



June 2008

Editorial

This year's 16th Egmont Group Plenary meeting which was held in Seoul, Republic of Korea, opened a new chapter in the life of the Egmont Group. Hosted by the Korean Financial Intelligence Unit (KoFIU), the meeting of almost 250 representatives from over 85 Egmont members, five candidate/observer FIUs, and numerous international bodies, reflects the commitment of FIUs to the work of the Egmont Group.

The importance of this meeting was highlighted by the opening of the Plenary Sessions by Prime Minister Han Seung-soo of the Republic of Korea, and also by the attendance and commitment of the incoming President of the FATF.

The Egmont Committee identified the need to provide more informative sessions at the meetings for Heads of FIUs and their staff through additional training and interactive sessions. The meetings were also restructured to ensure a satisfactory progression through important issues and to highlight the important interaction with the FATF, FSRBs and international organizations in their work in the development of FIUs.

Thank you also to Commissioner Kim and his hard working staff, together with the Egmont Secretariat team, for their dedication and exceptional efforts in making the meetings a huge success.

After 6 years as the Chair of the Egmont Committee, Mr Bill Baity has stepped down from the position. We all thank Bill for the leadership he has provided to the Egmont Group and the successful relationships he has developed within the international community.

Neil J Jensen

*Chair, Training Working Group
Chair, Egmont Committee*

EGMONT COMMITTEE

The Egmont Committee (EC) met over three days during the Seoul Plenary meeting and addressed some significant issues relating to the future operation and direction of the Egmont Group.

The Committee also had a lengthy discussion on possible sanctions to be imposed on Egmont member FIUs that were still not compliant with the Terrorism Financing (TF) requirements. The Committee agreed to propose that a letter be sent indicating that expulsion or suspension will follow if no steps had been taken to become TF compliant. It was unanimously agreed that there is need for closure on the TF revision by the 2009 Egmont Group Plenary meeting.

Joint Egmont-World Bank Project

The Committee received a presentation on the interim report on the joint Egmont-World Bank *Types of FIU Governance* Project by the World Bank representative. It was noted that the interim report contained some interesting and important information though Committee members noted that some of the questionnaire responses from the 63 participating FIUs may not necessarily be correct due to ambiguity in some of the questions. The World Bank indicated that a further validation of the responses would be made before a final report is presented to the Committee during the next meeting in October.

Cooperation between the Egmont Group and FATF

A very productive discussion was held with the incoming President of the Financial Action Task Force (FATF). The discussion focused on areas where the cooperation and collaboration between the FATF and the Egmont Group might be enhanced to strengthen development and implementation of the global standards.

The discussion reinforced the need for closer coordination between the FATF Typologies Working Group and the Egmont Operational Working Group (OpWG), and the value of Egmont Group support for members undergoing mutual evaluation processes. The benefits of the FATF, the FSRBs and the Egmont Group working together were also emphasized. The incoming FATF President proposed regular meetings in the margins of the FATF and Egmont Plenary meetings to monitor evolving opportunities and to develop associated work plans for the future.

Enhancing outreach to the African regions

Representatives from GIABA and ESAAMLG joined the incoming FATF President and the members of the Committee to discuss how cooperation between these FSRBs, the Egmont Group and the FATF could enhance outreach to FIUs in the African region. It was agreed that a way forward will be discussed in the margins of the FATF meetings to be held in June and October this year.

HEADS OF FIU MEETING

The Heads of Financial Intelligence Units (HoFIUs) meeting was again this year, a very productive meeting with a number of key issues being dealt with efficiently and effectively. It was attended by representatives from 86 current Egmont member FIUs.

Membership of the Egmont Group rose to 108 this year with the admission of the FIUs from Turks and Caicos Islands and Moldova.

In a significant move, HoFIUs agreed to make the Egmont Group Annual Report 2007-08 a publically available document for the first time to better inform the Anti Money Laundering and Counter Terrorism Financing (AML/CFT) sector of the work of the Egmont Group both, domestically and internationally. It is hoped that this sharing of information about Egmont's objectives and work programs will strengthen cooperation and exchange amongst the partner and stakeholder organizations and agencies.

OUTREACH WORKING GROUP

The Outreach Working Group (OWG) discussed the need for greater collaboration with other international organizations to promote outreach to new Egmont Group member FIUs. The OWG concluded that there is a need for the Egmont Group and international organizations to agree on their respective roles in the development of FIUs.

It was agreed that there was a need to increase attention and resources to assist more FIUs of the African continent to become Egmont members. This proposal received support from the Egmont Committee.

The issue of the importance of Egmont membership to countries was additionally discussed and it was concluded that next to being an asset to enhance international cooperation in the fight against money laundering and the financing of terrorism, membership is necessary in order to comply with FATF recommendation 26. It was also stressed that the willingness of an FIU to become an Egmont member should be interpreted as an indication of the country's willingness to comply with international standards.

IT WORKING GROUP

Integration of ESW and FIU.net

FINCEN and the FIU.net Bureau have reached an agreement on the security solution that allows a connection between the Egmont Secure Web (ESW) and FIU.net. FIUs on either FIU.net or ESW will now be able to exchange information across the two networks.

Egmont Data Standards

The Egmont Data Standards were presented to both the IT Working Group (ITWG) and the open plenary session by members of the ITWG. Some details are still being finalized and other sources of information such as the Operational Working Group's latest Information Exchange updates and GoAML's schema are being reviewed. It is envisaged that the standards will be finalized by October 2008.

UNODC's GoAML

The UNODC provided an update on the UNODC's GoAML product. It is a comprehensive and completely integrated tool for collecting, analyzing and disseminating financial intelligence, designed specifically for FIUs. First developed as a pilot for Nigeria, the UNODC have now designed the product so it can be utilized by any FIU.

The UNODC has agreed to deliver the product to two Egmont member FIUs in July 2008, so that a testing and assessment report can be completed and presented to the ITWG prior to the October 2008 Egmont meetings.

TRAINING WORKING GROUP

Training and breakout sessions

This year at the Seoul plenary meeting, the training and breakout sessions were heralded as a great success and were attended by over 155 participants.

All training and breakout sessions focused on terrorism financing with one session concentrating on the vulnerabilities of charities to misuse by terrorist groups and methods for protecting the sector through effective regulation. The other focused more on operational issues including vulnerabilities of the non regulated sector, latest trends in cybercrime and tracking and freezing of assets.

A number of FIUs presented terrorism financing case studies during the breakout sessions which provided opportunities to develop valuable terrorism financing 'red flags' and indicators.

A session on the importance of terrorism financing information sharing between the private and public sectors and the use of indicators and typologies in education was also provided.

Secondments and attachment program

The TWG is currently developing terms of reference to determine the feasibility of establishing a secondment and attachment program for FIU personnel.

The purpose the secondment and attachment program is to provide FIU personnel the opportunity to share knowledge and experiences first hand. This program will extend the possibilities of international cooperation and will provide a better understanding of the varying challenges and capabilities of FIUs in meeting the demands of a robust AML/CTF environment.

Tactical Analysis Training Package

The Tactical Analysis Training Package has now been finalised and is available to all Egmont members on ESW. All Heads of FIUs (HoFIUs) were provided with a copy of the package on CD which we hope will provide a valuable training tool within their FIU.

The TWG is planning to conduct a trial workshop in September/October 2008, in order to provide feedback to the TWG at the next working group meeting in October. The Egmont Group looks forward to working in collaboration with the international organisations to deliver this package globally.

Mutual Evaluation Training Package

The next significant project on the TWG agenda is the development of training material for FIU Mutual Evaluators. Significant discussion took place during the TWG meeting on the best way to move this project forward and we would like to thank the World Bank for their considerable input. The incoming FATF President said that this would be a good project for collaboration between the FATF and the Egmont Group.

New Chair of Egmont Committee

At this meeting we saw the end of an era with Bill Baity stepping down as Chair of the Egmont Committee after 6 years at the helm. Bill will remain on the Egmont Committee for the near future as the ESW representative and we welcome his continued input to our work. We thank Bill for his exceptional contribution and commitment to the Egmont Group, for his diplomacy, leadership and friendship. Mr Neil Jensen (AUSTRAC, Australia) was appointed as the new Chair of the Egmont Committee. Neil will continue in his role as Chair of the Training Working Group while taking on the additional responsibilities as Chair of the Egmont Committee.



Mr Bill Baity (out-going Chair) and Mr Neil Jensen (in-coming Chair) of the Egmont Committee.

OPERATIONAL WORKING GROUP

The OpWG discussed the inclusion of Open Source Information Sharing (OSIS) on the Egmont Secure Web (ESW). Under the OSIS proposal, a virtual space in the ESW will be maintained where Egmont Group members may voluntarily load publicly available information concerning suspected persons and entities involved in money laundering and terrorist financing.

The OpWG also discussed initiatives on Cash Based Money Laundering and Terrorist Financing. The members of the OpWG had a robust discussion on the role of FIUs in the context of these topics. It was agreed that these initiatives will be concluded at the next working group meeting.

The OpWG received excellent presentations from a number of FIUs and other organisations. World-Check provided a presentation entitled "PEP Talk". Issues facing FIUs in dealing with politically exposed persons (PEP), in particular the challenge of the definition of PEPs, were discussed.



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LEGAL WORKING GROUP

The Terrorism Finance (TF) Subgroup provided an update on the progress of FIUs that are not yet compliant with the terrorism finance mandate of the Egmont definition. Four FIUs who have not been compliant previously now meet the new Egmont definition of an FIU. The Chair indicated that he would inform the Heads of FIUs (HoFIUs) about the status of all non-compliant FIUs for a decision on a further course of action.

The Legal Working Group (LWG) finalized changes to the *Procedural Guidelines for Changes in FIU* status and agreed to present the document to the HoFIUs for confirmation.

The LWG have commenced a new initiative to increase assistance to FIUs with regards to legal issues that arise in operational practice. It is proposed that a library will be established on ESW that will contain court rulings on issues such as, the authority of the FIU, STR confidentiality, freezing and seizing laws.

Memorandums of Understanding

Thirty three Memorandums of Understanding (MOUs) between Egmont member FIUs were signed during the week, emphasizing the strong commitment of Egmont members to facilitate effective international cooperation in order to enhance operational effectiveness.