OECD

Press Release

Friday, 11th September, 1992

WORLD EFFORT TO STOP MONEY LAUNDERING STEPPED UP

More than one hundred of the world's expert in counter-money laundering tactics met in Sydney this week to plan the next move in the fight to combat one of the world's most serious white collar crimes.

The world's foremost money laundering body, the Financial Action Task Force (FATF)*, a body set up by the Paris Summit of the G7 group of industrial nations in 1989, has met for three days to decide the next moves in attacking the illegal movement of the proceeds of crime through international financial systems.

Current President of FATF, Australia's National Crime Authority chairperson, Mr. Tom Sherman, said that FATF estimates that criminals launder more than $300 billion in illicit drug funds internationally each year.

"Money laundering is a menace, and the fact that we have had nearly 120 delegates from FATF member nations and bodies come to Australia for this meeting is testimony to the desire and commitment to keep bad money out of the world's financial systems," he said.

"If we are to protect the integrity of our financial systems from the 'washing' of illegally made money to make it seem legitimate, then we must make it harder for criminals to hide those illicit profits, that is, attack the very motive of organised crime – the profit motive."

The Sydney meeting of FATF principally discussed the program for implementing the 40 recommendations deemed necessary in all countries to combat money laundering.

The recommendations include criminalising money laundering, that is, introducing money laundering laws where they do not exist and changes to secrecy laws to accommodate other counter-money laundering efforts.

So far, four countries have been examined by FATF to see how far they had proceeded in meeting the 40 Recommendations. They are United Kingdom, Sweden, France and Australia. The remaining members of FATF will be assessed over the next two years.

Mr. Sherman said that Australia has met all but one of the 40 Recommendations, that of ratifying the United Nations Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, but that it was expected to be done later this year.

It was the first time that a FATF Plenary meeting had invited a number of Asian-Pacific nations to attend part of the meeting in recognition of the need for all nations vulnerable to money laundering to implement the 40 FATF Recommendations. A total of 19 delegates from 9 regional countries attended the meeting.

"No country is free from the threat of money laundering. This was an excellent, and I believe welcome, opportunity, for countries such as Taiwan, Nauru and Fiji to become acquainted with the detail of the Recommendations," Mr. Sherman said.

Included in presentations made to the meeting was an address by the United Kingdom Treasury spelling out the detailed demands made by the June 1991 European Community directive that all 12 EC members implement the 40 Recommendations to protect the EC's financial systems. The directive also included the six-member European Free Trade Association.

In another presentation, Australia's Austrac told delegates about the move by money launderers from cash industries to international telegraphic transfers or wire transfers across the globe in an effort to "legitimise" the proceeds of crime.

They were told that significant telegraphic transfers of funds will soon have to be reported to Austrac, putting Australia at the leading edge of financial availability for law enforcement and revenues purposes.

The Sydney meeting agreed on the following action:

- to convene a group of experts in Paris later this year to exchange information, and report to FATF on the latest techniques of money laundering experienced in member countries,

- to encourage non-members (in particular, in Central Europe, the Caribbean, Africa and the Asia-Pacific regions) to implement FATF Recommendations.

Inquiries: Barbara Sharp; (02) 282 6208 or (018) 678 261

---

* FATF has 26 members. They are Austria, Australia, Belgium, Canada, the Commission of the European Communities, Denmark, Finland, France, Germany, Greece, the Gulf Co-operation Council, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States of America. A small secretariat within the OECD supports FATFs work.