception
- In some cases, individuals may receive phone calls from numbers that appear similar or even identical to those of bank's customer support service or law enforcement agencies. Such calls are intended to create a false sense of legitimacy.
- A caller may claim to represent a bank and report an alleged issue related to the client's relationship with the bank. If they insist that the problem can be solved immediately by disclosing confidential information – such as user IDs, passwords, or authorization codes – this should be treated as a strong indicator of fraud.
- Such communications should be approached with a high level of caution, as legitimate banks do not request confidential information by phone.

#### **Recommendations:**

- Do not comply with requests to disclose confidential information (e.g., card details, passwords, SMS one-time passwords).
- Terminate the conversation.

The suspicious activities and transactions are reported to the local Financial Intelligence Unit according in accordance with Law No. 308/2017 on AML/CFT.

The primary objectives of financial institutions include:

- Preventing financial losses;
- Protecting customer funds;
- Reducing exposure to fraud;
- Maintaining customer trust;
- Managing reputational risk;
- Implementing effective fraud controls.

Financial institutions required to implement measures to prevent and combat fraud and money laundering, as presented in the figure 11.

At present, financial institutions face the following challenges:

1. Lack of a unified reporting and analysis system;
2. Institutional silos and limited inter-institutional collaboration;
3. Reluctance to share data due to confidentiality concerns.

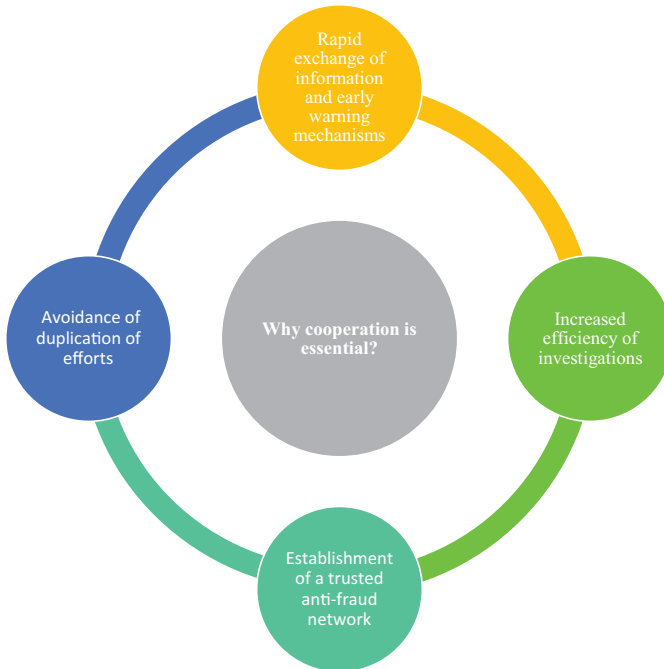


**Figure 11. Actions to prevent and combat fraud and money laundering**

*Source: elaborated by the author*

In figure 12 presents the importance of cooperation between institutions. This section calls for action, emphasizing that cooperation is key to

ensuring a safe and resilient Republic of Moldova. In order to prevent and combat fraud efficiently, it is essential to build bridges rather than walls, as fraud schemes evolve more rapidly than the response mechanisms of financial institutions.



**Figure 12. The importance of cooperation between institutions**

*Source: elaborated by the author*

## Conclusions

At the end of this article, we come with the following conclusions and proposals of improvement the current situation:

1. Strengthening interbank cooperation;
2. Digitalization of control processes;
3. Continuous education and training in the field of anti-fraud and AML;
4. Empowering employees in preventing and reporting fraud;
5. Carrying out information campaigns for customers.

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