



The Egmont Group International Bulletin

June 2009

Editorial

In taking over the Chair of the Egmont Group, it is my pleasure to acknowledge the very productive tenure of the previous Chair, Mr. Neil Jensen, AUSTRAC (Australia) which concluded at the end of the Qatar Plenary Meeting in Doha. His legacy in the Egmont Group, provides a list of substantial achievements that are worth praising.

Such accomplishments have motivated a strong commitment to continue with a very active participation in all the ongoing and future tasks of the organization. I was therefore highly honored by the decision taken by the Heads of FIUs at the 17th Egmont Plenary meeting held in Doha, Qatar, for me to occupy the Chair of the Egmont Group. That decision encompassed not only a change in the name of the position, but also a more direct representation of the Egmont Group and a higher accountability to all its members.

As the membership continues to grow, the range of deliverables demanded by a wide and varied base of members not only tends to increase, but becomes more complex as well. It is my belief that the constant evolution of the role that financial intelligence units play in the global fight against money laundering and financing of terrorism calls for a very active and responsive organization that needs to think ahead to identify the needs that FIUs will have.

Under these circumstances, and with the collaboration of all members, I look forward to a continued program of activities in the Egmont Group for the next year. In particular, I look forward to supporting some key achievements - the stronger integration of the FIU global network through a strategic regional focus; an increasingly active collaboration with the Financial Action Task Force (FATF), the FATF-style regional bodies (FSRBs), and multilateral organizations engaged in related tasks; the planning and development of projects selected by the FIUs, and implemented via the Egmont Working Groups, as relevant for their operation; and the implementation of the approved process to select the next Chair of the Egmont Group.

I invite our Egmont members and international colleagues to continue making your contributions in order to ensure the Egmont Group remains an effective, operationally-focused forum in the global fight against money laundering and the financing of terrorism.

Welcome Aboard!

Membership of the Egmont Group rose to 116 at the Qatar meeting, with the admission of the FIUs of: The Fiji Islands (Fiji-FIU); The Republic of Kyrgyzstan (FIS); Macao SAR, China, (GIF); Malawi (FIU-Malawi); Mongolia (FIU-Mongolia); Saudi Arabia (SAFIU); Senegal (CENTIF); Sri Lanka (FIU-Sri Lanka); and St. Lucia (FIA-St. Lucia).

EGMONT COMMITTEE

The Egmont Committee (EC) met on four occasions during the Qatar Plenary and addressed some significant issues relating to the future operation and direction of the Egmont Group. Aside from endorsing the minutes of previous EC meetings, the Committee considered nine new candidate FIUs, reviewed the terrorism financing (TF) compliance situation of two Egmont members, dedicated time to discussing succession plans and considered strategies for representation of the Egmont Group in international forums.

Renaming the Chair of the Egmont Committee

The Committee agreed to propose that the Heads of FIUs agree to re-name the position from the Chair of the Egmont Committee to the Chair of the Egmont Group; and to adopt a new procedure for selection of the Chair of the Egmont Group that would be more transparent and inclusive of all Egmont Group members. In proposing these changes the Committee acknowledged that the work of the Chair is no longer as narrow as was anticipated when the Committee was created at the Egmont Group Plenary in held in Monaco in 2002. In addition, since that time there has been significant growth in the recognition of, and demand for, the work of the Egmont Group and, with this, the evolution of the Egmont Group into an international entity. These combined circumstances, and the way in which the Chair of the Egmont Group is now perceived externally, has made the need to re-name to the Chair of the Egmont Group very timely.

Governance of the Egmont Group

The Committee discussed a background paper that included proposals to review some aspects of the governance of the Egmont Group, for example selection processes for the vice chairs of the Egmont Committee and the chairs of Egmont working groups, as well as the conveners of each Egmont Committee Reference Group. The role of the Egmont Committee, the Egmont Group Secretariat and responsibilities of key Egmont leadership positions will also be included as part of the review. The final proposals will be presented to the Heads of FIUs at the 18th Egmont Group Plenary in June 2010.

Meeting of Regional Representatives and FSRBs

The Egmont Committee noted the inaugural meeting between the Egmont Regional Representatives and the FSRBs, held in the margins of the Doha, Qatar Plenary. This meeting emphasized the need to coordinate efforts at a local and regional level to support the development of new FIUs, especially in the sub-Saharan Africa region, and to build the capacity of existing FIUs in the Pacific region.

EGMONT COMMITTEE (continued)

Change in Egmont Committee Chair

In recognition of his departure from the Egmont Committee, the Training Working Group and the Heads of FIUs forum, the Committee acknowledged the outstanding efforts of Mr. Neil Jensen, and his commitment to the business of the Egmont Group since its inception in 1995. He was congratulated for the hard work and leadership over his term as Chair of the Egmont Committee that laid the foundations for the future strategic direction of the Egmont Group. In farewelling Mr. Jensen, the Committee was nevertheless pleased to acknowledge that FIU-Mexico had accepted the position of Chair of the Committee for a twelve month term. FIU-Mexico was later endorsed by the Heads of FIUs as 'Chair of the Egmont Group'.

Egmont Meeting with FATF President

A follow up to an earlier discussion in the margins of the 2008 Seoul Plenary was held with the President of the FATF and Head of the COAF (FIU-Brazil). This gave the Committee and the FATF President an opportunity to jointly review the successful cooperation between the FATF and the Egmont Group during the intervening year. The Chair reported that since the previous meeting with the FATF President there had been several initiatives taken by the Egmont Group to consolidate and strengthen the working relationship between the Egmont Group and the FATF.

For example:

- Introduction and implementation of the 2009-2012 Egmont Group Strategic Plan that specifies enhanced cooperation with the FATF.
- Hosting of the first joint meeting between the Egmont Regional Representatives and the FSRBs, with the aim that this be an annual event to assist with coordinating effective support and assistance to FIUs in each region.
- Implementation of the Egmont Africa Outreach and Assistance Strategy and further cooperation with GIABA, MENAFATF, ESAAMLG and other partner international organizations.
- Direct involvement of representatives of the FATF in the Egmont Group Plenary, the Egmont Operational Working Group and the Egmont Training Working Group.
- Inclusion of topical issues of mutual FATF-Egmont interest on the agenda for the Egmont Plenary and training sessions.

The Chair of the Committee also requested that the FATF President convey a message to the incoming President of the FATF, that the Egmont Group looks forward to working with him to build further on this fruitful cooperation with the FATF.

Did you know?

A record number of more than 50 bilateral cooperation agreements were signed between Egmont members during the week. This will deliver very practical results in expanding and systematizing the exchange of financial intelligence information and will also foster better communications among FIUs.

HEADS OF FIU MEETING

The Heads of Financial Intelligence Units (HoFIUs) meeting was, again, a very productive meeting this year, with a number of important strategic decisions taken after lengthy discussions. It was attended by representatives from 87 FIUs, incorporating 79 current Egmont member FIUs, and later joined by the HoFIUs of the eight new Egmont member FIUs.

The HoFIUs welcomed the new members and noted how pleasing it was to see two new FIU members from the African region: Malawi FIU and CENTIF from Senegal. This increase in membership also represents an increase in potential Sponsor FIUs to assist more FIUs from the African region into Egmont Group membership.

Compliance with Egmont Group TF Requirements

The results of the Legal Working Group (LWG) subgroup's final review of compliance with the Egmont Group Terrorism Financing requirements were presented to HoFIUs and they were pleased to note that only two FIUs remained non-compliant.

Two Chairs Paper

The Chair of the Egmont Committee and the previous Chair of the Egmont Committee, presented the 'Two Chairs Paper' which included proposals to change the name from 'Chair of the Egmont Committee' to 'Chair of the Egmont Group.' The paper also proposed a new procedure for the selection of the Chair. The proposals were endorsed by the HoFIUs.

Secretariat Appointments

The HoFIUs noted the outstanding performance of the Executive Secretary, Ms. Bronwyn Somerville, and authorized the Chair to negotiate an extension of her contract for a further two years. The HoFIUs additionally authorized the appointment of a fifth staff member for the Egmont Group Secretariat, in recognition of the high workloads and to complete the establishment of the Secretariat initiated in 2007. The Senior Officer position will be for an initial three year period, to be renewable on a two yearly basis.

Budget

Reports on the Budget Outcomes from 2007-2008, and the audited financial statements of the Secretariat as at 30 June 2008, were also approved, along with the Egmont Group Secretariat's Budget for the 2009-2010 financial year. The HoFIUs agreed for the Secretariat, in conjunction with the Egmont Committee, to initiate a review of the Egmont Group membership contribution matrix, for approval by the HoFIUs at the 2010 Egmont Group Plenary Meeting.

Types of FIU Governance

The World Bank and the FinCEN representative on the Egmont Committee presented the results of the Egmont Group-World Bank 'Types of FIU Governance' project. The final report will be distributed to all Egmont FIUs and an Executive Summary will be prepared and made publicly available. The report will assist in the development of training modules, in cooperation with the World Bank and other partner international organizations.

HEADS OF FIU MEETING (continued) IT WORKING GROUP (continued)

Regional Representatives

The HoFIUs endorsed the re-election of the Egmont Committee regional representatives for the Africa region (FIU-Mauritius) and the Americas region (FIU-Bahamas); and AUSTRAC was endorsed in the position of Regional Representative for the Oceania region, when the New Zealand Police FIU representative stepped down. The HoFIUs noted that a new TRACFIN-France representative will assume responsibilities as one of the Europe Region Representative, as the former representative is moving to another position in the French administration. The HoFIUs also endorsed the appointment of FINTRAC-CANAFE (Canada) as the new Chair of the Training Working Group.

IT WORKING GROUP

The Doha meetings marked the 5th anniversary for the creation of the IT Working Group. Twenty six participants attended these meetings, including new members from the FIUs of Bahrain, Greece, Honduras, Indonesia, Macedonia, the Philippines and the United Arab Emirates. Overall expectations from participants were to continue to learn from other FIUs about their IT challenges and advancements and to make contacts for further bi-lateral exchanges.

The new Egmont Secure Web

After several years of planning, the new Egmont Secure Web collaboration technology is finally in place and about 50% of FIUs have now converted to using the new ESW browser and thus now have access to the Communities section of the ESW. The ITWG discussed its own proposed use of the communities' pages and best practices that should be followed.

The 'ASK' system

The FIU of Norway provided a presentation on the new IT system that has been implemented in the FIU over the past 2.5 years. Known as 'ASK', the system focuses on building intelligence by grouping related objects so that networks of criminal activity can be uncovered. At the heart of the system is a rules-based engine that is customized to organize and group incoming information, not only from reporting entities, but also from the law enforcement and public sources. A key component of the system is the enterprise search engine that looks across many sources of information when responding to search requests from Norway's analysts.

ITWG and IMF

A representative of the IMF reported the news that increased funding is once again allowing the IMF to organize regional AML development conferences for FIU analysts and IT staff, focused on the IT challenges in FIUs. The IMF would like to work with the ITWG again to solicit presentations and presenters for these conferences. In their future plans is a conference in September 2009, in Vienna and a second one in June 2010 in South America. The Vienna conference will focus on how FIUs can handle large volumes of data. The South American conference will more likely follow a general IT theme, as this will be the first time the conference would be held in South America.

ESW governance model

A representative of the Spanish FIU, SEBLAC, presented a simplified ESW governance model. At previous meetings, the working group had found the process model to be too complex and had concluded that it required the creation of two new committees, coming shortly after the Egmont Committee had added six new Reference Groups to its own structure. The simplified model uses the ITWG and the Information Management Reference Group as the authorities to respectively refine the project requests and to provide final approval on which projects will be implemented.

goAML

The United Nations Office of Drugs and Crime (UNODC) provided the ITWG with a review of goAML, followed by a status report of their current deployments. The goAML system has now been deployed in Nigeria, Kosovo, Namibia and Tanzania. It is being evaluated by the Netherlands, South Africa, Bermuda, the Palestinian Authority and Cyprus. The UNODC Information Technology Service Division (ITS) continues to appreciate the interaction they have with the ITWG and recognize the need to develop and promote common data standards to simplify and enable connectivity between FIUs and to facilitate the development of common FIU IT systems.

ITWG seeking a new vice-chair

The ITWG will be seeking a new vice-chair. This provides an opportunity for other FIUs to take on a leadership role within the Egmont community and to bring in new ideas. With the support of their FIU, candidates are requested to identify themselves to the current chair and vice-chair on or before August 31st, 2009. At the next working group meetings, a vote will be held to elect a new vice-chair.



OUTREACH WORKING GROUP

The Outreach Working Group (OWG) meeting in Doha, Qatar was attended by thirty FIUs from the five continents of the world. The Chair also welcomed representatives of five observer FIUs who attended a part of the OWG meetings to provide information on the progress of their FIUs and to discuss Egmont Group membership. These observer FIUs were from: Cameroon, Cote d'Ivoire, Madagascar, Jordan and Seychelles. Five other observer FIUs were invited at the request of their respective sponsors: Bangladesh, Dominican Republic, Jamaica, Kazakhstan and Vietnam.

Decision on recommending candidates to the Heads of FIUs during the 2009 Plenary

Based on previous onsite visits implemented by the OWG members, the OWG, jointly with the Legal Working Group (LWG), presented nine Candidate FIUs to the Heads of FIUs in Doha, Qatar. All were endorsed as Egmont Group members. During the meeting the OWG confirmed that the joint procedure for checking the operational status and the legal conditions of Candidate FIUs had successfully been applied in the OWG and LWG, to recommend FIUs for membership.

OUTREACH WORKING GROUP

Situation of Candidate jurisdictions

The situation of one hundred jurisdictions listed on the Candidates Matrix was reviewed, focusing on countries involved in the ongoing membership process, including those who are in the last stage of becoming operational. It was noted that OWG members were planning several onsite visits for the second half of 2009 to assess the progress of Candidate FIUs that may become members in 2010.

OWG Business Plan

The OWG evaluated the progress of their 2008-2009 Business Plan and noted with satisfaction that some important targets had been met. While a total of nine new members have been accepted as new Egmont Group members at the close of this business plan cycle, it was confirmed that the membership application package, including format letters and information on the membership processes, had been posted on the ESW and the Egmont Group public website during the year to assist non-Egmont FIU to better understand the process. The OWG also confirmed that the Africa Outreach and Assistance Strategy has been, and continues to be successful in engaging African FIUs to become Egmont Group members.

The OWG confirmed the three main objectives for the 2009-2010 Business Plan, being:

- To promote the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the early stage of development;
- To make initial contact with potential candidate FIUs, and
- To conduct assessments to determine if an FIU is ready for Egmont membership.

While a PowerPoint presentation on membership procedures will soon be finalized, for posting on the Egmont Group public website, the OWG also concluded that the Africa Outreach Strategy and a the focus on the development needs of FIUs in the Pacific will continue during the 2009-2010 period.

Collaboration with international organizations

The OWG continued exchanging information with the International Monetary Fund and discussed the importance of ongoing cooperation. The IMF also provided information on the workshops conducted last year which included the participation of presenters from the Egmont Group (Chair OWG and Chair LWG). These workshops were deemed a success and another example of the type of cooperation between the Egmont Group (OWG) and the IMF that could be repeated in the future.

Report of activities 2008-2009

During the Plenary session, the Chair OWG presented the report of the activities of the Outreach Working Group since the conclusion of the last Plenary 2008. This included the progress made on the main points of the OWG Business Plan, the enhancements in the instruments to achieve the different OWG tasks, and the results achieved along this period.

LEGAL WORKING GROUP

ESW connectivity for special cases

The Legal Working Group (LWG) discussed the procedure for terminating and connecting FIUs from the Egmont Secured Website (ESW) in special cases. To prevent undue delay, the LWG will lead a subcommittee consisting of the Egmont Group Chair, the Outreach Working Group Chair and the regional representative to ensure that a timely decision is made regarding ESW connection.

Egmont definition of a FIU

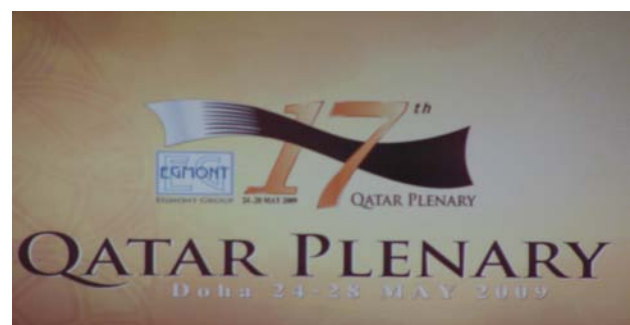
The LWG also held discussions regarding the Egmont definition of an FIU including questions concerning the functional independence of the FIU. The LWG agreed that while functional independence of a FIU is largely an operational matter, it can become a legal issue when functional independence impairs the FIU's ability to engage in international dissemination of information and/or other core functions of the FIU. Likewise, the LWG agreed that the core functions of the FIU (collection and dissemination) should have a firm legal basis otherwise the FIU's powers can be challenged and foreign and domestic court cases and investigations which rely on the FIU's information also may be contested.

Egmont Legal Library

The LWG heard from a representative from the IMF who presented his research of court rulings addressing significant money laundering cases and predicate offenses. The IMF's project is similar to the Egmont Legal Library project which is being led by the FIU-Netherlands. The FIU-Netherlands and the FinCEN-ESW Administrator then demonstrated the ESW Community for the Law Library and gave a status report on the Library. To date, content in the form of legal cases translated into English have been received from the FIUs of the Bahamas, Belgium, the Philippines and Netherlands. The FIU-Netherlands representative requested that members of the LWG make a special effort to populate the library with relevant cases as he would also be asking the wider Egmont community to provide content for the library.

Did you know?

The Qatar Plenary was the first Egmont Group plenary meeting held in the region. It was attended by over 300 participants representing Egmont member FIUs and numerous regional and international bodies working to combat money laundering and terrorism financing.



TRAINING WORKING GROUP

Plenary training sessions

The plenary week focused on topics of immediate operational concern to FIUs such as statistical analysis, as well as methods used to launder money through: Casinos, Real Estate, and Cash Couriers. The meeting also looked at money laundering methodologies and countermeasures relating to aspects of E-money laundering and Trade-based Money Laundering, as well as good practices and impediments for FIU feedback to reporting entities and the protection of data as a challenge for such FIU feedback.

Tactical analysis workshops

Training Working Group members delivered a Tactical Analysis training Program in Stockholm, Sweden in December 2008. The Swedish FIU reported that it was an excellent seminar and that it undoubtedly raised knowledge in the participants. This was supported in the formal evaluations.

It was noted that the next tactical analysis workshop trainings were scheduled to take place in the Caribbean region in July and in Central Asia in October 2009.

OPERATIONAL WORKING GROUP

The Operational Working Group (OpWG) meeting was attended by forty nine participants from member FIUs and international organizations. The OpWG continued the discussion of several projects aimed at improving the collaboration between Egmont FIUs in the fields of financial intelligence analysis and typologies.

ESW Communities

The OpWG adopted a policies and procedures document to govern use of the OpWG Community on the ESW. With the adoption of this protocol document, the OpWG agreed to establish their ESW community where member FIUs can share case and typologies information.

Asset Recovery Intelligence System

Representatives of the International Center for Asset Recovery (ICAR) gave an interesting demonstration of the Asset Recovery Intelligence System (ARIS) using data or information from OpWG pilot FIUs. ARIS is a sophisticated data-mining tool for the use of FIUs in investigating corruption-related cases, using information from open and commercial sources. It was agreed that the OpWG pilot group of FIUs will continue to test and evaluate ARIS and ICAR will organize a meeting of the pilot FIUs before ARIS is launched at the 2010 Egmont Plenary Meeting.

Working with International Partners

The OpWG welcomed the attendance and participation of the FATF, the United Nations 1267 Monitoring Team and the Wolfsberg Group. A representative of the FATF Secretariat gave a presentation on the FATF's typologies work and encouraged the participation and contribution of Egmont FIUs in the various typologies projects.

The UN gave a presentation on the role of the UN 1267 Committee and the research they are conducting to

Sanitized cases database

The sanitized case project continues to be updated. The cases submitted are being translated into Spanish and French. The sanitized cases will be made available on the Egmont public website.

Liaison with International Organisations

The TWG received updates by the World Bank, IMF, UNODC, WCO and APG on FIU-related training provided, or planned, by their respective organizations.

The WB also thanked the Training Working Group for the permanent TWG member status that has been granted to their representative.

Did you know?

In addition to meeting with the Regional Representatives, the FSRBs will now be invited to participate in the Egmont Training Working Group Meetings, which are held three times a year, as well as contribute to regional FIU development information with the Outreach Working Group.

improve the implementation of the UN sanctions regime in freezing the assets of and imposing travel bans on persons associated with the Taliban and Al-Qaida. The UN will release the results of their research in late 2009.

The Wolfsberg Group representative discussed several possible projects between the OpWG and the Wolfsberg Group—Effect of the Financial Crisis, Bank Information Library and Joint Typologies. An outline of the OpWG—Wolfsberg Group joint project will be presented at the working group meeting in October 2009.

Typologies and Presentations

The OpWG has been working on several typologies projects to enhance the operational efficiency of Egmont member FIUs. A paper on money-laundering vulnerabilities of cash-based economies was finalized and adopted. The paper will be available on the Egmont Secure Web and the public website in the near future. Other on-going typologies projects include studies on the role of the FIU in combating the financing of terrorism and also work on the role of FIUs in fighting child pornography.

The OpWG received excellent presentations from the FIUs of Austria and the Netherlands. The Austrian FIU gave a presentation on the establishment of International Law Enforcement Coordination Units (ILECUs) between Austria, Slovenia and Romania to improve coordination and exchange of information in fighting organized crime; while FIU-Netherlands gave a presentation on the study they conducted on the financial information of known terrorists, with the aim of developing financial profiles of possible terrorists and red flag indicators related to terrorism.

Contact details for the Egmont Secretariat

Phone: +1 416 355 5670

Email: mail@egmontsecretariat.org

