



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

CALENDAR

1 Moneyval evaluator training workshop [regional]

Date: July 6-10, 2009
Organizer: Moneyval
Location: San Marino
Contact information: dg1@moneyval.coe.int

6 Moneyval Plenary Meeting [regional]

Date: September 21-24, 2009
Organizer: Moneyval
Location: Strasbourg, France
Contact information: dg1@moneyval.coe.int

2 Regional workshop on Asset Seizure and Asset Recovery for countries of the CIS [regional]

Date: July 14-15, 2009
Organizer: OSCE/World Bank/UNODC
Location: Almaty, Kazakhstan
Contact information: psu-occea-at@osce.org

7 Inter-sessional meeting of the EAG Working Group on Mutual Evaluations and Legal Issues and the Ad hoc Working group, EAG Workshop on typologies

Date: October 5-7, 2009
Organizer: EAG
Location: Moscow, Russia
Contact information: info@euroasiangroup.org

3 FIU Workshop [national]

Date: September, 8-10, 2009
Organizer: WB/UNODC
Location: Tashkent, Uzbekistan
Contact information: madina.sarieva@unodc.org

8 Regional seminar for tactical analysts [regional]

Date: October 6-8, 2009
Organizers: WB/UNODC/Egmont Group/FIU Kazakhstan
Location: Borovoe, Kazakhstan
Contact information: madina.sarieva@unodc.org

4 OSCE workshop on the role of charities in combating terrorist financing

Date: September 11, 2009
Organizer: OSCE
Location: Viena, Austria
Contact information: psu-occea-at@osce.org

9 EAG workshop on AML/CFT supervision

Date: November 2-3, 2009
Organizer: EAG
Location: Kishinev, Moldova
Contact information: info@eurasiangroup.org

5 National Workshop on implementation of the universal regime against terrorism [national]

Date: September 14-18, 2009
Organizer: UNODC
Location: Astana, Kazakhstan (TBC)
Contact information: aydan.bashlinskaya@unodc.org

10 Workshop on the implementation of the universal regime against terrorism [national]

Date: November 4-5, 2009
Organizer: UNODC
Location: Bishkek, Kyrgyzstan
Contact information: aydan.bashlinskaya@unodc.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-IMF 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 Mutual Evaluation Report of Belarus was adopted by the EAG in December 2008. 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. 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 by Senate (the Upper Chamber) on June 4, 2009. Senate has proposed some amendments to the draft law and in June 2009 returned the draft law to Majilis. Majilis agreed with the proposed amendments and sent the draft law to the Senate. 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 (Kazakh FIU) was appointed in September 2008. Kazakhstan is scheduled to undergo an EAG Mutual Evaluation in 1st quarter of 2010. Kazakhstan is a member of EAG, and co-chairs the EAG Technical Assistance Working Group.

KYRGYZSTAN



Kyrgyz Financial Intelligence Service - FIS (Kyrgyz FIU) became a member of the Egmont Group during its plenary meeting in Doha in May 2009. The EAG 1st round Mutual Evaluation Report of Kyrgyzstan was adopted in June 2007. 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 December 2008. 24 AML/CFT related laws have been adopted after the adoption of the MER and additional amendments to 10 other laws are currently under discussion. Kyrgyzstan is a member 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 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 and is currently discussed in the AML/CFT working group. Tajikistan is a member of EAG. The World Bank mutual evaluation report was adopted by the EAG during its Plenary Meeting in Moscow in December 2008. In December 2008 the EAG decided to place Tajikistan under the enhanced follow up procedure and on June 2, 2009 the EAG undertook a high-level mission to Tajikistan. In June 2009 during the EAG plenary meeting in St Petersburg Tajikistan presented its first progress report. The EAG decided to keep

Tajikistan under the enhanced follow up procedure.

TURKMENISTAN



Turkmenistan became an observer member of the EAG in December 2007. On April 28-29, 2009 the EAG undertook a high-level mission to Turkmenistan. The AML/CFT law was adopted by the Parliament of Turkmenistan and signed by the President in May 2009. Turkmenistan is in the process of establishing the FIU. On 26 June 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. The FATF also welcomed Turkmenistan's recent progress in adopting AML/CFT legislation and urged Turkmenistan to continue to take steps to implement an AML/CFT regime that meets international AML/CFT standards.

UZBEKISTAN



Uzbekistan is a member of EAG, and will undergo an AML/CFT Mutual Evaluation by the EAG in the last quarter of 2009. The AML/CFT Law was adopted by both chambers of the Parliament and signed by the President in April 2009. On April 22, 2009 the AML/CFT Law came into force. Amendments to other 16 laws were drafted and are currently discussed between the relevant ministries. In its recent statement dated 26 June 2009 the FATF reiterated its statement of 16 October 2008, calling on its members and urging all jurisdictions to strengthen preventive measures to protect their financial sectors from the ML/F risk emanating from Uzbekistan. The FATF also welcomed the significant recent steps taken by Uzbekistan in order to restore and strengthen its AML/CFT regime and took note on the action plan for the further steps that it has articulated. FATF urged Uzbekistan to continue its progress towards completing its legislative framework and implementing an AML/CFT regime that meets international standards and will pursue its close monitoring.

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	1st quarter 2010	EAG (June 2010)	-
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
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 MER and Summary in English: http://www.eurasiangroup.org/tajikistan.pdf
TAJIKISTAN	EAG, World Bank	June 2007	Adopted: EAG (December 2008)	
UZBEKISTAN	EAG	November 8-14, 2009	EAG (June 2010)	-

On June 10-11, 2009 the 10th EAG Plenary was held in St. Petersburg, Russia.

The Plenary was presided over by the EAG Chairman and Aid to the President of Russia, Oleg Markov.

Among the participants of the Plenary were representatives of the EAG member states including Belarus, China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, and EAG observers including the FATF, UNODC/World Bank, Collective Security Treaty Organization, Organization for Security and Co-operation in Europe, Eurasian Development Bank, Asian Development Bank, Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and participants from the EAG observer states including India, Italy, Poland, Moldova, USA, Turkmenistan, Turkey and Ukraine.

During the Plenary the following **decisions** were made:

- The EAG Single Information Space (SIS) concept was approved; in this regard public and secure sections (for EAG member states) of the EAG website will be created.
- Unified EAG policy on the FATF International Cooperation Review Group (ICRG) procedures was formed, in particular on increasing the role of the FSRBs in the activities of ICRG;
- The proposal to hold in 2010 a joint EAG/FATF Plenary meeting and a joint typology seminar with MONEYVAL was approved;
- The initiative to participate in the FATF/FSRBs Presidential forum was supported.

The 10th EAG Plenary emphasized the progress of the EAG member states in developing their national AML/CFT systems.

At the same time **the Republic of Tajikistan** reported on its progress on developing a national AML/CFT system. The EAG recommended that Tajikistan adopts its basic AML/CFT law no later than within the 3rd quarter of 2009. Tajikistan remains on the EAG enhanced follow-up procedure.

The EAG Plenary session which started on June 8, also comprised Consultations with the parliamentarians of the EAG member states, EAG Working group meetings and trilateral consultations with the private sector (Russia – India – China) on impacts of the global financial and economic crisis on the AML activities of financial and non financial institutions.

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As a result of **the consultations with the parliamentarians**, the following recommendations were adopted:
EAG members:

1. Should further analyze national legislation regulating AML/CFT issues with their compliance with requirements of international treaties, FATF Recommendations as well as practical needs in light of the changing situation (global crises). Ensure adopting or amending domestic legislation in this area as necessary;
2. May consider the issue of becoming a party to the Warsaw Convention and implementation of its provisions into national legislations;
3. For the CIS member states that have not yet ratified the Dushanbe AML/CFT Treaty – consider the issue of ratifying this Treaty;
4. Should take an active part in developing international standards on AML/CFT issues with regard to national and regional interests.

As a result of **the trilateral consultations with the private sector of Russia, India and China** the following risks were pointed out alongside the following recommendations to the private sector:

1. Lately foreign trade transactions seem to face increased risks associated with consumer goods smuggling. Therefore, it is recommended to strengthen internal interagency coordination, including its international aspect.
2. Under conditions of financial instability it is recommended to advise the financial institutions to enhance monitoring over movement of cash and detection of transfers of large amounts into accounts of companies registered in off-shore areas.
3. There is a stable trend in moving funds from the clearing settlements system into less controlled hand-to-hand circulation, especially into the extra-bank crediting and non-financial services. It is recommended to intensify the information sharing between the law-enforcement and supervisory bodies and the FIU on identified trends and participants of money laundering schemes.
4. In the period of financial instability, cash demand and payments in cash have increased dramatically. To prevent uncontrolled turnover of cash it was recommended to consider the issue of possible improvement of national legislation in terms of cash monetary funds control (if necessary).

<http://www.eurasiangroup.org>

Technical Assistance Update & Regional news

- **An Annual Regional Conference on “Lessons from the EU accession process as vehicles to promote anticorruption reforms” took place on June 15, 2009 in Ohrid, FYR of Macedonia.** It was organized by the Transparency International (TI), the Government of FYR of Macedonia and the Macedonian National Chapter of TI. The three - days conference was attended by around 120 participants from 42 countries from Europe and Central Asia, representing TI chapters, as well as representatives of international organizations, Macedonian Government and embassies in FYR of Macedonia. The speakers reported on the implementation of the anti-corruption strategy in FYR of Macedonia and results achieved so far in the fight against corruption.
- **A conference on anti-corruption initiatives in Kazakhstan and international experience was organized in Almaty, Kazakhstan on June 22, 2009** by the OSCE Centre in Astana, Kazakhstan's Financial Police, the Delegation of the European Commission, Transparency Kazakhstan and the Transparency International Secretariat.

The primary objective of the two-day conference was to exchange international best practices in anti-corruption and good governance and encourage the implementation of Kazakhstan's State Programme on Combating Corruption for 2006-2010.

The conference gathered around 70 representatives from Kazakhstan's Financial Police, the Ministries of Justice and Internal Affairs, the Prosecutor General's Office, Parliament and the Supreme Court, as well as from international organizations, diplomatic missions, non-governmental organizations and the private sector. Participants discussed rule of law and the judicial system in the fight against corruption, improvements in government services and public procurement legislation, and practical recommendations on implementing the UN Convention against Corruption in Kazakhstan.

- **On June 23-25, 2009 a Financial Investigation Training Course was conducted in Issyk-Kul, Kyrgyzstan** for 30 representatives from Northern branches of the Financial Intelligence Service (FIS), Financial Police Service, 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 and Training Center of RosFinMonitoring (ITMCFM). 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.

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

- **A training course on challenges to and best practice in detection/investigation/prosecution of corruption offences and tracing/seizing/confiscating/returning crime proceeds was organized on June 24-26, 2009 in Astana, Kazakhstan** by OSCE Center in Astana jointly with the UNODC Regional Office for Central Asia (ROCA).

The three-day training course was attended by about 45 participants. Among them, 35 investigators from the Agency of the Republic of Kazakhstan on the Fight against Economic and Corruption Crimes (Financial Police) and prosecutors from the General-Prosecutor Office as well as experts from the UNODC, OECD, Prosecution Office of Bosnia-Herzegovina and Swedish National Economic Crimes Bureau participated in this event.

- **The Moneyval Training Workshop for Mutual Evaluators took place from 6 to 10 July 2009, in San-Marino.** The objective of the workshop was to enhance the capacity of the potential future evaluators within the Moneyval membership to conduct the AML/CFT mutual evaluations, and to increase the quality and consistency of the mutual evaluations undertaken by Moneyval. The workshop was attended by 31 participants from 18 Moneyval member countries, 4 FATF member countries and a representative of the GIABA Secretariat.

FATF update

The FATF Plenary Meeting **took place on June 24-26 2009, in Lyon, France.** During the meeting the FATF took the following steps to protect the international financial system from abuse by:

- Issuing a statement reaffirming its call for effective counter-measures concerning the risks to the integrity of the international financial system emanating from **Iran**.
- Issuing a statement reaffirming its call for establishing/implementing the AML/CFT regimes in Uzbekistan, Turkmenistan, Pakistan and Sao Tome and Principe.
- Determining procedures and criteria for the listing of countries subject prima facie reviews by the ICRG.
- Progressing the FATF initiative on **the Global Financial Crisis**.
- Adopting mutual evaluation reports of the AML/CFT systems in **Austria and the Republic of Korea**.
- Publishing a detailed examination of the risks of **money laundering through the football sector**.
- Issuing best practices for countries on **freezing terrorist-related funds or assets**.
- Publishing new guidance for **money service businesses** on applying a risk-based approach to combating money laundering and terrorist financing.
- Welcoming **Eurojust** as an FATF Observer.

http://www.fatf-gafi.org/document/15/0,3343,en_32250379_32236836_43193871_1_1_1_1,00.html

Egmont update

"Egmont" Group Case study: USE OF ANONYMOUS ASSET TYPES

An European FIU received a disclosure report concerning four individuals. Three of the individuals lived in another European country. The fourth person was officially registered as a resident in a tax haven in another continent. Between them they represented two foreign and two national companies.

Three of the four companies had multiple-currencies accounts in the country where the FIU was located. The fourth company held a foreign bank account. Funds were transferred from the foreign bank account to the accounts of the three other companies. Prior to these transfers, there had been no activity on the latter bank accounts. Once the funds arrived, it was either transferred to a tax haven or withdrawn rapidly in cash. The four individuals offered little co-operation to bank attempts to allay suspicions, refusing to respond to requests for explanations for the transactions. The method of fund movement coupled with a refusal to answer questions from the financial institution frustrated attempts by the bank to identify the real beneficiaries and, consequently, the origin and final destination of the funds. The bank had decided to disclose to the national FIU after being unable to gain any answers from the customers.

None of the individuals or companies involved were known to the FIU. After making inquiries at the police department the FIU discovered that one of the individuals and two of the companies were already involved in a judicial investigation for procuring, exploitation of prostitution and the laundering of money deriving from these activities. To conceal these criminal activities, a network of dummy companies had been set up. The FIU performed an in-depth analysis of the financial transactions, and retraced the financial

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flows by analyzing account records as far back as possible. The clear link with the criminal activities justified submission to the judicial authorities. At the time of writing a judicial enquiry was still in progress.

Indicators:

- Defensive stance to questioning
- Multiple repeat movements of funds
- Large – scale cash transactions

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

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.

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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
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).

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