



The Egmont Group

E-Newsletter

April 2011

ARUBA

WORKING GROUP MEETING



The California Lighthouse, located near Arashi Beach on the northwest tip of Aruba.

The Egmont Group held its Working Group and Committee Meetings in Oranjestad, Aruba, 14-17 March 2011. The meetings were attended by 160 delegates from 61 Egmont Group FIUs, four (4) observer FIUs and six (6) International Organizations.

The Chair of the Egmont Group, the members of the Egmont Committee, the Secretariat and all delegates who participated in the meetings and social functions, would like to express their thanks to Mr. Dick van den Ham and members of MOT Aruba for the warmth of their hospitality and their outstanding efforts in hosting this very successful and productive event.

EGMONT COMMITTEE

The Egmont Committee (EC) met on two days to discuss substantive matters in relation to the on-going work of the Egmont Group; administrative matters relating to the structure and operation of the organization; and also what it means to be an Egmont member.

The Chair of the Egmont Group, Mr. Boudewijn Verhelst, emphasized that the top priority for an Egmont member is to be responsive in the effective bi-lateral exchange of operational information. Given that the Egmont Group is an international entity that focuses on enhancing international cooperation between FIUs, the EC also noted the multi-lateral operational benefits that arise from each FIU playing an active part in the activities of the Egmont Group Working Groups and projects. In each Working Group meeting and project it is crucial for the effectiveness, and value that can be added to, the Egmont Group's work that member FIUs actively commit to sharing their individual experience. The working group Chairs and Regional Representatives were invited to further discuss amongst their groups the best ways to encourage more active FIU participation.

The selection of the next Chair of the Egmont Group was considered and the Committee will present a proposal for formal endorsement by the Heads of FIUs at their meeting in July 2011.

The EC heard an update from the Chair Legal Working Group (LWG) on the work that has been done by the LWG subgroup with respect to the revision of FATF Recommendations 40 and 26, as well as the implications for FIUs (and, therefore, for the Egmont Group) of the revision of the FATF's standards. It was noted that the task of the Egmont representative in the FATF meetings is to present information on behalf of the member FIUs. The Egmont representative should also reflect the diversity of FIU experience. Unless the prior agreement of the Heads of FIUs has been reached, the representative should not be perceived as presenting the position of the Egmont Group as a whole.

Two papers were considered relating to access to information from the Egmont Group's Biennial Census. The Chair of the IT Working Group (ITWG) and the Training Working Group (TWG) sought the EC's support for training and technical assistance (TA&T) information from the 2009 Biennial Census to be made available to the members of the Egmont

Donors and Providers Contact Group (DAPCG) via the secure log-in section of the Egmont website. Aside from recognizing the considerable support that the DAPCG members provide to Egmont member FIUs, the EC also saw this as an effective way to better coordinate FIU training to maximize the efficient use of limited resources. The EC therefore agreed to recommend the proposal to the HoFIUs, noting that only TA&T-related information would be made available from the 2009 Census and that DAPCG members would have to sign a confidentiality agreement confirming that the information would only be used for internal planning and development purposes.

The next census will be carried out mid-2011 and in the spirit of increased transparency with respect to basic Egmont information (e.g. date of Egmont membership and type of FIU); to make more effective use of the information for training and capacity building activities; and to reduce the number of repetitive questionnaires FIUs receive, it was agreed that out of session approval would be sought from the Egmont Heads of FIUs for a classification system to be applied at the point of data collection. This would include an 'opt-out' clause for HoFIUs to choose for certain of their FIU's information to remain confidential.

The Chair of the Outreach Working Group (OWG) and the Regional Representative for Oceania (AUSTRAC) provided an overview of a draft Oceania Outreach and Assistance Strategy. This has been modeled on the African strategy and following the success of the African FIU side event held during the FATF-Egmont Joint Experts Meeting last November in Cape Town, the EC noted that discussions are now underway with the APG Secretariat on the possibility of holding an FIU outreach event in association with the Joint APG-FATF Typologies Workshop to be held in South Korea, early December 2011.

TRAINING WORKING GROUP

Egmont Tactical Analysis Course

The TWG received an update on the Tactical Analysis Course (TAC) training sessions presented by the World Bank. A Canadian grant (CA\$1,000,000) is supporting the organization of up to 12 sessions over an 18 month period. Sessions have now been delivered in GAFISUD (Mexico), APG (Malaysia), MONEYVAL (Paris), and GIABA (Dakar). In Dakar, two sessions were organized, one in French and one in English. The TWG noted the positive feedback from those who have undertaken the training. 132 participants from 78 FIUs have received the training and 80 participants also took the train the trainer component. Discussions are currently ongoing for 2011 sessions in Russia, Curacao, Kenya and Egypt.

Egmont AML/CFT Awareness Video

The finalized Egmont AML/CFT video in English, French and Spanish versions was distributed to approximately 60 Egmont Members at the start of the meetings in Aruba. The video is also publically available on the Egmont Group website. Distribution will continue for Egmont members who have not yet received a copy. Egmont members are free to replicate and distribute the video within their jurisdiction as they deem appropriate.

Training Sessions for next Egmont Plenary

The TWG discussed the draft structure of the training events for the July 2011 plenary meetings. A wide variety of training topics will be provided and the second installment of the Executive Program for Heads of FIUs will be on Strategic Analysis. The TWG also agreed that the next Egmont Mutual Evaluation Training session will take place in July 2011 at the start of the next plenary meetings.

Best Egmont Case Award (BECA)

The TWG, lead by the Guernsey FIU, discussed the annual contest to find the "Most impressive ML/TF Typology". A call letter has been sent out to all FIUs, inviting them to submit cases to the Egmont Secretariat by May 6, 2011. Two finalists selected will be invited to present their case at the next July Plenary, where a vote on the most impressive case will take place.

Other Projects and Initiatives

A 'Strategic Analysis Training' package is almost complete. This has been developed with the assistance of the World Bank, and funding from the UK Department for International Development (DFID). The training package is comprised of 24 documents – instructor and participants manuals and power point presentations for 8 Modules.

The TWG is also preparing a 'Legal Entities and Financial Products' course with a proposed completion date of late 2012. The course will be designed to provide analysts with refined skills and enhanced knowledge on how to conduct tactical analysis involving financial products and legal entities.

IT WORKING GROUP

IMF-Egmont Group IT Workshop

The ITWG received a report from FIU-Mexico on the IMF-Egmont Group Workshop on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Information Technology (IT) for Financial Intelligence Units (FIU) held in Brazil, 25- 29 October 2010. The workshop covered the following topics - the development of an FIU IT system; best practices in data collection, data management, operational analysis, data integration, case management and feedback; as well as developing practical solutions for common IT challenges. The workshop included participants from 15 countries in the Latin America Region.

FIU.net

Representatives from the FIU.net Bureau made a presentation on the updates to the FIU.net application. The FIU.net application allows FIUs from within the European Union to exchange information digitally.

The ITWG also discussed the Egmont Secure Web (ESW)–FIU.net Feasibility Study being conducted by Finland, the Netherlands and the United States. The study deals/reviews the interface between the ESW and FIU.Net.

“Securing your FIU” Project

The ITWG discussed the “Securing an FIU” project, initiated by FINCEN. This project focuses on security-related issues for FIUs and covers the different aspects of security an FIU has to deal with. The ITWG will focus on ‘IT/cyber security’ as part of the project. It is expected that a Best Practices guide will be presented at the 2011 Egmont Plenary.

FIU IT System Maturity Model

The ITWG is continuing the development of a paper on the ‘FIU IT System Maturity Model’ (FISMM). The FISMM is a self evaluation tool to help FIUs define where they stand, where they want to be and how they can get there IT-wise. The goal is to give FIUs an instrument to assess where (in what domain) they need to put their resources when they want to improve their IT system. The identified key domains in the FISMM include, among others, collection of reports, processing of reports for analysis, information management and exchange of information. At the meeting, further review and discussions of the domains were done by the ITWG. The FISMM project is expected to be finalized at the next Egmont Plenary Meeting. The document is supposed to be a ‘living’ document: new best practices can be adjusted and replace older ones. It is intended to be of use to other Egmont WGs, including the TWG and the OWG.

OPERATIONAL WORKING GROUP

The Operational Working Group (OpWG) met and discussed project reports on the following topics:

- **Information exchange and international cooperation enhancement**
- **The impact of the financial crisis (joint with the Wolfsberg Group).**

Both projects had held workshops as part of the joint Egmont / FATF Joint Experts’ Meeting on typologies: held in November 2010 in South Africa.

The workshop findings contributed to the draft reports. It is anticipated that both reports will be finalized, and if appropriate, published, before the next Egmont Working Group meetings in July 2011.

The Basel Institute of Governance, International Centre for Asset Recovery (ICAR), presented the latest version of its software application - **Asset Recovery Intelligence System (ARIS)** - available to FIUs to assist them in detecting the proceeds of corruption. The OpWG agreed to conduct further project work on the role of the FIU in fighting corruption, and how the FIU / STR framework can seek to be more pro-active and an OpWG sub-group of FIUs and ICAR was formed to further develop this project work.

In addition, the OpWG examined the **potential impact on FIUs in having tax crimes as a predicate offence for money laundering** and a number of FIUs presented on their own national experience.

A project sub group led by EFFI, Liechtenstein will continue work on this project with a view to producing an Egmont white paper in early 2012.

The OpWG heard from the FATF Secretariat on the current FATF project work examining FATF Recommendations 26 and 40 and also of the Working Group on Typologies (WGTyp) project examining the laundering of the proceeds of corruption.

FinCEN, USA provided an update on the project “**Securing your FIU**” – an ongoing piece of work within the Egmont Group to examine good practice for physical, personnel and IT security for FIUs.

Presentations on cases where FIUs had identified the proceeds of corruption and of how FIUs had worked with asset recovery agencies were also heard by the Group.

The OpWG continued discussions on how to develop projects examining money laundering or terrorist financing at a regional level. The Chair of the OpWG encouraged OpWG members to continue developing concept notes for regional projects – for both money laundering and terrorist financing – and to report progress to the OpWG.

The OpWG further examined how to progress project work in identifying terrorist financing methods and trends and agreed its business plan for 2011 / 2012.

LEGAL WORKING GROUP

Rulings on Information Exchange Principles

The LWG discussed certain information exchange practices in light of the Egmont Principles of Information Exchange and Best Practices. The LWG agreed that where a FIU requires a MOU in order to engage in information exchange, it should not refuse to sign MOUs or place undue delay on the signing. Such practice effectively impedes/prevents information exchange.

In addition, the LWG agreed that where a FIU receives a request for information, it should not second guess the grounds for suspicion used by the Requesting FIU to request information. The Requested FIU should allow the widest scope and extent possible in extending information sharing cooperation. The LWG will issue rulings on both of these practices.

FATF Recommendation Nos. 26 and 40

The Chair of the LWG updated members of the LWG on the process and state of play on the revision of FATF Recommendations Nos. 26 and 40, including Diagonal Cooperation. A preliminary discussion took place on specific aspects, including the content of the analytical function and the reference, in the draft FATF standards, to prior memoranda of understanding.

The Chair of the LWG encouraged members of the LWG to submit their comments/views on the on the proposed changes to FATF Recommendations Nos. 26 and 40, especially on the different issues raised. The comments/views received from member FIUs will be forwarded by the Egmont Group to the FATF so that it can be properly considered in the revision of the Recommendations.

Study on FIU Power to Postpone Suspicious Transactions

Members of the LWG supported the World Bank proposal to conduct a joint study on the FIU power to suspend/postpone suspicious transactions. The overall objective of the study is to identify and analyze the legal, operational elements, practices and challenges related to the power of the FIU to suspend/postpone suspicious transactions, in order to help FIUs expand/enhance capacities to contribute to effective AML/CFT and confiscation regimes in the respective jurisdictions. Member FIUs are welcome to participate in this study.

OUTREACH WORKING GROUP

The OWG, in addition to Egmont Group members, welcomed representatives from the World Bank and GIABA, and observer FIUs that attended part of the OWG meetings in Aruba to provide information on the progress of their FIUs and to discuss Egmont Group membership.

Situation of Candidate Jurisdictions

The OWG revised the onsite reports and other membership documents of six candidate jurisdictions and concluded that all candidates discussed during the Aruba meeting have now satisfied the Egmont Group criteria for having sufficient operational status. This means that, together with two other candidate FIUs, eight candidates have been approved by the OWG for possible endorsement by HoFIUs during the next July 2011 plenary, if their candidacy is also approved by the Egmont Legal Working Group.

Africa Outreach & Assistance Strategy

It was noted during the Aruba meetings that from the eight candidates that were endorsed by the OWG, two were again from the African continent which meant that the 2009-2012 Africa Outreach and Assistance Strategy is working as envisaged. In a further evaluation of the African strategy, OWG members noted the successful FIU outreach event in the margins of the Joint Egmont-FATF Typologies meeting held in November 2010 in Cape Town. OWG members also received a presentation by the FIU of Cameroon (ANIF) on the progress of the Central African region and heard an update from other sponsor FIUs on several candidate FIUs on the African continent.

Oceania Outreach & Assistance Strategy

During the Aruba meetings members of the OWG approved an Oceania Outreach and Assistance Strategy to assist candidate members from the Pacific region. Discussions are currently underway with the APG Secretariat on the hosting of an Oceania outreach event in association with the Joint APG-FATF Typologies Workshop to be held in South Korea, early December 2011.

Collaboration with International Organizations

Members of the OWG presented reports with an outreach component having attended meetings from other International Organizations and FATF Style Regional Bodies. The World Bank in addition provided the OWG with the latest update on the jurisdictions in Asia, Central Europe and the African continent that it is assisting. It was also noted that there had been as ongoing communication between the Egmont and the MENAFATF secretariats to promote the Egmont membership of 10 candidate FIUs in this region.

OWG Business Plan activities

During the meeting, the Chair, OWG recognized the work done by OWG members as an important contribution to the creation of a global AML/CFT network in general, and to the Egmont Group expansion in particular. It was noted that new information on candidate FIUs around the world will be updated in a new document and that further discussions on all candidate FIUs will take place during the next OWG meeting.

Upcoming meetings

11-15 July 2011

19th Egmont Group Plenary Meeting

30 January – 2 February 2012

Egmont Committee & Working Group Meeting

Links

Public Web page of the Egmont Group

www.egmontgroup.org

FATF and Regional Bodies

to keep you informed of the initiatives in your region:

www.fatf.org

www.cfatf.org

www.apgml.org

www.menafatf.org

www.esaamlg.org

www.gafisud.org

www.euroasiangroup.org

www.coe.int/moneyval

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