



The Egmont Group International Bulletin

February 2010

Editorial from the Chair of the Egmont Group

Since my appointment as Chair of the Egmont Group by the Heads of FIUs at the 17th Egmont Plenary Meeting held in Doha, Qatar May 2009, I have been consistently impressed by the accomplishments of the Egmont Group. I have also become aware that there is still a need for us to adapt and put in place innovative and progressive strategies to fulfill our mandate, which is facing the continuously evolving challenges of combating money laundering and terrorist financing.

There are many challenges ahead of us that will require the commitment and vigorous participation and involvement of all member FIUs. I believe that these can be confronted by increasing our collaboration with other international organizations who also have an AML/CFT mandate, such as the Financial Action Task Force (FATF), and FATF-style regional bodies (FSRBs). Close interaction with these entities represents an important opportunity for the Egmont Group - to jointly integrate and focus our AML/CTF efforts. I strongly believe that more collaborative working with the FATF and FSRBs will be rewarded with substantive benefits to the Egmont Group and individual Egmont members allowing our valuable time and resources to be spent efficiently.

In order to reinforce the Egmont Group's capacity to deliver benefits to the FIU global network, and support the growing requirements of our members, there are ongoing projects that I am pleased to report to you. Specifically, a Mutual Evaluation Training Package has been developed with the aim of assisting Egmont members not only to prepare for mutual evaluations, or similar assessments, but also to enhance their operational effectiveness as FIUs; a program for FIU Secondment and Exchange has also been elaborated; and work is progressing on an information exchange enhancement program project and a library of Court decisions. All results and outcomes of such projects are and will be available to all of our members.

Finally, I want to thank each of you for your continuous contributions and involvement in the Egmont Group's tasks and I would like to encourage you to keep up with your efforts and commitment in order to ensure the effectiveness of the Egmont Group as an international entity that can provide all of us with a constructive forum that can enable us all meet our individual and collective goals.

Thank You

The Committee would like to thank the Deputy Governor of the Central Bank of Malaysia, Dato Zamani Abdul Ghani, the Head of the Malaysian FIU, Mr. Wan Nazri, and all members of the host FIU, for their very generous hospitality and the excellent support we experienced during the Kuala Lumpur Committee and Working Group meetings, including the official dinner held at the magnificent Kuala Lumpur Tower.

EGMONT COMMITTEE

The Egmont Committee met during the Kuala Lumpur, Malaysia meetings and addressed some significant issues of the Egmont Group.

During this meeting the Committee discussed a follow up paper on the Egmont Governance Study presented by FINTRAC (Canada): The Governance Study deals with topics such as: the selection processes for the Vice Chairs of the Egmont Committee and chairs of the Egmont working groups, as well as the roles of the Egmont Committee, the Egmont Secretariat and the responsibilities of key Egmont leadership positions. The paper presented by FINTRAC compared the governance structures of nine (9) International Organizations that had responded to a survey that was sent out for this purpose. During a lengthy discussion, the EC agreed to maintain the current Egmont Group model with respect to the current governance structures; however some further work will be carried out on selection procedures for positions such as the chairs of the working groups. The results will be presented to the EC during the Mauritius Working Group meetings in March 2010 and to the Heads of FIUs in June/July 2010, during the Egmont Group Plenary.

The Committee also discussed a paper on the criteria for Egmont Group regional divisions and representation. The current Egmont membership for the five EG regions as of May 2009, included Africa with six members and one representative; the Americas with 31 members and two representatives; Asia with 20 members and one representative; Europe, with 52 members and two representatives; and Oceania with seven members and one representative.

Under the new proposal both the European and the Asian regions will receive one (1) additional Regional Representative.

The EC discussed a Finance Reference Group (FRG) memo on a budget planning exercise which seeks to forecast the budgetary requirements of the Egmont Group for the next five to six years. This review will facilitate the development of the Egmont Group's membership contribution matrix for 2011-2014.

The Committee was pleased to receive the final draft Mutual Evaluation Training Package (MET Package) which was presented by the Training Working Group (TWG). The aim of the MET Package is to provide support to Egmont FIUs as they prepare for FATF, FSRB and other, evaluations. The package will also provide background information to assist assessors and evaluators to better understand the challenges and diversity in FIU operations.

EGMONT COMMITTEE (continued)

A lengthy discussion was held on the draft Egmont Group African Outreach and Assistance Strategy. This Strategy is intended to promote the establishment of FIUs in jurisdictions in the African region with an AML/CFT program in place. It will also assist in providing potential candidates for Egmont Group membership with advice, technical assistance and support. Given the strong emphasis that the Strategy places on working in partnership with other AML/CFT entities, the Committee agreed that the draft 'Africa Outreach & Assistance Strategy 2010 – 2012' would be circulated to the African regional FSRBs and other International Organizations to seek their contribution and support.

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TRAINING WORKING GROUP

Tactical analysis workshops

Training Working Group members delivered a Tactical Analysis training Program and Train-the-trainer program in St. Maarten, The Netherlands Antilles in July 2009. The Bermudian FIU recommended continuation of the train-the-trainer program. The Training Working Group then provided a regional training in Kazakhstan hosted by the World Bank in October 2009. Both training sessions in St. Maarten and Kazakhstan were well received and the TWG plans to continue providing regional trainings in conjunction with the World Bank as funds become available.

The training materials have been translated into Russian and Spanish. Future translations will be available in Arabic and French.

Sanitised cases database

The Training Working Group will be assessing the usefulness of the database for training purposes in order to better meet FIUs needs.



OUTREACH WORKING GROUP

Situation of Candidate Jurisdictions

The Outreach Working Group (OWG) meeting in Kuala Lumpur, Malaysia was attended by twenty five (25) FIUs from the five continents of the world. The OWG meeting was only held on the 20th of October 2009 as the OWG assisted the Malaysian FIU with the organization of a meeting the next day that was held with Candidate FIUs from the Asian region.

The situation of several jurisdictions listed on the Candidates Matrix was reviewed by the OWG. The meeting focused especially on candidate FIUs of which the Sponsor FIUs attended the Malaysia meeting. It was noted that several Candidate FIUs were eligible to become Egmont Group member on the short term (next two years) if they continued to progress as envisaged by their Sponsor FIUs.

Outreach to the African Region

A strategy document on Outreach & Assistance of FIUs on the African continent was discussed by the OWG members and it was noted that this initiative was approved by the Egmont Committee and already being promoted by the OWG. The first results have been fruitful and three (3) members of the African continent have recently joined the Egmont Group.

The OWG agreed that all OWG members should continue working to receive tangible results in the form of new EG members from the African continent. It was additionally agreed that the FSRBs on the African continent (ESAAMLG, GIABA, MENAFATF, and GABAC) will continue to be engaged to continue to receive periodical information from them on non Egmont Group members in their regions.

New video on Membership Procedures

A draft of a video on membership procedures was well received by the OWG members. The first draft of the video was presented in Santiago, Chile (March 2008). However, the then existing membership procedures were later on updated and the OWG concluded that these changes will need to be inserted in this last draft video.

Collaboration with International Organizations

The World Bank (WB) and the South American FATF Style Regional Body (GAFISUD) attended the OWG meeting in Kuala Lumpur, Malaysia and discussed the progress of different non Egmont Group FIUs. The OWG was pleased to receive this update and indicated to look forward to further cooperation with both International Organizations.

It was agreed during these discussions that the OWG only needs relevant information and not complete results of Mutual Evaluation reports from prospective candidates to determine their stage of development and to help them to become Egmont Group members.

IT WORKING GROUP

New Chair of It Working Group

Following the departure of the previous ITWG chair, a new chair was confirmed. Confirmation of a new vice chair will be held at the next meeting.

With the changes in leadership, the 2009-2010 draft business plan was reviewed but not finalized; as the new chair may choose to take the group in new directions. Work on some of the initiatives already identified in the draft business plan is still expected to proceed. One new initiative explored at these meetings was the development of an FIU Maturity model which could be useful in describing the stages through which FIU IT systems progress and in assessing the maturity level of FIU IT systems.



Collaboration and Analytical Tools

ITWG members piloted a new technique for working together, attempting to establish bilateral partnerships between FIUs with complementary IT issues & expertise. At the Kuala Lumpur meetings, partnered teams met to explore areas where they could benefit from such cooperation and they will attempt to carry these discussions forward between meetings. Members also discussed the value of using the new ESW collaboration tools to work together between meetings; however recognizing the challenges to doing this successfully.

OPERATIONAL WORKING GROUP

At the Kuala Lumpur meeting, the Operational Working Group (OpWG) continued the discussion of several projects aimed at improving the collaboration between Egmont FIUs in the fields of financial intelligence analysis and typologies.

TERRORIST FINANCING PAPER

The Terrorist Financing (TF) Paper was finalized and adopted. The paper is a handout which enumerated frequently observed indicators of transactions associated to terrorist financing activities. The Compilation and Review of Sanitized Cases on TF is available on the Egmont Public Website.

ASSET RECOVERY INTELLIGENCE SYSTEM (ARIS)

The Chair of the OpWG, on behalf of the Executive Director of the Basel Institute on Governance, made an update on the International Centre for Asset Recovery's (ICAR) ARIS. ARIS is a sophisticated data-mining tool for the use of FIUs in investigating corruption-related cases, using information from open and commercial sources. ICAR will hold a workshop to bring together the OpWG pilot group of FIUs and data providers, such as Dow Jones and World Check, in Lucerne, Switzerland to test and evaluate ARIS and make sure that the end-product will meet actual requirements of FIU analysts.

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An ongoing area of interest for the ITWG continues to be in the development and deployment of the UNODC's goAML product to FIUs. The FIU of the Netherlands is working with the UNODC to develop an agreement between their organizations and the Egmont ITWG will continue to follow this partnership closely.

A member from the UNODC also provided the ITWG with the latest developments on goAML. New deployments since the last report include those to the FIUs of Tanzania, South Africa, Bermuda and Palestine. The goAML application and documentation has now been translated into French, Spanish (50% underway) and Russian. The next language will be Arabic. Enhancements have been made to the XML schema, the web application, the charting tool, the report writer, the workflow engine, case management, the data matching module, subject unification and the rules engine.

A representative from the FIU of Thailand provided two excellent presentations on CDD Gateway to FIs and Electronic Cross Border Cash Transaction Reporting System (ECB). The updated AML law in Thailand instructs financial institutions to comply with KYC and CDD. High risk customers (PEP's) need to be classified and identified. The gateway enhances the cooperation between the FIU and the financial institutions. The FIU downloads different lists from databases all over the world and provide the FI's with this information. The other system is based on cooperation between the FIU and Customs. They will begin exchanging information on cross border transactions. Both systems will be running in the beginning of 2010.

WORKING WITH INTERNATIONAL PARTNERS

The OpWG also welcomed the attendance and participation of the FATF, MONEYVAL, the International Criminal Court and the Wolfsberg Group.

The Chair of the FATF Working Group on Typologies, gave an update on the typologies work of the FATF. Members of the OpWG were encouraged to submit proposals for potential joint projects with the FATF at the March 2010 working group meetings.

The MONEYVAL Secretariat gave a summary of projects that MONEYVAL is currently working on, including Money Laundering on Internet Gambling which is expected to be finalized and adopted in September 2010 and the Typology on Criminal Money Flow on the Internet which is at the concept note stage. MONEYVAL encouraged the participation and contribution of Egmont FIUs in the said typologies projects.

A presentation was provided on the role/function of the Office of the Prosecutor of the International Criminal Court (ICC) and the various financial investigations they have conducted relating to serious crimes as defined by the Rome Statute and discussed how FIUs can assist the ICC.

