



UNODC

United Nations Office on Drugs and Crime



The World Bank

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

Issue 48 – May/June, 2010
Available online at <http://www.imolin.org>

CALENDAR

1 ICRG Europe/Eurasia Regional Review Group Meeting

Date: 20 - 21 May 2010
Organizer: FATF and MONEYVAL
Location: Strasbourg, France
Contact information: bf@minfin.bg

7 UNODC Mock Trial on Money Laundering

Date: 6 - 9 September 2010
Organizer: UNODC
Location: Almaty, Kazakhstan
Contact information: maria.rechova@unodc.org

2 UNODC Mock Trial on Money Laundering

Date: 21 - 24 May 2010
Organizer: UNODC
Location: Astana, Kazakhstan
Contact information: maria.rechova@unodc.org

8 World Bank AML/CFT Workshop for financial investigators, prosecutors and judges

Date: 13 - 15 September 2010
Organizer: World Bank
Location: Yerevan, Armenia
Contact information: kstroligo@worldbank.org

3 12th EAG Plenary Meeting

Date: 31 May - 3 June 2010
Organizer: EAG
Location: Astana, Kazakhstan
Contact information: info@eurasiangroup.org

9 World Bank 4th Annual AML/CFT International Leadership Program

Date: September 20 - October 1, 2010
Organizer: World Bank
Location: Washington DC, USA
Contact information: jtaylor@worldbank.org

4 FATF Plenary and working group meetings

Date: 21 - 25 June 2010
Organizer: FATF
Location: Amsterdam, Netherlands
Contact information: contact@fatf-gafi.org

10 33rd MONEYVAL Plenary Meeting

Date: September 27 - 30, 2010
Organizer: Moneyval
Location: Strasbourg, France
Contact information: dghl@moneyval.coe.int

5 Ukrainian National Risk Assessment Workshop

Date: 29 - 30 July 2010
Organizer: WB in cooperation with Ukrainian authorities
Location: Kiev, Ukraine
Contact information: etodoroki@worldbank.org

11 UNODC Mock Trial on Money Laundering

Date: 18-20 October 2010
Organizer: UNODC
Location: Astana, Kazakhstan
Contact information: maria.rechova@unodc.org

6 Moneyval Training Workshop for mutual evaluators

Date: 12 - 16 July 2010
Organizer: Moneyval
Location: Andorra
Contact information: dghl@moneyval.coe.int

12

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 was scheduled to undergo an APG-IMF Mutual Evaluation in January 2010, but was postponed until first notice. Afghanistan is a member of the Asia Pacific Group (APG) and observer to EAG.

BELARUS



Belarus became a member of the Egmont Group in 2007. The Mutual Evaluation Report of Belarus was adopted by EAG in December 2008 and a Mutual Evaluation Follow-up Report was adopted during the EAG Plenary meeting in China in December 2009. Belarus failed to provide its Follow-up Report to the EAG on time during its plenary meeting in June 2010, therefore the EAG decided to postpone a discussion of this report until its next plenary meeting. Belarus is a member of EAG, and co-chairs the EAG Typologies Working Group. It also holds position of the Deputy Chair of EAG.

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. The second Mutual Evaluation Follow-up Report was adopted by EAG during its plenary meeting in China in December 2009. China is a member of EAG and FATF, and serves as co-chair of the EAG Evaluation/Legal Working Group.

KAZAKHSTAN



The AML/CFT law was adopted in June 2009 and it came into force on 9th March 2010. A decision to establish the Financial Monitoring Committee (FIU) within the Ministry of Finance was taken by the Government on 24 April 2008. Kazakhstan is scheduled to undergo the EAG mutual evaluation in September 2010. Kazakhstan is a member of EAG, and co-chairs the EAG Technical Assistance Working Group. The Financial Monitoring Committee

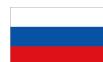
participated for the first time as an observer in the Egmont Group plenary meeting in Columbia in June 2010.

KYRGYZSTAN



Kyrgyz Financial Intelligence Service - FIS (Kyrgyz FIU) became a member of the Egmont Group during its plenary meeting in Doha in May 2009. A new Head of FIS was appointed in June 2010. Kyrgyzstan is a member of EAG. The EAG 1st round Mutual Evaluation Report of Kyrgyzstan was adopted in June 2007. A fourth Mutual Evaluation Follow-up Report was adopted during the EAG Plenary meeting in China in December 2009. After the adoption of the Mutual Evaluation Report all together 28 AML/CFT related laws were adopted by the Kyrgyz Parliament and signed by the President in 2009.

RUSSIAN FEDERATION



Joint AML/CFT Mutual Evaluation of Russian Federation was conducted by FATF/Moneyval/EAG in 2007. Joint Mutual Evaluation Report was adopted by FATF/Moneyval/EAG in June and July 2008. The first progress report of the Russian Federation was adopted by Moneyval in September 2009 and by EAG in December 2009. In June 2010 the Russian Federation submitted its second follow up report to the FATF during its plenary meeting in Amsterdam. The Russian Federation is a member of FATF, Moneyval and EAG; it chairs the EAG and Moneyval and co-chairs the EAG Technical Assistance, Typologies and Evaluation/ Legal Working Groups.

TAJIKISTAN



The AML/CFT law was drafted in the Office of the President in 2007, but is has not been yet adopted. A decision to establish the Financial Monitoring Department under the National Bank of Tajikistan was taken by the President on 20 October 2009. Tajikistan is a member of EAG. The World Bank mutual evaluation report was adopted by EAG in December 2008. In December 2008 EAG decided to place Tajikistan under the enhanced follow up procedure and on June 2, 2009 EAG undertook a high-level mission to Tajikistan. In June 2009 and in December 2009 during the EAG plenary meetings in Russia and China Tajikistan presented its first and second Mutual Evaluation Follow-up Reports. In June 2010 Tajikistan failed to provide its written Follow-up Report to the EAG during its plenary meeting in Almaty. The EAG decided to keep Tajikistan under the

enhanced follow-up procedure and recommended Tajikistan to urgently implement all the necessary regulations and adopt a comprehensive AML/CFT law in accordance with the FATF recommendations by September 2010.

TURKMENISTAN



Turkmenistan became a member of EAG in June 2010. In April 2009 EAG undertook a high-level mission to Turkmenistan. The AML/CFT law was adopted by the Parliament and signed by the President in May 2009. A Financial Intelligence Unit (FIU) was recently created under the Ministry of Finance. Based on high-level written commitments of Turkmenistan to implement an action plan to address specific AML/CFT deficiencies and on progress made, the FATF during its June 2010 plenary meeting decided to move Turkmenistan from its February 2010 Public Statement to the public document. "Improving Global AML/CFT Compliance: On-going Process" dated 25 June 2010. The FATF welcomed Turkmenistan's commitments and encouraged Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan.

UZBEKISTAN



Uzbekistan is a member of EAG, and recently underwent an EAG AML/CFT Mutual Evaluation. The Mutual Evaluation Report of Uzbekistan was discussed and adopted during the EAG Plenary meeting in Almaty in June 2010. Due to the identified deficiencies in relation to the key FATF Recommendations the EAG decided that Uzbekistan has to present its progress report to the next EAG plenary meeting in December 2010. The amendments to the Uzbek AML/CFT Law came into force on April 22, 2009. Amendments to other 16 laws were adopted by the Parliament in September 2009. In its February 2010 statement the FATF welcomed Uzbekistan's significant progress in improving its AML/CFT regime and noted that Uzbekistan has addressed the AML/CFT deficiencies that the FATF had identified in February 2008. Uzbekistan is no longer subject to the FATF's enhanced monitoring process.

EUROASIAN 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-afi.org/dataoecd/24/45/39148209.pdf EAG First MER, Progress report in English: http://www.eurasiangroup.org/china.htm Four Follow up Reports are on EAG website
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 First Progress Report is on EAG website.
KAZAKHSTAN	EAG	September 2010	Expected: EAG (June 2011)	-
KYRGYZSTAN	EAG	Feb 2007	Adopted: EAG (June 2007)	MER with Summary and Progress report in English: http://www.eurasiangroup.org/kyrgyz.htm MER with Summary and Progress report in Russian: http://www.eurasiangroup.org/rus/kyrgyz.htm Four Follow up Reports are on EAG website
RUSSIAN FEDERATION	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 MER and Summary in Russian: http://www.eurasiangroup.org/files/MERs%20-%20RUS/russia.pdf First Follow up Report is on EAG website
TAJIKISTAN	EAG, World Bank	June 2007	Adopted: EAG (December 2008)	MER and Summary in English: http://www.eurasiangroup.org/tajikistan.pdf MER and Summary in Russian: http://www.eurasiangroup.org/files/MERs%20-%20RUS/Tajikistan/EAG_ME(2008)2(rus).doc Two Follow up Reports are on EAG website
UZBEKISTAN	EAG	November 8-14, 2009	Adopted: EAG (June 2010)	
TURKMENISTAN	EAG	November 2010	Expected: EAG (June 2011)	

The 12th Annual EAG Plenary and Working Group Meetings were held from 31 May – 3 June 2010 in Almaty, Kazakhstan. The meeting was attended by over 20 countries and international organizations including representatives from the World Bank/UNODC team, FATF and MONEYVAL. **During the meeting the EAG took the following decisions:**

- Turkmenistan became a member of the EAG;
- EAG granted observer status to Serbia and Montenegro as well as to MENAFATF;
- The Mutual Evaluation Report of Uzbekistan was adopted and due to the identified deficiencies the EAG decided that Uzbekistan has to present its progress report to the next EAG plenary meeting in December 2010;
- The EAG decided to postpone the mutual evaluation on-site visit of Kazakhstan until September 2010 due to the delays in mutual evaluation procedures caused by Kazakhstan;
- Belarus failed to provide its written follow-up report on time and the EAG decided to postpone a discussion on this topic until the next EAG plenary meeting in December 2010;
- Tajikistan failed to present its written progress report and the EAG decided to keep its recommendation to Tajikistan to urgently implement all the necessary regulations and a comprehensive AML/CFT Law by September 2010;
- The EAG discussed the Tajik Amnesty Law and decided to send a letter to the Tajik Government urging to amend this law and to bring it in line with the FATF standards;
- A new EAG Working Group on Assessment and Prevention of ML/FT Risks was established;
- The EAG requested the FATF to obtain associate membership status.

Technical Assistance update

The 1st session of the Law Enforcement Roundtable was held on 25 June 2010 in Ashgabat, Turkmenistan. The event was conducted by the Government of Turkmenistan and co-organized by the United Nations Office of Drugs and Crime (UNODC) and EU-UNDP Border Management Programme for Central Asia (BOMCA). 50 representatives from the Government of Turkmenistan attended the meeting and

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 Mr. Kludijko Stroligo at kstroligo@worldbank.org

included representatives from the State Drug Control Service, the State Border Service, the State Customs Service, the State Migration Service, the Ministry of National Security, the Ministry of Internal Affairs, the Ministry of Defense, the Ministry of Justice, the Ministry of Healthcare, the Supreme Court, the General Prosecutor's Office, Democratic Party of Turkmenistan, National Movement "Galkynysh" and Trade Union. The meeting was also attended by members of the international community that are currently working in Turkmenistan, all of the diplomatic missions and various international organizations. During the roundtable, the First Deputy Chairman of the State Drug Control Service of Turkmenistan, Mr. Yazmukhammet Yamyrov expressed a commitment in the fight against drugs through methods such as information sharing. The UN Resident Coordinator in Turkmenistan, Mr. Lenni Montiel, and the UNODC International Project Coordinator, Head of Office Mr. Ercan Saka, acknowledged Turkmenistan's efforts in the fight against drugs and stated that the UNODC is ready to support regular dialogue.

FATF update

The FATF Plenary and Working Groups Meeting was held from 23-25 June 2010 in Amsterdam, Netherlands and the 20th anniversary of the FATF Recommendations were commemorated. During the three day meeting, India was welcomed as a full member of the FATF and the Eurasian Group (EAG), the Inter Governmental Action Group against Money-Laundering in West Africa (GIABA) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) were given status as associate members. This means that all eight FATF-Style Regional Bodies have now obtained an Associate Membership.

A number of other important decisions were taken by the FATF during the plenary meeting, as follows:

- The mutual evaluation reports for the Kingdom of Saudi Arabia, India, and Brazil were adopted;
- India was admitted as a FATF member;
- The Global Threat Assessment report was adopted;
- FATF adopted two public documents as part of its on-going work to identify jurisdictions that may pose a risk to the international financial system. The governments of Angola, Ecuador, Ethiopia, Pakistan and Turkmenistan made high-level written commitments to implement action plans to address specific AML/CFT deficiencies. Based on these commitments and on progress made, these countries have been moved from the Public Statement dated 18 February 2010 to the public document "Improving Global AML/CFT Compliance: On-going Process" dated 25 June 2010. The FATF welcomes these commitments and looks forward to working with these countries to implement their action plans.
- FATF decided to keep Iran on its list of jurisdictions that are subject to a FATF counter-measures to protect the international financial system from the ongoing and substantial ML/FT risks;
- FATF decided to keep Democratic People's Republic of Korea and Sao Tome and Principe on its list of jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies.
- FATF published a detailed examination of the risks of Money Laundering through money remitters and currency exchange providers.
- FATF issued a statement on Tax Amnesty and Asset Repatriation Programmes.

Egmont Group update

"Egmont" Group Case study: *Exploitation of International Jurisdictional Issues*

Sandra and Lars, both foreigners in an Eastern European country, spent most of the year in a small cottage near the coast. They had chosen an isolated home to help keep a low profile, because Lars was connected to a bank robbery in their home country. They planned to have no contact with their home country and to avoid drawing any attention to themselves in the new country until law enforcement attention had moved on.

Because they had yet to receive the proceeds of the robbery from the other members of the gang, Sandra opened a non-residential account at the local bank. Immediately after activating the account, large amounts of funds were transferred in from a range of different countries - the Lars' share of the proceeds as sent by the other robbers. Sandra and Lars took the opportunity to live in luxury. They withdrew part of the money in cash and ordered bank transfers to send another part of the money to a range of bank accounts in offshore banking centres.

Then Sandra instructed the bank to transfer the remaining US \$ 800,000 to another offshore account. By this time the bank had had increasing suspicion about the activities taking place in the non-residential account. Instead of performing the transfer, the bank disclosed to the national FIU.

During the financial investigation undertaken by the FIU, it was discovered that Lars and Sandy were both well known to police and FIUs in a number of countries around the world. The investigation also found that one of the American companies which had remitted funds to Lars and Sandy's bank account had numerous regulatory violations recorded against it and was the subject of investigation by law enforcement in America. This evidence of links to criminality was reason enough for the FIU to submit a report to the Public Prosecutor. The US\$800,000 was immediately frozen. According to police data, Sandra was an unemployed housewife. She and Lars had founded a company, which was not in fact trading actively, and therefore the couple had no legitimate business at all - undermining the only possible explanation for a legitimate source of the funds.

At time of writing, the criminal investigations in Europe and America were still ongoing.

Indicators :

- Unrealistic wealth compared to client profile
- Unconnected parties channelling funds to a single account
- Unrealistic business turnover
- Atypical or uneconomical fund transfer to or from foreign jurisdiction

«Egmont» group 100 Sanitized cases are available at: http://www.egmontgroup.org/files/library_sanitized_cases/100casesgb.pdf

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 Mr. Klaudivo Stroligo at kstroligo@worldbank.org

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)
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.coe.int/t/dghl/monitoring/moneyval/	MONEYVAL - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

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 Mr. Klaudio Strojilo at kstrojilo@worldbank.org

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).
http://www.oecd.org/corruption/acn	Anti-Corruption Network for Eastern Europe and Central Asia

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.