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The World Bank

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

Issue 56 – March 2011
Available online at <http://www.imolin.org>

CALENDAR

1 Anti-Corruption Policy and Integrity Training

Date: 23-25 March 2011
Organizer: OECD
Location: Vilnius, Lithuania
Contact information: inese.gaika@oecd.org

6 ITMCFM AML/CFT Financial Investigation Training course for FIU analysts

Date: In the week of 16 May 2011
Organizer: ITMCFM
Location: Dushanbe, Tajikistan
Contact information: ionkina@mumcfm.ru

2 35th MONEYVAL Plenary Meeting

Date: 11 – 14 April 2011
Organizer: Moneyval
Location: Strasbourg, France
Contact information: dghl@moneyval.coe.int

7 World Bank Workshop on AML/CFT supervision of the financial sector and international exchange of information between the AML/CFT supervisors

Date: 17-18 May 2011
Organizer: WB/UNODC
Location: Almaty, Kazakhstan
Contact information: jldyz.asanbaeva@unodc.org

3 World Bank/EAG Regional Money Laundering Risk Assessment Workshop

Date: 21-22 April 2011
Organizer: World Bank/EAG in cooperation with the Ukrainian FIU
Location: Kiev, Ukraine
Contact information: etodoroki@worldbank.org

8 World Bank/UNODC AML/CFT Workshop for FIU and LEA/Prosecutors

Date: 23 – 25 May 2011
Organizer: WB/UNODC
Location: Dushanbe, Tajikistan
Contact information: jldyz.asanbaeva@unodc.org

4 Egmont Group/World Bank Tactical Analysis Course (TAC)

Date: 3-6 May 2011
Organizer: WB/World Bank
Location: Moscow, Russia
Contact information: kstephenson@worldbank.org

EAG Plenary Meeting

Date: 14 – 17 June 2011
Organizer: EAG
Location: Moscow, Russia
Contact information: info@eurasiangroup.org

5 FATF-ERRG Meeting

Date: 12 -13 May 2011
Organizer: ICRG/EERG/FATF
Location: Paris, France
Contact information: Tatjana.Leonhardt@bafin.de

FATF Plenary and Working Group Meetings

Date: 20 - 24 June 2011
Organizer: FATF
Location: Mexico city, Mexico
Contact information: contact@fatf-gafi.org

AML/CFT Developments in Central Asia

AFGHANISTAN



Afghanistan enacted an AML/CFT law in 2004. The FIU was established in 2005. The on-site visit of Afghanistan's mutual APG-IMF evaluation took place in January 2011. Afghanistan is a member of the Asia Pacific Group (APG) and observer to EAG. Afghan FIU became an Egmont Group member during the Egmont plenary meeting in Colombia (June 2010).

BELARUS



The AML/CFT Law of Belarus was adopted in 2000. Belarus became a member of the Egmont Group in 2007. Belarus is a member of EAG. The Mutual Evaluation Report of Belarus was adopted by EAG in December 2008. Two Mutual Evaluation Follow-up Reports were adopted by EAG in December 2009 and December 2010.

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 2010. China is a member of EAG and FATF, and also holds a position of a Vice-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. It is expected that the report will be adopted during the next EAG plenary meeting in June 2011. 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 June 2010 and it is expected that it will become an Egmont Group member in July 2011.

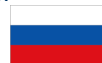
KYRGYZSTAN



Kyrgyz Financial Intelligence Service - FIS (FIU) became a member of the Egmont Group in May 2009. Kyrgyzstan is a member of EAG. The EAG 1st 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



A Joint AML/CFT Mutual Evaluation of Russian Federation was conducted by FATF/Moneyval/EAG in 2007. The 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. 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 Moneyval and co-chairs the EAG Technical Assistance, Typologies and Evaluation/ Legal Working Groups.

TAJIKISTAN



On 25 March 2011 the AML/CFT Law was adopted by the Parliament and signed by the President. 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 has been 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 and the EAG decided to keep Tajikistan on the follow up procedure, thus requiring reporting to the EAG during the next plenary meeting.

TURKMENISTAN



The AML/CFT law was adopted by the Parliament and signed by the President in May 2009. Turkmenistan became a member of EAG in June 2010. In November 2010 Turkmenistan underwent the EAG mutual evaluation and it is expected that the report will be adopted in June 2011. A Financial Intelligence Unit (FIU) was established 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 February 2011 plenary meeting FATF decided to keep Turkmenistan under enhanced follow-up 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. It is expected that in July 2011 during the next Egmont Plenary Meeting Uzbekistan will become the Egmont member.

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. These laws came into force in 2005 and were 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 International 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.

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 Five 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 Two Progress Reports are on EAG website.
KAZAKHSTAN	EAG	October 2 -10, 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 Five 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 Two Follow up Reports are 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 Four Follow up Reports are on EAG website
				MER and Summary in English: http://eurasiangroup.org/ru/restricted/EAG_ME_2010_1_eng_amended.doc MER and Summary in Russian: http://eurasiangroup.org/ru/restricted/EAG_ME_2010_1_amended_fi nal.doc
UZBEKISTAN	EAG	November 8-14, 2009	Adopted: EAG (June 2010)	First Follow up Report is on EAG website
TURKMENISTAN	EAG	November 7 - 14, 2010	Expected: EAG (June 2011)	
INDIA	FATF, APG	Nov 30 – Dec 12, 2009	Adopted: FATF (June 2010) APG (July 2010)	MER and Summary in English: http://www.fatf-gafi.org/document/17/0,3746,en_32250379_32236963_45582417_1_1_1,00.html

- **Inter-session meeting of the EAG Working groups took place in Moscow, Russia on March 30-31, 2011.**
Representatives of the financial intelligence units of the EAG member states including Belarus, China, India, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan participated in the meeting. During the meeting the participants discussed the EAG transformation into an international organization.
- **On 29 March 2011 the International Training and Methodology Centre for Financial Monitoring (ITMCFM) conducted training for the representatives of EAG member-states, which took place in Moscow, Russia.**
The representatives of FIUs and law-enforcement bodies of EAG member-states responsible to combat drug crimes participated in the workshop. Belarus and Kazakhstan took part in the training through the EAG videoconference. The objective of the workshop was to enhance inter-departmental cooperation in the sphere of money laundering and drug trafficking.

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. Klaudijo Stroligo at kstroligo@worldbank.org

TECHNICAL ASSISTANCE update

➤ Expert meeting to discuss implementing UN Global Counter-Terrorism Strategy, 29 – 30 March 2011, Dushanbe, Tajikistan

The second in a series of counter-terrorism expert meetings at regional level, co-organized by the UN Counter-Terrorism Implementation Task Force (CTITF) and the European Union working with the UN Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA) was held in Dushanbe, Tajikistan, on 29-30 March 2011 with the support of the Ministry of Foreign Affairs of the Republic of Tajikistan.

The aim of this initiative was to assist Central Asian countries to strengthen their efforts to fight the threat of terrorism and enhance cooperation at a regional level. The initiative is funded by the European Union with a financial contribution by Norway.

Experts from the Central Asian region and beyond gathered in Dushanbe to review Pillar II of the UN Global Counter-Terrorism Strategy on "preventing and combating terrorism". The expert meetings are expected to contribute to the elaboration of a joint Plan of Action on implementing the United Nations Global Counter-Terrorism Strategy in Central Asia, to be adopted at ministerial level meeting. Among the issues discussed were enhancing legal and international counter-terrorism instruments; improving law enforcement cooperation for prevention and combating of terrorism; countering the financing of terrorism; countering the use of the internet for terrorist purposes; responding to attacks using weapons of mass destruction and denying illicit trafficking.

➤ OECD Anti-corruption Network's expert seminar "Anti-Corruption Policy and Integrity Training", 23 – 25 March 2011, Vilnius, Lithuania

The OECD Anti-Corruption Network for Eastern Europe and Central Asia held an expert seminar "Anti-Corruption Policy and Integrity Training" addressing the following topics: elaboration and implementation of effective anti-corruption policies; integrity training for public officials, anti-corruption awareness raising in the business sector and for the general public. The seminar contributed to fostering networking and exchange of practical experience and good practices in these areas. The seminar gathered 60 participants, including public sector practitioners in charge of anti-corruption policies and anti-corruption and integrity training from Eastern European and Central Asian countries and experts from selected OECD countries (Turkey, Estonia, US, Austria, Spain and Poland). The seminar was co-organised by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, the 2011 Lithuanian OSCE Chairmanship, the Special Investigation Service of Lithuania and the Chief Official Ethics Commission of Lithuania.

More information is available at www.oecd.org/corruption/acn.

FATF update

- **The FATF has published the responses that were received during the public consultation on the review of the FATF Recommendations** that took place from 26 October 2010 to 7 January 2011, and welcomed the significant number of contributions received. The FATF is considering these and will continue to work on a number of the issues raised.

For further information please see FATF website: <http://www.fatf-gafi.org>

Egmont Group update

"Egmont" Group Case study: *Misuse of Legitimate Businesses*

A Northern European FIU received a suspicious transaction report from a banking institution concerning an amount of almost US \$ 400,000 (in the national currency). The money was paid from a company in a neighbouring country into a lawyer's clients' account. Shortly afterwards, the money was converted into US American dollars and transferred to a bank in America.

An analysis by the national FIU revealed that the money was the proceeds of fraud. The payment from the neighbouring country had been originally related to a construction project. However, the lawyer involved had fraudulently used the money for his private investments, and had sought to use the accounts of the legal firm within which he worked to facilitate the laundering process. He had thought that the financial institution would not question transactions associated with such a well established firm.

It turned out that there were two more incidents of fraud related to loans. The lawyer and his accomplice were both convicted of frauds involving a total of almost US \$ 950,000. Both individuals were sentenced to three years imprisonment and ordered to pay US\$950,000 in damages. The lawyer was also struck off from the register of lawyers, and permanently barred from acting as a legal representative in the future.

Indicators:

- A typical or uneconomical fund transfer to or from foreign jurisdiction
- A typical business behaviour

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

For more information please visit 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)
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.eurasiangroup.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

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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

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