



**ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM
(AML/CFT) NEWSLETTER FOR CENTRAL ASIA**

Issue 36 - March 2009
Available online at <http://www.imolin.org>

CALENDAR

1 Workshop on "Implementation of the United Nations convention against corruption into domestic laws and practice" [national]

Date: March 31-April 1, 2009
Organizer: UNODC/ROCA jointly with UNDP and OSCE
Location: Tashkent, Uzbekistan
Contact information: Olga Zudova, olga.zudova@unodc.org

2 AML/CFT technical assistance mission to Tashkent, Uzbekistan [national]

Date: March 30 - April 3, 2009
Organizer: IMF jointly with WB/UNODC
Location: Tashkent, Uzbekistan
Contact information: Giuseppe Lombardo, glombardo@imf.org, Klaudio Stroligo, kstroligo@worldbank.org

3 AML/CFT Legal support training for EAG countries-member FIUs [regional]

Date: March 30 – April 2, 2009
Organizer: ITMCFM
Location: Moscow, Russian Federation
Contact information: anocentre@mail.ru

4 Study tour for the Kazakh FIU to FINCEN, U.S.A. [national]

Date: April 13-17, 2009
Organizer: US Embassy
Location: USA
Contact information: Saule Tuleussarinova, TuleussarinovaS@state.gov

5 Meeting of the WB/UNODC team with the Kazakh FIU on JERP and IT issues [national]

Date: April 7-10, 2009
Organizer: WB/UNODC
Location: Astana, Kazakhstan
Contact information: Klaudio Stroligo, kstroligo@worldbank.org

6 AML/CFT professional development training course [regional]

Date: April 13 - 22, 2009
Organizer: ITMCFM
Location: Moscow, Russian Federation
Contact information: anocentre@mail.ru

7 EAG Training Workshop for Mutual Assessors [regional]

Date: May 18-22, 2009
Organizer: EAG
Location: Kiev, Ukraine
Contact information: info@euroasiangroup.org

8 Egmont Plenary Meeting [international]

Date: May 25 - 28, 2009
Organizer: Egmont Group
Location: Doha, Qatar
Contact information: mail@egmontsecretariat.org

9 AML/CFT Course on Financial Supervision and Risk Based Approach for Eastern Europe and CIS countries [regional]

Date: May 25 - 29, 2009
Organizer: IMF-Joint Vienna Institute [JVI]
Location: Vienna, Austria
Contact information: Terry Donovan, TDonovan@imf.org

10 EAG Plenary Meeting [regional]

Date: June 8-10, 2009
Organizer: EAG
Location: Saint Petersburg, Russian Federation
Contact information: info@euroasiangroup.org

AML/CFT Developments in Central Asia

AFGHANISTAN



Afghanistan enacted an AML/CFT law in 2004. The Financial Intelligence Unit was established in 2005. Afghanistan has commenced application process for Egmont Group Membership in 2007; sponsors are the USA and Malaysia. Afghanistan is scheduled to undergo an APG Mutual Evaluation in the 3rd quarter of 2009. Afghanistan is a member of the Asia Pacific Group (APG) and observer to the EAG.

BELARUS



Belarus became a full member of the Egmont Group in 2007. The on-site visit of the Belarus mutual evaluation took place at the end of July 2008. The mutual evaluation report was adopted by the EAG during its Plenary Meeting in Moscow in December 2008. Belarus is a member of EAG, and co-chairs the EAG Typologies Working Group.

CHINA



The AML/CFT law was adopted on 31 October 2006 and came into force on 1 January 2007. The Mutual Evaluation Report of China was adopted by FATF in June 2007 and by EAG in December 2007. China Progress report was adopted by FATF and EAG in July 2008. A follow up report was presented during the EAG Plenary Meeting in Moscow in December 2008. China is a member of EAG and FATF, and serves as co-chair of the EAG Evaluation/Legal Working Group.

KAZAKHSTAN



The draft AML/CFT law was adopted by Majilis [the Lower Chamber of the Parliament] on April 1, 2009 and its adoption by Senate (the Upper Chamber) is expected in May 2009. A decision to establish the Financial Monitoring Committee (FIU) within the Ministry of Finance was taken by the Government on 24 April 2008. The head of the Financial Monitoring Committee was

appointed in September 2008. Kazakhstan is scheduled to undergo an EAG Mutual Evaluation in 3rd quarter of 2009. Kazakhstan is a member of EAG, and co-chairs the technical assistance working group.

KYRGYZSTAN



EAG 1st round Mutual Evaluation Report of Kyrgyzstan was adopted at the EAG Plenary in June 2007. It is available on the EAG website. Progress reports were presented during the 7th and 8th EAG Plenary meetings in 2007 and 2008. A follow up report was presented during the EAG Plenary Meeting in Moscow in December 2008. Eleven amendments to the ML/FT legislation were accepted by the Parliament in 2008. The Kyrgyz FIU has commenced its application process for membership in Egmont, sponsored by the Russian Federation and Ukraine. Egmont Group shall decide about the Kyrgyz membership during its plenary meeting in May 2009. Kyrgyzstan is a member of EAG, and Deputy Chair of EAG.

RUSSIAN FEDERATION



Joint AML/CFT Mutual Evaluation of Russian Federation was conducted by FATF, Moneyval and EAG in 2007. Joint Evaluation Report was adopted by FATF/Moneyval/EAG in June and July 2008. Russian Federation is a member of FATF, Moneyval and EAG; chairs the EAG, has a deputy chair of Moneyval, and co-chairs EAG Technical Assistance, Typologies and Evaluation/ Legal Working Groups.

TAJIKISTAN



The Agency for State Financial Control and Combating Corruption was established in Tajikistan in early 2007. The AML/CFT law is being drafted in the Office of the President in 2007, but is has not been yet presented to the Parliament. The World Bank mutual evaluation report was adopted by the EAG during its Plenary Meeting in Moscow in December 2008. The EAG decided to place

Tajikistan under enhanced follow up procedure. Tajikistan is a member of EAG.

TURKMENISTAN



Draft AML/CFT law is being considered by the Parliament of Turkmenistan. On 20 June 2008, 16 October 2008 and 25 February 2009 the FATF reaffirmed its statement of 28 February 2008 regarding the anti-money laundering and countering the financing of terrorism risks posed by Turkmenistan. In the last FATF statement FATF urges Turkmenistan to adopt without further delay a comprehensive AML/CFT regime, which meets international AML/CFT standards. FATF encourages Turkmenistan to continue to work closely with EAG and IMF to achieve this. Turkmenistan became an observer member of EAG in December 2007.

UZBEKISTAN



Pursuant to Presidential Decrees issued in January, February and April 2007, implementation of certain provisions of the AML/CFT law were suspended until the year 2013. A Decree of Feb. 20, 2008 prohibits banks and officials from enquiring into legality of sources of funds of transactions executed by physical persons. This Decree is effective from 1 April 2008 to 1 April 2009. On 20 June, 16 October 2008 and 25 February 2009 the FATF reaffirmed its statement of 28 February 2008 regarding the AML/CFT risks posed by Uzbekistan. In its last statement FATF stated that despite the progress undertaken by Uzbekistan to adopt comprehensive measures, concrete measures to address the identified deficiencies have not yet been implemented. On March 28, 2009 the Uzbek Parliament adopted the amendments to the AML/CFT Law. It is expected that the President will sign the law by the end of April 2009. Uzbekistan is a member of EAG, and will undergo an AML/CFT Mutual Evaluation by EAG in the last quarter of 2009.

Euro-Asian Group (EAG) update

Schedule of EAG member-states' AML/CFT Mutual Evaluations:

Country	Evaluators	On-Site Evaluation	Plenary Discussion	Mutual Evaluation Reports [MER]
CHINA	FATF, EAG	Completed 2006	Adopted: FATF (June 2007) EAG (Dec 2007)	MER and Summary in English: http://www.fatf-gafi.org/dataoecd/24/45/39148209.pdf EAG First MER, Progress report in English: http://www.eurasiangroup.org/china.htm
BELARUS	EAG	July 27 – Aug 3, 2008	Adopted: EAG (December 2008)	MER and Summary in English and Russian: http://www.eurasiangroup.org/index-7.htm EAG Executive summary on first MER in English: http://www.eurasiangroup.org/belarus.htm EAG Executive summary on first MER in Russian: http://www.eurasiangroup.org/rus/belarus.htm
KAZAKHSTAN	EAG	3-d Quarter 2009	November 2009	-
KYRGYZSTAN	EAG	Feb 2007	Adopted: EAG (June 2007)	MER with Summary and Progress report in English: http://www.eurasiangroup.org/kyrgyzz.htm MER with Summary and Progress report in Russian: http://www.eurasiangroup.org/rus/kyrgyzz.htm
RUSSIA	EAG, FATF, MONEYVAL	Sept 24 – Oct 2, Nov 12-23, 2007	Adopted: FATF (June 2008) Moneyval (July 2008) EAG (July 2008)	MER and Summary in English: http://www.fatf-gafi.org/dataoecd/51/27/40945440.pdf
TAJIKISTAN	EAG, World Bank	June 2007	Adopted: EAG (December 2008)	-
UZBEKISTAN	EAG	2009	EAG (June 2009)	-

<http://www.eurasiangroup.org>

Technical Assistance Update & Regional news

- On March 2-6, 2009 **Financial Investigation Training Course** was conducted in Bishkek, Kyrgyzstan for 25 representatives of the Financial Intelligence Service (FIS), State Committee of National Security, Ministry of Interior, General Prosecutor Office, Drug Control Agency of the Kyrgyz Republic. The training was organized and conducted by UNODC Global Programme against Money Laundering (GPML) funded by the Government of the Principality of Liechtenstein. This training on investigative techniques for financial crimes was provided in order to build basic financial investigative capacity of the law enforcement agencies, as well as to enhance the relevant officials' understanding of the investigative process and issues related to money laundering type investigations or submission of evidence to the Court.

Mr. Richard Reynolds, Principal trainer from Canada jointly with Mr. Simon Goddard, UNODC GPML Consultant, Mr. Ric Power, UNODC GPML Adviser, and Mr. Igor Kiselev, Training Center of RosFinMonitoring (ITMCFM) conducted the training with participation of Ms. Julia Pilgrim, UNODC AML Associate.

As a result of the training, two other trainings on same issue will be modified/ updated according to the participants' feedback and will be arranged for the law enforcement agencies from the North and South region of Kyrgyzstan within a year according to the work plan.

- A joint **mission of RosFinMonitoring, ITMCFM, and EAG to Astana, Kazakhstan** took place on March 18-19, 2009. The mission representatives met with representatives of the Committee for Financial Monitoring (Kazakh FIU) to discuss the issues of creation of system for collection, storing and primary processing of data.
- A joint **mission of RosFinMonitoring and ITMCFM to Minsk, Belarus** took place on March 12-13, 2009. The goal of the mission was to discuss technical issues of video-conference connection between RosFinMonitoring, DFM and EAG secretariat. Video-Conference connection is one of the elements of the Unified Informational Space, which will be created according to the resolution of the 9-th EAG Plenary.
- The IMF has launched an AML/CFT project in Uzbekistan with the financial assistance of Switzerland.** A delegation of the IMF to Tashkent took place from March 30 to April 2, 2009 to discuss with the Uzbek

We welcome contributed articles of up to one page in length!

To submit information for inclusion to the newsletter or to be added to or removed from the distribution list, please, contact Ms. Aigerim Yesetova at aigerim.yesetova@unodc.org

authorities a 1-year project aimed at strengthening the AML/CFT system of Uzbekistan. The project will be implemented by the IMF in coordination with other TA providers operating in the region and will be funded by the Swiss Cooperation Office (SECO). It will aim at strengthening the AML/CFT legislative and regulatory framework and enhancing the capacities of the major AML/CFT stakeholders, including training of the FIU, the private sector and financial supervisors. The IMF mission, which included also the World Bank/UNODC AML/CFT Mentor for Central Asia, has reviewed the existing AML/CFT legal and institutional framework, and conducted a technical assistance needs assessment in order to develop an action plan for the project. IMF and WB/UNODC will provide comments to the draft laws and by laws which are being prepared by the authorities in the context of the amendments to the new AML/CFT law.

Moneyval update

On March 16 – 20, 2009 Moneyval 29th plenary meeting took place in Strasbourg, France.

- Mutual evaluation reports of Ukraine and Montenegro were adopted by the plenary.
- Progress reports of following countries were presented and then adopted by the plenary: San Marino (first progress report), Czech Republic (revised first progress report), Bulgaria (first progress report), Cyprus (second progress report), Monaco (first progress report), and Croatia (first progress report)
- Moneyval adopted the new questionnaire for the 4th round of mutual evaluations, which shall start in September 2009 with the evaluation of Slovenia and Hungary. The training seminar for the 4th round mutual evaluators will be organized in San Marino, from 6 to 10 July 2009.
- On 30 March 2009 Moneyval issued a new public statement on Azerbaijan, which reads as follows: ***“Moneyval has been concerned since 2006 with the deficiencies in the AML/CFT regime in Azerbaijan. On December 12 2008 at its 28th plenary meeting, a Public Statement was issued by Moneyval under Step VI, which remains in effect. At its 29th plenary meeting in Strasbourg on March 16-20, 2009, Moneyval welcomed the progress that had been made with the adoption of an AML/CFT Law on February 18, 2009 and the steps that are now being taken to complete the legal framework for an AML/CFT regime. Progress has been made in addressing many of Moneyval’s concerns. Azerbaijan requested to finalize the legal structure quickly and address either identified deficiencies. Azerbaijan is encouraged to work closely with Moneyval to achieve this.”***
- Moneyval will hold its next plenary meetings in Strasbourg on September 21-26, 2009 and December 7-11, 2009. During the next plenary meeting in September 2009 the MER on Armenia (evaluation conducted by IMF) and the progress reports on Romania, Macedonia, Israel, Russian Federation, Albania and Slovakia shall be discussed and adopted.

UNODC update

The Islamic Republic of Iran enacted a domestic Anti Money Laundering Law in January 2008. This Law defines money laundering as:

- acquisition, possession, keeping or using the proceeds from illegal activities with the knowledge that they have been acquired directly or indirectly through a criminal offense.
- change, exchange, or transfer of proceeds with the intention of hiding their illegal origin with knowledge that they have been acquired directly or indirectly through a criminal offense ,or helping the offender in such a way that the legal effects and consequences of the commitment of that crime would not involve him/her.
- hiding or covering up the real nature, origin, source, location, movement, displacement, or possession of proceeds obtained directly or indirectly as a result of an offense."

Accordingly, those who commit money laundering must return the assets and the proceeds derived from the crime comprising the original assets and the profits thereof and shall be sentenced to a fine equal to one fourth of the value of the proceeds of the crime.

The law envisages the establishment of an Anti-Money Laundering High Council composed by ministerial representatives of different Ministries. This High Council steers all political and technical matters related to the anti - money laundering policy and is currently working on the enactment of necessary by-laws which will finalize the establishment of the Financial Intelligence Unit.

A number of public court branches in Teheran and, if necessary, in other provincial capitals will be allocated to the investigation and adjudication of money laundering cases.

We welcome contributed articles of up to one page in length!

To submit information for inclusion to the newsletter or to be added to or removed from the distribution list, please, contact Ms. Aigerim Yesetova at aigerim.yesetova@unodc.org

Since September 2008 Iranian authorities are preparing for the establishment of the Financial Intelligence Unit under supervision of the Ministry of Finance and Economic Affairs. UNODC Iran is in close cooperation with relevant authorities in the legislative, capacity and institutional building processes.

It is to be noted that the current Iranian Anti Money Laundering framework is not fully complying with FATF 9 special recommendations against financing of terrorism. Iran has not signed or acceded the 1999 Convention for the Suppression of the Financing of Terrorism. In this regard, UNODC Iran is working with the Iranian Ministry of Finance and Economic Affairs to speed up the accession process of the mentioned Convention.

OECD update

While many jurisdictions still maintain arrangements that prevent them from assisting foreign authorities in tax investigations, recent actions and statements consistent with the OECD standards in this area on the part of some show that real progress is being achieved.

Among other recent moves, Mr. Gurría, OECD Secretary-General noted:

- Singapore has announced that it endorses the principles and standards for transparency and exchange of information agreed by a majority of OECD countries and several dozen non-OECD countries and territories and will introduce legislation by mid-2009 that will allow it to implement them.
- Hong Kong, China, has announced that it will introduce a bill in mid-2009 to allow it to negotiate agreements implementing the OECD standard for effective exchange of information.
- Andorra has announced its willingness to enter into tax information exchange agreements and its intention to eliminate strict bank secrecy for tax purposes by November 2009.
- The Isle of Man has signed a tax information exchange agreement with Germany, raising to 13 the number of such pacts that it has with other economies.
- Liechtenstein, which has already signed a tax information exchange agreement with the United States, has announced its acceptance of the OECD standards and its willingness to negotiate agreements that provide for effective exchange of information in all tax matters.

The Cayman Islands has announced that it will sign tax information exchange agreements with seven Nordic economies on 1 April, 2009, bringing to eight the number of such agreements that it has with other economies.

Altogether, since G-20 leaders signaled their determination at their summit in Washington last November to combat cross-border tax evasion, more than 20 bilateral tax information exchange agreements have been signed between different partners.

Mr. Gurría welcomed these developments, noting that “ending the abuse of banking secrecy arrangements that facilitate tax evasion is part of a broader drive to clean up one of the more controversial sides of a globalised economy.” He added that “the support of the G-20 for efforts to improve transparency and exchange of information has underscored their relevance for both developed and developing countries.”

Good access to information is a prerequisite for the effective and fair application of each country’s tax laws. The OECD standards in this area provide for an exchange of information between tax authorities on request in cases of specific inquiries into suspected tax evaders. They prohibit so-called “fishing expeditions” and are designed to protect the confidentiality of the information exchanged.

For more info, please visit: <http://www.oecd.org/home>

Publications and Websites of Interest

http://www.unodc.org	Official website of the UNODC. (In English, Russian, Spanish)
http://www.amlcft.org	World Bank’s AML/CFT website. (In English)
http://www.worldbank.org/StAR	World Bank and UNODC’s Stolen Assets Recovery Initiative (StAR) website
http://www.imolin.org	International Money Laundering Information Network administered by UNODC Global Program against Money Laundering (GPML) on behalf of a partnership of eleven international organizations and offering model laws, legal library, calendar of key events and other AML/CFT related information. (In English, with some Russian)

We welcome contributed articles of up to one page in length!

To submit information for inclusion to the newsletter or to be added to or removed from the distribution list, please, contact Ms. Aigerim Yesetova at aigerim.yesetova@unodc.org

http://www.euroasiangroup.org	The EurAsian Group is the FATF-Style Regional Body serving Central Asia. (In English and Russian)
http://www.imolin.org/pdf/imolin/MLawRussian_IMoLIN.pdf	UNODC Model Law in Russian
http://www.fatf-gafi.org/dataoecd/43/46/38960576.pdf	The Guidance on the Risk-Based Approach to combating Money Laundering and Terrorist Financing adopted by the FATF. It outlines the high-level principles involved in applying the risk-based approach, and indicates good public and private sector practice in the design and implementation of an effective risk-based approach.
http://www.fatf-gafi.org/dataoecd/61/28/40248726.pdf	Guidance on Capacity Building for Mutual Evaluations and Implementation of the FATF Standards Within Low Capacity Countries - is primarily intended to support low capacity countries (LCCs) in implementing the FATF standards in a manner reflecting their national institutional systems, is consistent with the ML/FT risks they face, and takes account of their limited resources
http://www.fatf-gafi.org/dataoecd/28/43/40285899.pdf	The study identifies four strategies which could help in further strengthening counter-terrorist financing efforts: (a) Action to address jurisdictional issues, including safe havens and failed states; (b) Outreach to the private sector to ensure access to the information necessary to detect terrorist financing; (c) Building a better understanding of terrorist financing across the public and private sectors; and (d) Using financial investigation, enhanced by financial intelligence.
http://www.eurasiangroup.org/rus/index-5.htm	Russian version of 40 FATF Recommendations [AML] Russian version of 9 FATF Special Recommendations [CFT] with Interpretive Notes
http://www.fatf-gafi.org/dataoecd/45/31/40705101.pdf	FATF's first in-depth study, which examines its vulnerabilities to misuse for money laundering and terrorist financing in real estate sector.
http://www.unodc.org/documents/wdr/WDR_2008/WDR_2008_eng_web.pdf	<i>The World Drug Report 2008</i> provides in depth trend analysis of the four main drug markets in its first section. It also contains an in-depth look at the development of the international drug control system and a small statistical annex which provides a detailed look at production, prices and consumption.
http://www.assetrecovery.org	Asset Recovery Knowledge Center of the International Centre for Asset Recovery (ICAR)
www.egmontgroup.org	The Egmont Group of Financial Intelligence Groups
http://www.gfip.org/storage/gfip/executive%20-%20final%20version%201-5-09.pdf	Illicit Financial Flows from Developing Countries: 2002-2006 The objective of this study is to estimate the volume and pattern of illicit financial flows exiting the developing world through application of existing economic models using the most recent macroeconomic data available. Illicit financial flows in the context of this report includes the proceeds from both illicit activities such as corruption (bribery and embezzlement of national wealth), criminal activity, and the proceeds of licit business that become illicit when transported across borders in contravention of applicable laws and regulatory frameworks (most commonly in order to evade payment of taxes). This paper does not link illicit financial flows with the underlying activities (whether legal or illegal) that generated the capital to transfer abroad.

We welcome contributed articles of up to one page in length!

To submit information for inclusion to the newsletter or to be added to or removed from the distribution list, please, contact Ms. Aigerim Yesetova at aigerim.yesetova@unodc.org

http://www.coe.int/t/dghl/monitoring/moneyval/	MONEYVAL - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
http://www.caricc.org	CARICC - Central Asian Regional Information and Coordination Centre for combating the illicit trafficking of narcotic drugs, psychotropic substances and their precursors, established within the Memorandum of Understanding on sub-regional drug control cooperation dated May 4 1996 (Tashkent, Uzbekistan) between the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan and UN Office on Drugs and Crime (UNODC).

This publication contains recent news stories collected from print and other media. These materials are gathered from external sources, and therefore the accuracy and completeness cannot be guaranteed. Moreover, the presentation of material and the designations do not imply the expression of any opinion by the World Bank or United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or the delimitation of any frontiers or boundaries. As the World Bank or the United Nations do not always own the copyright to these materials, permission from the copyright owner must be sought for further use.

We welcome contributed articles of up to one page in length!

To submit information for inclusion to the newsletter or to be added to or removed from the distribution list, please, contact Ms. Aigerim Yesetova at aigerim.yesetova@unodc.org