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Issue 3, December 2007

Welcome from the President

Welcome to our final edition of the FATF e-news for 2007; a busy and productive year for us all. In October the FATF agreed new steps to protect the international financial system from abuse at its meeting in Paris. Attended by over 400 delegates from 34 countries and 20 international organisations, this was the first plenary meeting under the UK Presidency. The FATF:



James Sassoon
FATF President

- Called upon Iran to strengthen, as a matter of urgency, its anti-money laundering and counter-terrorist financing (AML/CFT) controls. FATF members are advising their financial institutions to take account of the risks in enhanced due diligence;
- Agreed new steps to strengthen private sector engagement in the global fight against money laundering and terrorist financing;
- Committed to produce a regular global threat assessment setting out key issues of criminal and terrorist financing concern;
- Published new guidance to address the threat of weapons of mass destruction (WMD) proliferation emanating from Iran, in accordance with the financial provisions of United Nations Security Council Resolution 1737; and
- Discussed and adopted an evaluation of the AML/CFT system in Finland.

In 2007 the FATF has demonstrated that it continues to move forward to strengthen the global fight against money laundering and terrorist financing. The global network of countries committed to this fight continues to grow. There is increasing joint work with many areas of the private sector. I am proud to be the President of such a determined and action-oriented task force.

I wish you all the best Seasons Greetings and look forward to continuing our work in 2008.

Statement on Iran

On 11 October 2007, the FATF Plenary released the following statement on Iran:

The Financial Action Task Force (FATF) is concerned that the Islamic Republic of Iran's lack of a comprehensive anti-money laundering / combating the financing of terrorism (AML/CFT) regime represents a significant vulnerability within the international financial system. The FATF calls upon Iran to address on an urgent basis its AML/CFT deficiencies, including those identified in the 2006 International Monetary Fund Article IV Consultation Report for Iran.

FATF members are advising their financial institutions to take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence.

The FATF looks forward to implementation of an AML/CFT system in Iran.

Strengthening dialogue with the private sector

A new forum bringing together the FATF and key private sector bodies has been launched by the FATF. The forum builds on existing outreach activities and will formalise and enhance dialogue and a partnership approach between the FATF and key private sector organisations from a wide range of sectors across the globe. It provides an ongoing means through which the private sector can raise issues for more in-depth joint work by the FATF and representatives from the private sector.

In a meeting with private sector in Berne in December, it was agreed that work will also commence between the FATF and representatives of key non-financial businesses and professions to develop shared guidance on the risk-based approach to tackling money laundering and terrorist financing. This activity builds on joint guidance on the risk-based approach published in July 2007 by the FATF and representatives of the international banking and securities sectors.

The FATF also held a meeting on money laundering methods and trends with key private sector organisations in London in December. This first joint meeting to exchange information on money laundering and terrorist financing techniques reflects an enhanced commitment by the FATF to engage with the private sector. In addition, the FATF typologies exercise in November (see more below) benefitted for the first time from input from representatives from the private sector.

Key events at a glance

(January 2008 – June 2008)

7 – 9 January	FATF Secretariat briefing to the United Nations Counter Terrorism Executive Directorate, New York, USA
17 January	IMF Roundtable for onshore and offshore regulators, Basel, Switzerland
21 – 25 January	CFATF assessor training, Fort-de-France, Martinique
25 – 29 February	FATF plenary meeting, Paris, France
6 – 21 March	Onsite visit for the mutual evaluation of Japan, Tokyo, Japan
March	OGBS meeting, London, United Kingdom
31 March – 4 April	Moneyval plenary meeting, Strasbourg, France
April	FATF Ministerial meeting, Washington DC, USA
21 – 25 April	EAG assessor training, Moscow, Russian Federation
May	CFATF plenary meeting, Haiti
June	FATF plenary meeting, London, United Kingdom

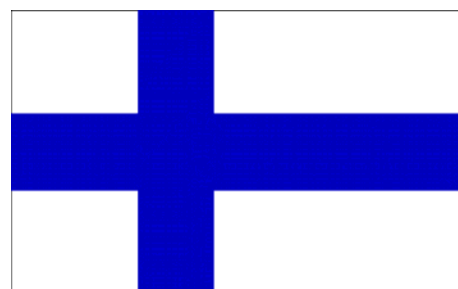
Note: Some dates and locations are subject to change



The AML/CFT system of Finland

In October the FATF adopted the mutual evaluation report assessing Finland's AML/CFT system for compliance with global standards: the FATF 40+9 Recommendations. The full report is available on the FATF website. Amongst its major findings are:

- The major sources of illegal proceeds in Finland relate to financial and drug-related crimes and the majority of suspicious financial activities investigated have an international dimension. While the amount of money laundering cannot be precisely determined, it is estimated that the damage caused by crime and the black economy exceeds EUR 5 billion each year.
- Finland has a good legal structure to combat money laundering and terrorist financing. The money laundering offence established in 2003 is broad, as is the terrorist financing offence. There have been few convictions for money laundering and none for terrorist financing. Finland is currently in the process of amending the primary AML/CFT legislation and regulations to further strengthen its AML/CFT system.
- While provisions are in place to allow restraint, confiscation and recovery of the proceeds of crime in most situations, the mechanism for freezing terrorist assets is incomplete.
- Overall, the Finnish FIU – the Money Laundering Clearing House – is effective. It is the focal point for Finnish AML/CFT efforts.
- The preventive system addresses customer identification and other MAL/CFT obligations and applies to a range of financial institutions and most of the designated non-financial businesses and professions as defined by the FATF. It does not however incorporate customer due diligence requirements with respect to beneficial ownership or legal arrangements and no provisions have been implemented with respect to politically exposed persons or correspondent banking relationships.
- Supervision is generally effective for the banking and insurance sectors by weak or non-existent for many types of designated non-financial businesses and professions.



Proposed global threat assessment of money laundering and terrorist financing

The FATF plans next year to begin work on a regular global threat assessment, setting out key issues of criminal and terrorist financing concern.

This new threat assessment will be developed following a process of enhanced surveillance of international money laundering and terrorist financing risks and will help national governments and the private sector take actions to manage key international threats.

This initiative builds upon and complements the FATF's existing typologies work. The FATF will also support countries to establish national threat assessments by developing and sharing national threat assessment strategies. Stay tuned for more on this in the next edition.

Combating the financing of WMD proliferation: Guidance released

The FATF continues to work on the combating of proliferation financing in response to UN Security Council Resolutions. It is developing a new study on the trends and techniques involved in WMD proliferation financing activity. In June and again in September 2007 the FATF published guidance documents to assist jurisdictions in the implementation of the targeted financial sanctions contained within UN Security Council Resolution 1737.

More recently, in October the FATF agreed new guidance on the implementation of financial prohibitions to combat the threat of WMD proliferation. This represents a major step forward in the implementation of financial measures contained within UN Security Council Resolution 1737. The guidance, which may be found on the FATF website, will facilitate further cooperation between national governments and financial institutions in the fight against WMD proliferation financing.

Joint FATF/APG meeting of experts on typologies

The Asia/Pacific Group on Money Laundering (APG) and the FATF held a joint meeting of experts on money laundering and terrorist financing typologies in Bangkok, Thailand from 28 to 30 November. The meetings were kindly hosted by the Anti-Money Laundering Office and were opened by His Excellency General Surayud Chulanont, Prime Minister of Thailand.

This experts' meeting on typologies is the fourth held jointly by the FATF and an FSRB. There were over 180 delegates involved, representing 51 countries. In addition, 12 observer bodies and 8 experts from the private sector (representing 7 institutions) attended the meeting. Experts focussed on four primary topics:

- Money laundering threat analysis strategies.
- Proliferation financing.
- Money laundering and terrorist financing vulnerabilities of the casino and gaming sector (APG-led).
- Money laundering and terrorist financing vulnerabilities of the Internet.

Discussions focussed for each of these topics on exploring the current money laundering / terrorist financing typologies, sharing case examples and other facts, identifying the trends and indicators relevant to each topic, distilling the policy issues to be considered in each area and identifying any further work needed to understand and/or address these areas of criminal activity. It is expected that all four topics will be the subject of FATF typologies reports to be released during 2008.

Scam emails about the FATF *e-news*

It seems even the FATF *e-news* is not immune to scam emails. Some readers have received a message from an unknown source which purports to attach the FATF *e-news*. The *e-news* should always be accessed from the FATF website (www.fatf-gafi.org) and never as an attachment from an email address you do not recognise.

New Executive Secretary for the FATF's secretariat

In October the FATF's Paris-based secretariat was joined by a New Executive Secretary, Mr Rick McDonell. Mr McDonell brings a wealth of experience to his new role with the FATF, including as the Head of the United Nations' Global Programme on Money Laundering and prior to that as the Executive Secretary of the secretariat for the Asia/Pacific Group on Money Laundering. Welcome!

Contact the FATF

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