



UNODC

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The World Bank

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

Issue 63 – November 2011
Available online at <http://www.imolin.org>

CALENDAR OF EVENTS

1 UNODC GPML Annual AML/CFT Mentor's Meeting

Date: 5 – 9 December 2011
Organizer: UNODC
Location: Vienna, Austria
Contact information: jyldyz.asanbaeva@unodc.org

6 20th OSCE Economic and Environmental Forum on "Promoting Security and Stability through Good Governance" and Meeting "Anti money-laundering and countering the financing of terrorism"

Date: 6 – 7 February 2012
Organizer: OSCE
Location: Vienna, Austria
Contact information: Edelmira.Campos-Nunez@osce.org

2 OECD Expert meeting on Typology on MLA in Foreign Bribery Cases

Date: 12 December 2011
Organizer: OECD
Location: Paris, France
Contact information: Melanie.reed@oecd.org

7 National ML Risk Assessment Workshop

Date: 13 – 15 February 2012
Organizers: World Bank/UNODC/OSCE
Location: Bishkek, Kyrgyzstan
Contact information: Jyldyz.asanbaeva@unodc.org

3 37th MONEYVAL Plenary Meeting

Date: 13 -16 December 2011
Organizer: Moneyval
Location: Strasbourg, France
Contact information: dghl@moneyval.coe.int

8 FATF Plenary and Working Group Meetings

Date: 13 – 17 January 2012
Organizer: FATF
Location: Paris, France
Contact information: Secretariat@fatf-gafi.org

4 Europe Eurasia Regional Review Group Meeting

Date: 17 January 2012
Organizer: FATF/ICRG
Location: Paris, France
Contact information: Secretariat@fatf-gafi.org

5 FATF Special Plenary Meeting

Date: 9 January 2012
Organizer: FATF
Location: Paris
Contact information: Secretariat@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 in 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 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. 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 and co-chairs the EAG Evaluation/Legal Working Group.

KAZAKHSTAN



The AML/CFT law was adopted in June 2009 and came into force on 9th March 2010. The Financial Monitoring Committee (FIU) was established within the Ministry of Finance on 24 April 2008. Kazakhstan is a member of EAG, and co-chairs the EAG Technical Assistance Working Group. In October 2010 Kazakhstan underwent an EAG AML/CFT Mutual Evaluation. The Mutual Evaluation Report was adopted during the EAG Plenary in June 2011. In July 2011 during the Egmont plenary meeting in Yerevan, Armenia the Kazakh FIU became a member of the Egmont Group.

KYRGYZSTAN



Kyrgyz State Financial Intelligence Service - SFIS (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. In March 2010, the Kyrgyz Government approved two Regulations dealing with the CDD, identification of beneficial owners and

internal control rules. In October 2011 Kyrgyzstan was included in the FATF public document "Improving Global AML/CFT Compliance: On-going Process". FATF has determined certain strategic AML/CFT deficiencies and encouraged Kyrgyzstan to work on implementing its action plan to address these deficiencies.

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. In December 2010 the Russian Federation submitted its second follow-up report to the EAG Plenary. The second 3rd round progress report of the Russian Federation was adopted by Moneyval in September 2011. 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, Evaluation/ Legal, Supervision 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 placed Tajikistan under the enhanced follow up procedure. 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 November 2011 Tajikistan presented its sixth follow-up report to the EAG and the EAG decided to keep Tajikistan on the enhanced follow up procedure, thus requiring reporting to the EAG during the next plenary meeting. In June 2011 Tajikistan was included in the FATF public document "Improving Global AML/CFT Compliance: On-going Process". The FATF encouraged Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

TURKMENISTAN



The AML/CFT law was adopted by the Parliament and signed by the President in May 2009. A Financial Intelligence Unit (FIU) was established under the Ministry of Finance in 2009. Turkmenistan became a member of EAG in June 2010. The Mutual Evaluation Report and the first Follow-up Report of Turkmenistan were adopted by the EAG in June 2011. In November 2011 Turkmenistan presented its second follow-up report to the EAG and the EAG decided to keep Turkmenistan on the enhanced follow up procedure, thus requiring reporting to the EAG during the next plenary meeting. 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". FATF also decided to keep Turkmenistan under monitoring process and encouraged Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan. In March and August 2011 Turkmenistan introduced amendments into the Criminal Code and the Antiterrorism Law. On June 6, 2011 Turkmenistan adopted the Regulation on Arrangement of Internal Control in AML/CFT and the Regulation on preparation and improvement of qualification of reporting entities taking AML/CFT measures.

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. Uzbek FIU became an Egmont Group member during the 19th Plenary meeting in July 2011.

INDIA



A Financial Intelligence Unit (FIU-IND) was set by the Government of India in November 2004 and is a member of Egmont Group. 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 Completed	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/mers.php Five Follow up Reports are on EAG website
BELARUS	EAG	July 27 – Aug 3, 2008	Adopted: EAG (December 2008)	MER and Summary in English: http://www.eurasiangroup.org/mers.php MER and Summary in Russian: http://www.eurasiangroup.org/ru/mers.php Two Progress Reports are available on EAG website.
KAZAKHSTAN	EAG	October 2 -10, 2010	Adopted: EAG (June 2011)	MER in English and Russian: http://www.eurasiangroup.org/mers.php http://www.eurasiangroup.org/ru/mers.php
KYRGYZSTAN	EAG	Feb 2007	Adopted: EAG (June 2007)	MER with Summary and Progress report in English: http://www.eurasiangroup.org/mers.php MER with Summary and Progress report in Russian: http://www.eurasiangroup.org/ru/mers.php 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-qafi.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 in English: http://www.eurasiangroup.org/mers.php MER in Russian: http://www.eurasiangroup.org/ru/mers.php Five Follow up Reports are on EAG website
UZBEKISTAN	EAG	November 8-14, 2009	Adopted: EAG (June 2010)	MER and Summary in English: http://www.eurasiangroup.org/mers.php MER and Summary in Russian http://www.eurasiangroup.org/ru/mers.php First Follow up Report is on EAG website
TURKMENISTAN	EAG	November 7 - 14, 2010	Adopted: EAG (June 2011)	MER in English and Russian: http://www.eurasiangroup.org/mers.php http://www.eurasiangroup.org/ru/mers.php
INDIA	FATF, APG	Nov 30 – Dec 12, 2009	Adopted: FATF (June 2010) APG (July 2010)	MER and Summary in English: http://www.fatf-qafi.org/document/17/0,3746,en_32250379_32236963_45582417_1_1_1,00.html

- The 15th EAG plenary meeting took place in Xiamen, China on 23 -25 November 2011. During the meeting the following topics were discussed/agreed:
 - Mr. Yuri Chikhanchin (Head of Russian FIU) was elected as the new EAG Chairman;
 - India signed the EAG agreement, which establishes the intergovernmental status for the EAG and now all EAG member-states became parties to this agreement;
 - Mr. Boris Toropov was appointed as the new EAG Acting Executive Secretary;
 - A new EAG Working Group on Supervision was established that will deal with issues of implementing a RBA in supervision and regulation, and hold consultations with the private sector. Ms. T. Artamonova (Russia) and Mr. Sh. Khadjimuratov (Uzbekistan) will co-chair this WG;
 - The FATF representative Ms. Valerie Schilling briefed participants on the FATF's on-going work program (special FATF Plenary meeting on the revision of the FATF standards in January 2012; work on development of the new methodology for assessments in 2012-2013; focus on fighting corruption; development of a new mandate for FATF which should be adopted in April 2012; and the ICRG process);

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- The follow up report of Turkmenistan was adopted. The EAG noted the progress made by Turkmenistan, yet due to the fact that Turkmenistan is still under the ICRG procedures, it will remain also under the EAG follow up procedure, thus will have to present its next follow-up report during the next EAG Plenary;
- The follow up report of Tajikistan was adopted. The EAG decided to keep Tajikistan under the enhanced monitoring procedure and recommended to address the deficiencies related to FATF R1, SR II and SR III. The Tajik FIU reported that new amendments to the Criminal Code were submitted to the Parliament in order to address the deficiencies related to R1. Turkmenistan should present its next follow-up report during the next EAG Plenary;
- Kyrgyzstan is under the ICRG/FATF monitoring and the EAG requested Kyrgyzstan to present its 6th follow-up report during the next EAG Plenary;
- The next EAG plenary meeting will be organized in May 2011 (dates and location TBD).

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

TECHNICAL ASSISTANCE update

- **The OSCE Project Co-ordinator in Uzbekistan organized a seminar on countering money laundering and financing of terrorism in Tashkent, Uzbekistan on 3 – 4 November 2011.** The event was organized as part of the economic and environmental dimension activities of the OSCE Project Co-ordinator's Office in Uzbekistan together with Uzbekistan's Central Bank.

More than 100 staff responsible for the implementation of the anti-money laundering and countering financing of terrorism regime in the non-banking credit organizations of Uzbekistan, including organizations granting micro credits and other non-banking financial institutions, took part in the seminar, which aims to support the development of legislation and administrative structures to help prevent and combat such threats.

Experts from the International Training Centre on Financial Monitoring established by Russia's Federal Service on Financial Monitoring and from the Russian Finance University shared their expertise on the international standards and control functions. As part of the seminar, a course on risk analysis and methodologies for identifying suspicious transactions and reporting was held.

For further information please visit <http://www.osce.org/uzbekistan/84712>

MONEYVAL update

- **MONEYVAL held its 10th meeting of experts on money laundering and terrorism financing typologies between 31 October and 2 November in Tel Aviv, Israel.** 75 experts from 31 countries and one international organization, including experts from the public and private sectors as well as policy makers, have gathered to discuss ML/FT methods and trends in the context of two selected topics:
 - Trade based money laundering in cash intensive economies, and
 - The postponement of financial transactions and the monitoring of bank accounts.

The three day meeting was opened by Professor Stanley Fischer, Governor of the Bank of Israel, former First Deputy Managing Director of the International Monetary Fund and former Vice President and Chief Economist at the World Bank who stressed the great importance of the work conducted by MONEYVAL in mutual evaluation and in typologies research. Opening remarks were also made by Dr. Guy Rotkopf, General Director, Israeli Ministry of Justice, Mr. Paul Landes, Head of the Israeli Financial Intelligence Unit and Mr. John Ringguth, Executive Secretary to MONEYVAL. The experts gave presentations including case studies, best practices and discussed specific legal issues related to the chosen topics.

Each year, MONEYVAL undertakes regular typology research to better understand the money laundering and terrorist financing environment in the European region and to assist decision makers and operational experts with up-to-date information in order that they may develop policies and strategies to combat these threats. The annual typologies workshop brings together financial intelligence units, law enforcement experts, regulatory authorities in order to exchange information on significant cases and operations. It also provides a vital opportunity for operational experts and private sector representatives to identify and discuss effective AML/CFT counter-measures. The final reports in respect of each topic will be available by the end of 2012.

For information please visit MONEYVAL website: <http://www.coe.int/moneyval>

Egmont Group update

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

Brandon, Leon and Ferdinand planned and carried out a successful bank robbery. The attack targeted a small financial institution in a town far from their usual area of operation. As a result of the raid, the three men stole approximately US \$ 270,000 in mixed denomination currency. They divided the proceeds in equal shares, and each of them went home with almost US \$ 90,000. However, the problem remained of how to enjoy the monies without coming to the attention of the authorities. Brandon realized that this was a

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serious issue to overcome but fortunately his cousin Lawrence, who lived overseas in another country was willing to help him with the concealment of the money.

Brandon decided to transfer his share of the loot to Lawrence. In order to get the cash in a form that facilitated the transfer, he opened a bank account, deposited the cash, and requested a transfer to Lawrence's account overseas. The cousins agreed that Lawrence would send it back to Brandon's account two months later as a repayment for a 'loan', thereby creating a cover story that could be used in the future to explain the funds. However, the bank involved was suspicious concerning these two transactions and reported the case to the national FIU.

Investigations by both the FIU and the police in Brandon's country identified that Brandon had a history of armed robbery, and they also identified the link between him, Leon, and Ferdinand. Furthermore, they discovered that the initial transaction undertaken by Brandon was done just a few days after the robbery - and the cash deposit used notes and currencies identical to those taken in the raid. The authorities concluded that the transferred money was Brandon's share of the loot and that he, by means of the double transfer, had tried to legitimize the source of the funds.

Unfortunately for Brandon, his plan did not work out very well. The authorities initiated judicial proceeding against the three robbers, and their bank accounts were frozen.

Indicators:

- Large - scale cash transactions
- Large and/or rapid movement of funds
-

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

For more information please visit the Egmont Group website: <http://www.egmontgroup.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.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.

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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
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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