

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

Issue 75 – December 2012
Available online at <http://www.imolin.org>

CALENDAR OF EVENTS

1 Egmont Working Group and Committee Meeting

Date: 20 - 24 January 2013
Organizer: Egmont Group
Location: Belgium
Contact information: mail@egmontsecretariat.org

6 Regional Workshop on revised FATF Standards

Date: 12 - 14 March 2013
Organizer: IMF/WB/OSCE/EAG/ITMCFM
Location: Tashkent, Uzbekistan
Contact information: Christian.Larson@osce.org

2 The meeting of the Europe/Eurasia Regional Review Group

Date: 28 January 2013
Organizer: FATF
Location: Paris, France
Contact information: Tatjana.leonhardt@bafin.de

7 World Bank/Egmont Group/EAG/Kazakh FIU Regional workshop on FIU strategic analysis

Date: 1 – 3 April 2013
Organizer: World Bank/Egmont Group/Kazakh FIU
Location: Borovoe, Kazakhstan
Contact information: jasanbaeva@worldbank.org

3 The FATF Plenary and Working Groups Meetings

Date: 18 – 22 February 2013
Organizer: FATF
Location: Paris, France
Contact information: Secretariat@fatf-gafi.org

8 World Bank/Kazakh FIU National workshop on revised FATF recommendations

Date: 4 - 5 April 2013
Organizer: World Bank/Committee on financial monitoring of the Republic of Kazakhstan
Location: Borovoe, Kazakhstan
Contact information: jasanbaeva@worldbank.org

4 ML/FT National Risk Assessment workshop

Date: 21 - 22 February 2012
Organizer: Financial Monitoring Service under the Central Bank of the Republic of Azerbaijan/World Bank
Location: Baku, Azerbaijan
Contact information: kstroligo@worldbank.org

The 41st MONEYVAL Plenary Meeting

Date: 8 - 12 April 2013
Organizer: Moneyval
Location: Strasbourg, France
Contact information: dghl@moneyval.coe.int

5 ML/FT National Risk Assessment workshop

Date: 25 - 26 February 2012
Organizer: Ministry of Finance of the Republic of Estonia/World Bank
Location: Tallinn, Estonia
Contact information: kstroligo@worldbank.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 an observer to the 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. In November 2012 Belarus submitted its third follow-up report to the EAG Plenary.

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 co-chairs the EAG Evaluation/Legal Working Group. In February 2012 the FATF adopted the follow-up report of China and decided to take off China from its regular follow-up process. China will report back to the FATF Plenary on any further improvements to its AML/CFT regime on a biennial basis.

KAZAKHSTAN



The AML/CFT law was adopted in June 2009 and came into force on 9 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. 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. In its recent statement from October 2013 the FATF recommended Kyrgyzstan to enact the adequate amendments related to countering terrorist financing by February 2013. In November 2012 the 7th Mutual Evaluation Follow-up Report was adopted by the EAG Plenary. EAG decided to place Kyrgyzstan under the enhanced monitoring procedure, thus requiring reporting to the EAG during the next plenary meeting.

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, and 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 November 2012 Tajikistan presented its 8th follow-up report to the EAG Plenary 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. In July 2012 during the 20th Egmont Plenary meeting in Saint Petersburg the Tajik FIU became a member of the Egmont Group.

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. The FATF during its June 2012 plenary meeting decided to remove Turkmenistan from its monitoring process under its on-going global AML/CFT compliance process. The FATF welcomed Turkmenistan's significant progress in improving its AML/CFT regime and noted that Turkmenistan has largely met its commitments in its Action Plan regarding the strategic deficiencies identified by FATF. Turkmen FIU became an observer to Egmont Group during its 20th Plenary meeting in July 2012. In November 2012 Turkmenistan presented its 4th follow-up report to the EAG and EAG decided to remove Turkmenistan from its follow-up procedure.

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 2nd Mutual Evaluation Follow-up Report was adopted by EAG in November 2012. The amendments to the Uzbek AML/CFT Law came into force on 22 April 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 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 criminalize, 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. India holds a position of a Vice-Chair 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

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We welcome contributed articles of up to one page in length!

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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/media/fatf/documents/reports/mer/MER%20China%20full.pdf 8 th Follow-up report: http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Follow%20Up%20MER%20China.pdf EAG First MER, Progress report in English: http://eurasiangroup.org/ru/restricted/chinareport.pdf 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://eurasiangroup.org/ru/restricted/bel_report.pdf MER and Summary in Russian: http://eurasiangroup.org/ru/restricted/bel_report.doc Two Progress Reports are available on EAG website
KAZAKHSTAN	EAG	October 2 -10, 2010	Adopted: EAG (June 2011)	MER in English: http://www.eurasiangroup.org/ru/restricted/MER_2011_1_KAZ_rev.1_eng.doc MER in Russian: http://www.eurasiangroup.org/ru/restricted/MER_2011_1_KAZ_rev.1_rus.doc
KYRGYZSTAN	EAG	Feb 2007	Adopted: EAG (June 2007)	MER with Summary in English: http://eurasiangroup.org/ru/news/eaqkyrgyz.pdf MER and Summary in Russian: http://eurasiangroup.org/ru/news/eaqkyrgyz.pdf Six 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 in English: http://eurasiangroup.org/ru/news/tajikistan.pdf MER in Russian: http://eurasiangroup.org/ru/restricted/EAG_ME_2008_2_rus_.doc Seven Follow up Reports are on EAG website
UZBEKISTAN	EAG	November 8-14, 2009	Adopted: EAG (June 2010)	MER in English: http://eurasiangroup.org/ru/restricted/EAG_ME_2010_1_eng_amended.doc MER in Russian http://eurasiangroup.org/ru/restricted/EAG_ME_2010_1_amended_final.doc First Follow up Report is on EAG website
TURKMENISTAN	EAG	November 7 - 14, 2010	Adopted: EAG (June 2011)	MER in English: http://eurasiangroup.org/ME_2011_2_eng_rev3.doc MER in Russian http://eurasiangroup.org/ME_2011_2_rus_rev3.doc Three Follow up Reports are on EAG website
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/countries/d-i/india/documents/mutualevaluationofindia.html

MONEYVAL update

- The 40th MONEYVAL Plenary meeting was held from 3 to 7 December 2012 in Strasbourg, France. During the meeting the following topics were discussed/agreed:

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- On the occasion of MONEYVAL 15th anniversary Mr. Thorbjørn Jagland, Secretary General of the Council of Europe, Mr. Jean-Claude Mignon, President of the Parliamentary Assembly of the Council of Europe, Mr. Bjørn S. Aamo, President of the FATF, and Mr. Vladimir Nechaev, MONEYVAL Chairman addressed the members of MONEYVAL;
- On the occasion of MONEYVAL 15th anniversary former MONEYVAL Chairman, Mr Klauđijo Stroligo, (World Bank – Former Head of Slovenia FIU), Mr Anton Bartolo (Vice-Chairman of MONEYVAL) on behalf of Mr Silvio Camilleri (Chief Justice, Malta), and Mr Vasil Kirov (European Commission, Former Head of the Bulgarian FIU) delivered their speeches;
- The 4th round Mutual Evaluation Reports on the Republic of Moldova and Lithuania were discussed and adopted;
- The 3rd Round Progress Reports on Bosnia and Herzegovina, Montenegro, Serbia, Ukraine and Armenia were discussed and adopted;
- Measures taken by Georgia, Croatia, Ukraine and FYR of Macedonia on identified important deficiencies as a result of the process regarding the state of compliance on all NC and PC ratings in the third round were examined;
- The Plenary exchanged views on the conduct of national risk assessments and on progress made in MONEYVAL states since July 2012;
- The Council of Europe Committee of Ministers granted the observer status to Jersey, Isle of Man and Guernsey;
- The Draft 4th EU AML/CFT Directive will be published (and available for comments) in January 2013;
- Moneyval scientific expert (Mr William Gillmore) reported on the recent EU jurisprudence ("Nada against Switzerland") related to the implementation of FATF SR III (Sanction's regime under the UNSC Resolutions related to terrorism);
- An update on on-going typologies projects was presented:
 - o The use of internet gambling for ML and TF purposes;
 - o Trade based money laundering in cash intensive economies;
 - o Postponement of financial transactions and the monitoring of bank accounts.

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

OECD update

➤ The 2012 Anti-Corruption Network (ACN) High Level Meeting and the 14th Steering Group Meeting

The 2012 ACN High Level Meeting and the 14th ACN Steering Group meeting took place on 10–11 December 2012 at the OECD in Paris. The High-Level Meeting convened the top anti-corruption decision-makers from more than 30 countries in Eastern Europe and Central Asia, OECD countries, and members of the OECD Working Group on Bribery, as well as representatives of international organisations, civil society and business organisations.

Topics addressed at the High-Level meeting included:

- furthering robust anti-corruption policies
- advancing reform of criminal legislation against corruption and strengthening law-enforcement
- taking effective measures to prevent corruption in public administration
- engaging in a dialogue with the business sector to prevent corruption

Participants at the 14th Steering Group meeting discussed the ACN Work Programme for 2013-2015.

For more information please visit <http://www.oecd.org/corruption/acn/>

Egmont Group update

"Egmont" Group Case study: *Effective use of intelligence exchanges*

In 1998, Zoe decided to sell her flat in a northern country in Europe and move into a new house in southern Europe. The sale went very smoothly and she received the profit from the sale in US dollars. As she could not use the dollars in her new home country, she wanted to exchange the money she had brought with her into the national currency. Hendrick, an acquaintance of Zoe's, offered to help with the exchange. Zoe trusted her friend and gave him almost US\$83,000 in cash.

Once the money was in his possession, Hendrick vanished. After waiting a short while, Zoe made increasingly desperate attempts to contact him, through his home, his wife Britney, and his workplace, but no contact could be made. One week after his disappearance, Zoe went to the police to report her suspicions.

With the information the police received from Zoe, they informed the national FIU, which started an investigation. The FIU found out that Hendrick had made a deposit of nearly US \$44,000 to an account in the name of his wife, and that he had left the country two days after receiving the funds from Zoe. His financial records also indicated that he had been withdrawing funds from his accounts from locations in another European country. This information was enough for the FIU to obtain a court order to freeze the assets on Britney's account. The police requested assistance of the authorities in other European countries, alerting Interpol of the need for an arrest. Knowing Hendrick's travel route out of the country and possible location was a distinct aid in targeting law enforcement attention.

With the help of the other European law enforcement authorities, Hendrick was located and arrested in a nearby country. Hendrick returned home in detainment. In his home country he has been prosecuted for 'obtaining money under false pretences' (i.e. fraud) and for money laundering offences. Britney, who received the stolen money from her husband, has also been prosecuted for money laundering.

FIU Action:

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- Examining financial records for evidence of fund movement
- Examining financial records for signs of travel expenses
- Examining financial records for clues to location of suspect

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

Publications and Websites of Interest

Deleted:

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, Proceeds of Crime and the Financing of Terrorism (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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