

# The fight against money laundering



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**The Sixth Annual Meeting of the Asia Pacific Group (APG) on Money Laundering was held in Macau in September. Session 1 of Plenary XV of the Financial Action Task Force (FATF) was held in Stockholm in late September. The AFP was involved in both meetings through Commissioner Keelty's position as a Co-Chair of the APG with Commissioner Byung-Ki Kim of the Korean Financial Intelligence Unit (KoFIU).**

The APG is known as a FATF-Style Regional Body which represents 26 jurisdictions in the Asia-Pacific, six of whom are also FATF members. The APG feeds into the global FATF which represents 33 members and sets global standards in anti-money laundering and countering the financing of terrorism (AML/CFT). A critical role of the APG is to assist its members implement FATF guidelines.

The AFP is also involved in both the APG and FATF at a working level, principally through the provision of assistance to regional member countries.

### APG Annual Meeting, Macau

The APG holds its annual meetings in a different member jurisdiction each year. This year the Macau Special Administrative Region offered to host the meeting on Taipa Island, one of the three localities that make up Macau.

The meeting was co-chaired by Commissioner Keelty, Commissioner Byung-Ki Kim of South Korea and on the final day by Mr Neil Jensen of AUSTRAC.

The meeting comprised more than 240 delegates from the Asia-Pacific representing 26 member jurisdictions, nine observer jurisdictions and 10 international and regional organisations.

Australian representation included two officers from the Attorney-General's Department, a Department of Foreign Affairs and Trade officer and three officers from AUSTRAC. The AFP was represented by the Commissioner, Federal Agent Ingrid Tomanovits and myself.

It was clear during the meeting that the work put in by the AFP, in particular the LECP and the LELO network, is greatly appreciated by many of the APG members. Our colleagues in AUSTRAC are also highly thought of and play a key role in delivering technical assistance, training and evaluation expertise to regional jurisdictions. The effort that we have collectively put into capacity and relationship building in the region was obvious.

### Key outcomes

As well as giving members a general opportunity to network and share experiences, developments and initiatives, the meeting provides a crucial framework to secure key AML/CFT outcomes for the region, making it more difficult for money launderers and terrorist financiers to operate. This in turn contributes to wider global initiatives.

One of the key mechanisms to improve AML/CFT regimes among members is the process of mutual evaluation. A condition of membership of the APG is that all members undergo mutual evaluation of their regulatory, legislative and enforcement arrangements.

This process can be quite intrusive and involves an in-country visit by a multi-disciplinary team drawn from APG member countries that examine arrangements in the evaluated country, report on the merits of the current systems and make recommendations as to how they may be improved. These reports are then presented to the full membership at the annual meeting for discussion and adoption.

At this year's meeting, Korea, Bangladesh and Palau all successfully completed this process.

Other outcomes of the meeting included:

- adoption of the FATF's 40 Revised Recommendations on Combating Money Laundering – the global standard in fighting money laundering activity;
- adoption of a strategic plan to 2006 outlining the APG mission and goals;



Delegates at the APG Annual Meeting in Macau.

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- agreement from several regional and international organisations such as the Asian Development Bank and the International Monetary Fund to support technical assistance and training programs to combat money laundering and terrorist financing for APG members; and
- agreement to form a steering committee set APG strategic direction. Commissioners Keelty and Kim will lead this group with the USA, Fiji, Bangladesh, Hong Kong and Thailand as members.

#### Technical assistance needs

During the meeting it was evident that the APG is in need of further support from members to provide technical assistance to a number of jurisdictions. This includes provision of personnel to participate in the mutual evaluation process and for training programs and workshops on combating AML/CFT.

Although considerable efforts are already underway through the Law Enforcement Cooperation Program to assist the APG, the AFP may be asked for further assistance by providing operational personnel for training and evaluation processes.

In this context the AFP is considering sending personnel to attend a training workshop for evaluators to be held in Kuala Lumpur in early December. This workshop will be run by the APG with considerable input from the IMF and World Bank.

The next annual meeting for the APG is scheduled for June 2004 in Seoul, Korea.

#### FATF plenary meeting

The FATF comprises 33 members and includes the most powerful global economies. The principal aim is to ensure global standards in AML/CFT are implemented across all jurisdictions.

Session 1 of Plenary XV of the FATF was held in Stockholm in late September. The venue is normally Paris where the FATF Secretariat is based, however one session each year is held in the country occupying the rotating presidency – in this case Sweden.

Each plenary exists for a year with three or four sessions consisting of the main plenary meeting and meetings of the Terrorist Financing and International Financial Institutions Working Groups.

#### Counter-terrorist financing

The principal purpose of the Stockholm meeting was to consider guidance to countries attempting to implement FATF's eight special recommendations on CFT and other measures to enable authorities to seize and confiscate assets related to the financing of terrorism.

The meeting also looked at the delivery of technical assistance to countries requesting help in formulating, implementing and enforcing anti-terrorist financing legislation.

As a result of the discussions in Stockholm, the FATF resolved to:

- Detail obligations of countries who wish to freeze terrorist-related assets. FATF will also provide details of best practices that can be used by countries to stop the flow of terrorist money through the legitimate financial system;
- Work with the G-8 based Counter Terrorist Action Group and other bodies, to offer assistance to countries requiring help to implement the FATF eight Special Recommendations on CFT. FATF will also work to ensure that the donor community is aware of the specific technical needs of countries to combat terrorist financing.

- Further its cooperation with the International Monetary Fund and the World Bank to ensure that the special recommendations on CFT and the 40 recommendations on AML are implemented globally.

The FATF also maintains a list of Non Cooperative Countries and territories (NCCT). Countries are listed if their AML/CFT regimes are seriously non-compliant with global standards and concrete steps have not been taken to rectify the weaknesses.

Countries on this list are subject to special conditions when they deal financially with other FATF members. Several APG members are currently on the NCCT list and both the FATF and APG are working hard to improve their regimes so they can be removed from the list.

At the Stockholm meeting the FATF took an additional step and called on its members to issue counter-measures against Myanmar, currently on the NCCT list. It is hoped that measures will implemented by Myanmar (particularly in the areas of mutual legal assistance and rules and regulations for the anti-money laundering law) will allow counter-measures to be removed.

The FATF will meet again in February.

The AFP's role in both the APG and the FATF provides the agency with another mechanism to promote measures which make it more difficult for organised crime and terrorists to operate.

Our involvement also gives us a crucial mechanism through which we can contribute and even guide the strategic direction and development of AML/CFT measures on a regional and global basis.

*APG and FATF issues within the AFP are handled by Policy Group in AFP National Headquarters, Canberra. For further details on any of the information in this article, please contact Jonathan Nicholl on (02) 6275 7510.*

