### CALENDAR

<table>
<thead>
<tr>
<th></th>
<th>Event</th>
<th>Date</th>
<th>Organizer</th>
<th>Location</th>
<th>Contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Europe/Eurasia Regional Review Group meeting</td>
<td>13 – 14 January 2011</td>
<td>FATF (ICRG)/Moneyval</td>
<td>Strasbourg, France</td>
<td><a href="mailto:dghl.moneyval@coe.int">dghl.moneyval@coe.int</a></td>
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<td>2</td>
<td>Regional workshop on cooperation between FIUs</td>
<td>25 – 26 January 2011</td>
<td>World Bank/UNODC/US Embassy in</td>
<td>Astana, Kazakhstan</td>
<td><a href="mailto:jyldyz.asanbaeva@unodc.org">jyldyz.asanbaeva@unodc.org</a></td>
</tr>
<tr>
<td>4</td>
<td>FATF Plenary and Working Group meetings</td>
<td>21 – 25 February 2011</td>
<td>FATF</td>
<td>Paris, France</td>
<td><a href="mailto:contact@fatf-gafi.org">contact@fatf-gafi.org</a></td>
</tr>
<tr>
<td>5</td>
<td>Egmont Committee and Working Groups Meeting</td>
<td>14 – 18 March 2011</td>
<td>Egmont Group</td>
<td></td>
<td><a href="mailto:mail@egmontsecretariat.org">mail@egmontsecretariat.org</a></td>
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<tr>
<td>6</td>
<td>35th MONEYVAL Plenary Meeting</td>
<td>10 – 15 April 2011</td>
<td>Moneyval</td>
<td>Strasbourg, France</td>
<td><a href="mailto:dghl@moneyval.coe.int">dghl@moneyval.coe.int</a></td>
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</tbody>
</table>
AFGHANISTAN

Afghanistan enacted an AML/CFT law in 2004. The FIU was established in 2005. 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. Afghan FIU became an Egmont Group member during the last Egmont plenary meeting in Colombia (June 2010).

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 by EAG 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 meeting. Belarus is a member of EAG, and co-chairs the EAG Typologies Working Group.

CHINA

The AML/CFT law was adopted in 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 fifth Mutual Evaluation Follow-up Report was adopted by EAG in December 2009. China is a member of EAG, and FATF, and also holds a position of a Deputy Chair of EAG.

KAZAKHSTAN

The AML/CFT law was adopted in June 2009 and it came into force on 9th March 2010. The Financial Monitoring Committee (FIU) was established within the Ministry of Finance on 24 April 2008. In October 2010 Kazakhstan underwent an EAG AML/CFT Mutual Evaluation. Kazakhstan is a member of EAG, and co-chairs the EAG Technical Assistance Working Group. The FIU participated for the first time as an observer in the Egmont Group plenary meeting in Colombia in June 2010 and it is expected that it will become an Egmont Group member in July 2011.

KYRGYZSTAN

Kyrgyz Financial Intelligence Service - FIS (FIU) became a member of the Egmont Group in May 2009. Kyrgyzstan is a member of EAG. The EAG 4th round Mutual Evaluation Report of Kyrgyzstan was adopted in June 2007. A fifth Mutual Evaluation Follow-up Report was adopted by the EAG in December 2010. 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 third round progress report of the Russian Federation was adopted by Moneyval in September 2009 and by EAG in December 2009. In December 2010 the Russian Federation submitted its second follow-up report to the EAG Plenary. The Russian Federation is a member of FATF, Moneyval and EAG; it chairs the EAG and co-chairs the EAG Technical Assistance, Typologies and Evaluation/ Legal Working Groups.

TAJIKISTAN

The first AML/CFT law was drafted in the Office of the President in 2007, but is has not been adopted. A new draft AML/CFT law was prepared by the National Bank of Tajikistan and Inter – ministerial working group in November 2010. A decision to establish the Financial Monitoring Department (FIU) 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 the EAG decided to place Tajikistan under the enhanced follow up procedure. In June and December 2009 during the EAG plenary meetings in Russia and China Tajikistan presented its first and second Mutual Evaluation follow-up reports. In February 2010 Tajikistan adopted the Amnesty Law, which was criticised by the EAG due to its non-compliance with the international AML/CFT standards. In December 2010 Tajikistan presented its fourth follow-up report to the EAG Plenary. The plenary decided to keep Tajikistan on the follow up procedure, thus requiring reporting to the EAG during the next plenary meeting. It also decided to extend the deadline for the adoption of the Tajik AML/CFT Law until the end of February 2011 and to send a high level mission to Tajikistan in March 2011 if the authorities will fail to adopt the law within the set deadline.

TURKMENISTAN

Turkmenistan became a member of EAG in June 2010. In November 2010 Turkmenistan underwent the EAG mutual evaluation. The AML/CFT law was adopted by the Parliament and signed by the President in May 2009. A Financial Intelligence Unit (FIU) was created under the Ministry of Finance in 2009. 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”: During its October 2010 plenary meeting FATF decided to keep Turkmenistan on this list and encouraged Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan.

UZBEKISTAN

Uzbekistan is a member of EAG. The Mutual Evaluation Report of Uzbekistan was adopted during the EAG Plenary meeting in Almaty in June 2010. The first Mutual Evaluation Follow-up Report was adopted by EAG 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 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.

INDIA

A Financial Intelligence Unit (FIU-IND) was set by the Government of India in November 2004. FIU-IND is an independent body reporting directly to the Economic Intelligence Council headed by the Finance Minister. India has criminalised money laundering under the Prevention of Money Laundering Act and the Narcotic Drugs and Psychotropic Substances Act. This law came into force in 2005 and was amended in 2009. The Unlawful Activities (Prevention) Act was amended in 2004 to criminalise, inter alia, terrorist financing, and it was further amended in December 2008 to broaden its scope and to bring the legislation more in line with the requirements of the United Nations Convention for the Suppression of the Financing of Terrorism. India is a member of FATF and APG, and in December 2010 became also a member of EAG. The Mutual Evaluation Report of India was adopted by FATF in June 2010.
## Schedule of EAG member-states’ AML/CFT Mutual Evaluations

<table>
<thead>
<tr>
<th>Country</th>
<th>Evaluators</th>
<th>On-Site Evaluation</th>
<th>Plenary Discussion</th>
<th>Mutual Evaluation Reports (MER)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KAZAKHSTAN</td>
<td>EAG</td>
<td>October 2 -10, 2010</td>
<td>Expected: EAG (June 2011)</td>
<td></td>
</tr>
<tr>
<td>KYRGYZSTAN</td>
<td>EAG</td>
<td>Feb 2007</td>
<td>Adopted: EAG (June 2007)</td>
<td>MER with Summary and Progress report in English: <a href="http://www.eurasiangroup.org/kyrgyz.htm">http://www.eurasiangroup.org/kyrgyz.htm</a> MER with Summary and Progress report in Russian: <a href="http://www.eurasiangroup.org/rus/kyrgyz.htm">http://www.eurasiangroup.org/rus/kyrgyz.htm</a> Four Follow up Reports are on EAG website.</td>
</tr>
<tr>
<td>TURKMENISTAN</td>
<td>EAG</td>
<td>November 7-14, 2010</td>
<td>Expected: EAG (June 2011)</td>
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- On December 14 -15 2010, the 13th EAG Plenary Meeting took place in Moscow. During the meeting the following topics were discussed/agreed:
  - EAG welcomed the FATF decision in June 2010 to grant the EAG a status of FATF associate member.
  - India was accepted as a new member state of the EAG.
  - EAG granted an observer status to the UN CTC.
  - The head of the Chinese delegation in the EAG, Deputy Director-General of the AML Bureau of the PBC Mr. Liu Zhengming was elected as the new EAG Deputy Chairman; and Ms. Galina Bobrysheva (Russia) was elected as the new EAG Executive Secretary.
  - The follow up reports of Belarus, China, Kyrgyzstan, Russia, and Uzbekistan were discussed and due to the progress made the plenary decided that they have to submit next follow-up reports at the 15th EAG Plenary in December 2011.

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EAG welcomed Tajikistan’s efforts to create the elements of a national AML/CFT regime particularly in establishing a national FIU. At the same time EAG expressed its concern with the lack of a comprehensive AML/CFT system in Tajikistan which entails ML/TF risks. Tajikistan was recommended to adopt shortly and no longer than by February 2011 a comprehensive AML/CFT law.

EAG approved the information of Kazakhstan and Turkmenistan on the progress on establishing and enhancing national AML/CFT regimes. EAG mutual evaluations of these states will be finalized in June 2011.

EAG approved the EAG/MONEYVAL joint typologies research results on the risks of misuse of electronic money for ML/TF and criminal financial flows on the Internet.

EAG adopted typology reports on the risks of misuse of non-traditional financial institutions for money laundering and terrorist financing and risks of money laundering through foreign trade transactions.

For further information please see EAG website: http://www.eurasiangroup.org

TECHNICAL ASSISTANCE update

The State Financial Intelligence Service of Kyrgyzstan has received an IT expert from Ukraine within the framework of the IMF’s technical assistance. Within the framework of IMF/SECO-funded project on “Anti-money Laundering and Counter Terrorism Financing”, Mr. Anton Danilenko, Senior Adviser of the State Committee for Financial Monitoring of Ukraine Training Center, visited Bishkek, Kyrgyzstan during the period December 20-23, 2010. The expert held a number of trainings on effective usage of software products in the scope of AML/CFT for the analytical and IT departments of the State Financial Intelligence Service of the Kyrgyz Republic.

MONEYVAL update

- The 34th MONEYVAL Plenary meeting was held from 7 to 10 December 2010 in Strasbourg, France. During the meeting the following topics were discussed/agreed:
  - The first progress report submitted by Serbia as well as the second progress reports submitted by Liechtenstein, Malta and the Principality of Andorra were adopted;
  - Moneyval examined the state of compliance on all NC and PC ratings in the 3rd round report in respect of FYR of Macedonia, Croatia, and Ukraine; Croatia will have to provide an updated report during the next Plenary meeting;
  - Moneyval examined action taken by 2 countries currently under step (i) of the Compliance Enhancing Procedures to address the issues of concerns raised by MONEYVAL;
  - Moldova presented its progress report. Due to a recent decision of the Moldovan Constitutional Court the Plenary decided to postpone the adoption of the second 3rd round Progress report of Moldova until the next meeting.
  - The first 3rd round Progress report and the Report on compliance enhancing procedure of Bosnia and Herzegovina were discussed. The Progress report was not adopted due to the insufficient data provided by the authorities and they have to resubmit their report in April 2011. BiH will remain under the compliance enhancing procedure, together with Albania.
  - The Council of Europe Committee of Ministers approved the new Statute of Moneyval and starting from 1 January 2011 the Moneyval will become an independent body responsible directly to the Committee of Ministers;
  - Moneyval adopted the horizontal review of MONEYVAL’s third round of mutual evaluation reports;
  - The next plenary meeting is scheduled from 11 to 15 April 2011.

For further information please see MONEYVAL website: http://www.coe.int/moneyval

Egmont Group update

“Egmont” Group Case study: Exploitation of international jurisdictional issues

A national FIU encountered an interesting fraud attempt using an old deception technique alongside new technology. An individual named John established and registered a company, Maze Ltd, in country A for the provision of gambling services on the Internet. John did not apply for a regulatory license to operate such a business in that jurisdiction. The fraud revolved around the fact that there was already an internet gaming company called Maze Ltd in country B that was in no way connected with John. A month later, John arrived in country C to open an account for his company - Maze Ltd - with a local bank. This was an internet-account accessible from any jurisdiction and provided the financial flexibility necessary to facilitate the fraud.

The next stage of the fraud saw John travel to country D, where he advertised his ‘business’ on the Internet, specifically targeting individuals in country E. He provided gaming information to people using the web, and offered gambling on the Internet as if the service was linked to Maze Ltd. He identified a bank account, held in the bank in country D, where joining and gaming fees could be paid in. Internet gaming was very popular in country E. A large number of victims invested a total of approximately US$3,500,000 into the account in country D. The gamblers were convinced that they were playing through an authorised and regulated service provided by Maze Ltd.

Finally, John departed for his home country G and using a portable PC attempted to transfer US$1,000,000 from the Internet account to another bank account in jurisdiction G. The bank froze the account and reported the circumstance to the national FIU. The FIU collated all the available data before forwarding a report to the police. Although it was difficult to identify in which country the underlying offences of fraud and deception were committed, country E opened a criminal case and launched a criminal investigation to protect its own nationals who appeared to be the majority of victims.

A time of writing, the question regarding which country was the jurisdiction in which the crimes were committed has still not been resolved. John, however, has not benefited, as the assets remain frozen.

Indicators:

- A typical or uneconomical fund transfer to or from foreign jurisdiction
- Use of company name designed to resemble the name of an established company

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For further information please see The Egmont Group website: http://www.egmontgroup.org

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Publications and Websites of Interest

- http://www.unodc.org
  Official website of the UNODC. (In English, Russian, Spanish)
  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.imolin.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
  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)
  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
  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.euroasiangroup.org
  The EurAsian Group is the FATF-Style Regional Body serving Central Asia. (In English and Russian)
  UNODC Model Law in Russian
- 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
  FATF’s first in-depth study, which examines its vulnerabilities to misuse for money laundering and terrorist financing in real estate sector.
The World Drug Report 2008 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.

Asset Recovery Knowledge Center of the International Centre for Asset Recovery (ICAR)

The Egmont Group of Financial Intelligence Groups

MONEYVAL - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism

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).

Anti-Corruption Network for Eastern Europe and Central Asia

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