

CHAIRMAN'S COLUMN



Dear colleagues!

Past months were full of events, which not only strengthened the EAG position in the global AML/CFT system, but also laid a basis for realization of goals and tasks of the group in the second half of this year.

First of all, it is about the work on clarification of the changes in the FATF Recommendations. The Russian translation of the 40 Recommendations was presented at the EAG Consultative Forum, which was held in May this year. The similarly named electronic product, which allows for the participants of the AML/CFT system and wide public to get acquainted with the novelties in the FATF standards, was launched on the EAG web-site.

Conducting typologies research and workshops in the line of the FATF and FSRBs made progress. The results of this work done by the group will be presented at the 17th Plenary meeting in India. It is planned to hold a joint workshop with the MONEYVAL on clarification of the new FATF standards this autumn.

Extension of the international cooperation is one of priorities for the Eurasian group. We welcome Mongolia, France and the Egmont group as new EAG observers, and hope for their active participation in the activities of the group.

Consolidation of efforts on national and regional grounds creates a basis for long-term interaction of the FSRBs. Moreover, this work encourages effective implementation of the 40 Recommendations into national AML/CFT regimes of the member states, which is important in the light of preparation to the 4th round of the FATF's and the 2nd round of the EAG mutual evaluations.

Yury Chikhanchin
EAG Chairman

EAG 16th Plenary Meeting: Events and Results

The Eurasian Group's on combating money laundering and financing of terrorism (EAG) 16th Plenary meeting was held from May 22 to 25, 2012, in Moscow (Russia).

The main goal of the EAG is to provide effective cooperation on regional level as well as integration of EAG member states into international AML/CFT system in compliance with the FATF Recommendations and anti money laundering standards of other international organizations.

"EAG member states are refining the institutional and legal basis for combating

2012, during which the issue of removing Turkmenistan from the enhanced monitoring procedure was to be discussed. The country showed that the majority of steps stipulated in its Action plan have been fulfilled, whilst also demonstrating significant progress in developing its anti-laundering law. Once the report was heard, it was clear to participants that Turkmenistan should be removed from the FATF "grey" list.

France, Mongolia and the Egmont Group were also welcomed as the new group observers during the Plenary

requirements for politically exposed persons (PEPs) and fight with corruption.

A representative from the Middle East and North Africa Financial Action Task Force (MENAFATF) took part in the Plenary and shared regional AML/CFT experience and techniques and also talked about current initiatives. The EAG Secretariat expressed hope that the fruitful cooperation between the Eurasian Group and the MENAFATF in conducting mutual evaluations and typologies research will continue to develop further.



money laundering and financing of terrorism, their financial intelligence units are fully operational, the influence and authority of which continues to grow. This has only been made possible thanks to our work and atmosphere of joint understanding and partnership," Chairman of the Eurasian Group Yu. Chikhanchin said in his welcome message to participants of the Plenary meeting.

Progress reports of EAG member states were one of main agendas of the meeting. In particular, information on eliminating strategic deficiencies in the national AML/CFT systems of the Kyrgyz Republic, the Republic of Tajikistan and Turkmenistan was presented.

The report from the latter country was of particular importance given the FATF Plenary meeting in June

meeting. "The participation of France, Mongolia and the Egmont Group in the EAG's work will bring positive results both for the Eurasian Group and each individual country, while the role and participation of observers in the EAG's work on the whole will become even more important", the EAG Chairman said.

The Plenary approved the Action plan of the EAG Chairman Yury Chikhanchin for 2011-2012.

The FATF Secretariat informed the meeting's participants about current initiatives to develop methods to evaluate the compliance of national AML/CFT systems with FATF requirements, the creation of working groups to coordinate the FATF global network, the development of the FATF guidance to new and mobile payment systems,

In light of the revised FATF Recommendations, one of the tasks the EAG currently faces is to work on clarifying and implementing them on a national level, with the help of the modern technology. To this end, the International Training and Methodology Centre for Financial Monitoring (Russia) developed and demonstrated its interactive electronic product on the updated FATF Recommendations at the Plenary and the EAG Consultations with private sector. The E-product is available both in English and Russian on the EAG and the ITMCFM official web-sites.

A number of bilateral cooperation agreements were signed between financial intelligence units (FIUs) of EAG member states at events held as part of the Plenary week.

Members of the FATF
Global Network
Meet in Rome

Page 2

Financial Intelligence
Units Anniversary Summit
in Saint Petersburg

Page 3

Results of the EAG
Consultative Forum
Dedicated to the Revision of
the FATF Recommendations

Page 4

The EAG Secretariat presented information on issues of effectiveness of EAG member state AML/CFT systems.

Following a decision at the Plenary, a new working

group was set up to combat financing of drug trafficking, crime and terrorism. The group's mandate, co-chairs from Russia, the Kyrgyz Republic and Belarus, as well as the Action plan for the second half of 2012 were all approved.

The latest round of EAG Consultations with the private sector and a meeting of the regional FATF "Europe-Eurasia" Subgroup of the International Cooperation Review Group (EERRG ICRG FATF) was held the day before the Plenary.

In addition, the tenure of the EAG's Acting Executive Secretary Boris Toropov (Russia) was extended until the 17th Plenary meeting.

Kazakhstan, Russia and Tajikistan representatives in the EAG Secretariat took part for the first time at the Plenary meeting.

Members of the FATF Global Network Meet in Rome



Working group meetings and the FATF Plenary meeting took place in Rome (Italy) between June 18 and 22.

Representatives of FATF member states and organizations as well as observers discussed and made decisions on dozens of issues of great significance in protecting the global financial system from money laundering and financing of terrorism.

An EAG delegation took an active part in the Working groups and FATF Plenary meeting.

Procedures for the 4th round of mutual evaluations on the basis of the revisions of the FATF Recommendations carried out in February were discussed in the light of the application of AML/CFT measures monitoring.

Progress reports on the mutual evaluations of national AML/CFT systems were reviewed, including those of EAG member states.

In particular, a 5th progress report of India was approved. India was asked to produce another report at the next Plenary as some shortcomings were not removed.

A progress report of the Russian Federation was also approved during a meeting of the Working group on evaluation and implementation. Russia will have to present another report on the steps taken to eliminate continuing deficiencies to the FATF Secretariat in February 2013 to be able to switch to a less stringent,

biannual monitoring regime. Russia must then present a final and comprehensive report at the Plenary meeting in Oslo in next June.

Turkmenistan was removed from the "grey" list during the FATF Plenary week. One may treat it as an acknowledgement of the significant progress this country has made in developing national AMT/CFT system.

The FATF "grey" list includes countries, which have serious strategic deficiencies in meeting international AML/CFT standards, and work together with this organization to develop an action plan to resolve these deficiencies, and committed to implement this plan within the agreed time limit at the highest political level.

Turkmenistan successfully managed this task and was therefore transferred to standard monitoring procedures. As indicated in the FATF final Plenary documents Turkmenistan will continue to further improve its national AMT/CFT system under the Eurasian Group's control mechanisms. The EAG and Russian Federation played an important role in helping Ashgabat cease to be "greylisted".

The results of Italian presidency were also outlined in Rome during the FATF meeting. The President until 2014 will be Norwegian representative Bjorn Skogstad Aamo.

The FATF reiterated its commitment to render assistance in the

implementation of the revised 40 Recommendations at a global level in a statement summarizing the results of the Plenary meeting in Rome.

On the sidelines of the Plenary the incumbent president, president-elect and vice president met with FSRBs' heads, continuing the tradition of annual "summits" of members of the FATF Global Network Coordination Group (GNCG). This meeting provided a great opportunity to coordinate the efforts of the GNCG members at the highest level regarding strategic issues in achieving consistency in procedures of mutual evaluation that will be conducted by the FATF and FSRBs.

In February this year, the Eurasian Group backed creation of a new working group to coordinate the global FATF network. The group's mandate and plan were approved at the Plenary meeting in June.

Developments in the sphere of typologies research were also touched upon. The FATF plenary approved three typologies reports: "Specific Risk Factors in the Laundering of Proceeds of Corruption", "Illegal Tobacco Trade", "Operational Issues Financial Investigations Guidance". They are currently available on the website of this organization.

As before, the main topic of discussion for FATF experts were approaches to mutual evaluations and effectiveness assessment for the next round methodology being developed. The discussion of these issues will continue at the next Plenary meeting in October.



Bjorn Skogstad Aamo (Norway)
FATF President 2012-2013

In July 2012, Mr. Bjorn Skogstad Aamo became President of the FATF. He succeeded Giancarlo Del Bufalo of Italy.

Bjorn S. Aamo, Special Advisor in the Ministry of Finance, Norway. Mr. Aamo was Director General of the FSA of Norway (Finanstilsynet) from 1993 to 2011. In this capacity he was active in European and global supervisory organizations on banking and insurance supervision.

He was state secretary and Head of staff at the Prime Minister Office 1990 to 1993 and State secretary in the Ministry of Finance 1973 to 1979 and from 1986 to 1989. He has also held positions as Director of The Economic Affairs department of EFTA in Geneva and for The Regional Development Fund of Norway.

Eurasian Group took part in APG Plenary Meeting



Working groups and the 15th Annual Asia/Pacific Group on Money Laundering (APG) meeting took place

from July 15 to 20 in Brisbane, Australia.

Delegations discussed a range of topics regarding mutual evaluations and monitoring the progress of member states in improving their national anti-laundering systems, as well as the results of work on typology. A number of organizational issues were also discussed including

implementation and future of the APG budget, short and mid-term plans, structure of the Group and its Secretariat.

The FATF President traditionally takes part in APG events. President Bjorn Aamo and the FATF Executive Secretary Rick McDonnell took part this time.

The APG agreed to hold a joint typology workshop with the EAG slated for the end of next year. A roadmap for preparing the event was developed and basically approved. A consultation with the APG Secretariat on developing approaches for drawing

up topics and organizing the seminar was also held during the event in Brisbane. Both parties agreed to hold the event in Ulan-Bator (Mongolia) at the end of 2013.

Given that the typologies research topics for 2013 are to be decided upon at the 17th EAG Plenary meeting in November this year the APG Secretariat expressed its wish to take an active part in discussion of this issue.

In addition, the EAG and APG Secretariats agreed on the sidelines of the Annual meeting to work more closely and exchange experience in

issues surrounding national risks in AML/CFT, with utilization of regional expertise.

During the discussion of nationwide topics at the Plenary, the EAG delegation informed attendees about Mongolia becoming an EAG member state and possible ways of helping the country to fulfill the FATF Action plan. Mongolia is still subject to enhanced APG monitoring, as it has not yet made sufficient progress since the last APG meeting. Mongolia must present its next progress report by January 31, 2013.

Financial Intelligence Units Anniversary Summit in Saint Petersburg



Modern crime has a distinct international nature and it would be futile to try and tackle it without the combined efforts of different countries. Efforts to counter money laundering are coordinated by the Egmont Group, which 20th Anniversary Plenary meeting, which was held in Saint Petersburg in July this year. Membership of a financial intelligence unit (FIU) in the Egmont Group is a FATF mandatory requirement for national anti-money laundering and terrorist financing systems (AML/CFT).

Members of the Group met to discuss ways of solving international cooperation issues between the financial intelligence units and share to AML/CFT experience.

The jubilee meeting was co-chaired by Chairman of the Egmont Group and Deputy Director of the FIU in Belgium Boudewijn Verhelst, as well as by EAG Chairman and Rosfinmonitoring Director Yury Chikhanchin. Around 400 financial intelligence executives from all around the world took part in the Plenary and working groups meetings, as well as representatives from 17 international observer organizations, including the EAG.

This was the first time the event was held in Russia. According to Boudewijn Verhelst, this is testament to Russia's commitment to take an active role in tackling financial crime.

A greeting message from Russian President Vladimir Putin was sent to the guests and participants of the meeting. He underlined that the Egmont Group currently unites financial intelligence units in 127 countries and plays a crucial role in combating money laundering and financing of terrorism.

Saint Petersburg Governor Georgy Poltavchenko and his Deputy Oleg Markov were guests of honor at the opening ceremony. Mr. Poltavchenko and Mr. Markov gave the guests a

very warm welcome and did everything possible to ensure not only that they could work in comfort, but also see the sights of the Northern Capital. "The global demands facing the majority of countries, including Russia, mean we face many challenges ahead", Georgy Poltavchenko said. However, he expressed confidence that the meeting of the organization's members in Saint Petersburg would be productive and another step towards improving international cooperation in tackling crime.

During the Plenary meeting, FIU representatives and observers discussed issues related to evaluating and increasing the operational efficiency of financial intelligence units via improving the exchange of information, problems in recovering criminal assets and designating tax crimes as predicate offences for money laundering.

The management of the FIUs discussed questions over budget, charter and compliance with the Egmont Groups information exchange standards; one of the main issues being improving the effectiveness of AML/CFT measures.

During the meeting between FIU heads, the Group's new Executive Secretary Kevin Stevenson was approved. Stevenson was previously a Senior Financial Sector Specialist at the World Bank.

Training sessions and seminars for FIU employees were an important part of the meeting. These training events examined AML/CFT risks and preventative measures associated with the latest financial products, improving technical equipment, and the application of advanced analytical methods.

FIU delegations from Eurasian Group member states actively participated in the plenary meeting.

During his address to participants, Mr Verhelst emphasized that the observer

status of the Egmont Group in the EAG will assist in development of further cooperation of the groups.

The results of the best financial investigation of the year competition, where countries present analytical materials and describe money-laundering schemes they uncovered, were also announced at the meeting. Russia's financial intelligence unit Rosfinmonitoring was the victor. The FIU investigated fraud and the illegal transfer of money abroad. Russia was assisted by 18 FIUs from around

and Co-operation in Europe (OSCE), which is already an EAG observer.

During the meetings between FIUs, 65 memorandums of understanding cooperation and information exchange agreements were signed, paving the way for carrying out financial investigations. Among them 16 agreements signed by Eurasian group FIUs.

A friendly soccer competition took place on the "sidelines" of the Plenary meeting, with the Eurasian Group entering a team for the first time. After a valiant struggle, the EAG team was



Boudewijn Verhelst, Chair of the Egmont Group, director of the Belgian Financial Intelligence Processing Unit

In June 2010, Mr. Boudewijn Verhelst was appointed Chair of the Egmont Group of Financial Intelligence Units.

From 1975 to 1994, Mr. Verhelst served as King's Attorney (Public Prosecutor), in charge of the financial fraud section in Bruges. In 1994, he was appointed Deputy Attorney General at the Court of Appeal in Gent. He has also been seconded as deputy director of the Belgian Financial Intelligence Processing Unit, CTIF-CFI since July 1993.

Mr. Verhelst brings a wealth of knowledge and experience to his post as Chair. He was a lecturer in commercial and economic law at the Police Academy for the Province of West-Flanders, as well as Law Enforcement expert to the Moneyval Committee as part of the Council of Europe.

His other posting include Evaluator of legal and law enforcement in FATF, Council of Europe, CFATF, WB and various IMF AML/CFT assessments.

the world in finding the "dirty" money channeled abroad.

The following four new members were welcomed to the Egmont Group during the meeting: Gabon, Jordan, Tunisia and Tajikistan, which is a member of the Eurasian Group. Therefore, the number of Egmont FIUs has now reached 131.

Egmont Group observer status was granted to the Organization for Security

eventually defeated by the Egmont and Rosfinmonitoring teams, but the game demonstrated solidarity and a strong team spirit. The Russian FIU was the overall winner

The next meeting of the Egmont Group Committee and working groups is scheduled for January 2013 in Belgium, while the groups 21st Plenary meeting will take place in South Africa in July.

Results of the EAG Consultative Forum Dedicated to the Revision of the FATF Recommendations

A revised version of the international standards on combating money laundering, financing of terrorism and proliferation (AML/CFT/FP) was approved at the FATF Plenary meeting in February 2012. These changes in the Recommendations mean that new requirements need to be implemented in the legislation of countries, including EAG member states. Therefore, one of the main goals of the FATF-style regional bodies is to clarify these amendments in their respective regions.

The Consultative Forum "Public authorities and private sector cooperation improvement in relation to new FATF Standards" was held on May 22, 2012 as part of the 16th EAG Plenary week.

The Forum was an opportunity for representatives of both the private and public sector from countries in the Eurasian region to discuss developments in the AML/CFT/FP sphere.

At the Consultative Forum, the FATF Secretariat Administrator Valerie Schilling presented the new FATF Recommendations which were adopted by the FATF in February 2012. Key changes include: strengthened requirements on customer due diligence, beneficial ownership and

international cooperation; extending the list of predicate offences for money laundering to include tax crimes; new requirements to enhance the transparency of wire transfers; new standards relating to the financing of proliferation of weapons of mass destruction; strengthened powers for law enforcement authorities; and a new emphasis on the risk-based approach. The FATF is currently developing a methodology to assess compliance with these new standards, including the effectiveness of their implementation.

The key FATF requirement was the implementation of a risk-based approach, which is designed to create a more targeted control of ML/FT, and improve the effectiveness of the system as a whole.

EAG countries will also have the opportunity to summarize their experience in applying the risk-based approach through supervisory bodies, as well as financial and non-financial institutions and give a presentation on national risk assessment at the Eurasian Group's workshop in November this year in India.

The FATF Secretariat is currently developing an evaluation methodology to comply with the revised standards, which will include



methods to measure the effectiveness of their application.

Representatives of EAG member states and observers also gave presentations at the Forum. The main discussion topics were the use of financial monitoring methods to detect tax crimes as predicate offences for money laundering, applying a risk-orientated approach to banking organizations, as well as experience of countries in the Eurasian region and the World Bank in conducting national risk assessment. A presentation on new financial service technologies and their associated ML/FT risks given by Mr. Srinivas from the Reserve Bank of India was of notable interest.

The Eurasian Group plans to work on clarifying the latest Recommendations among EAG member states. To this

end, the International Training and Methodology Centre for Financial Monitoring (Russia) developed the "Updated edition of AML/CFT/FP international standards" electronic product. It was the EAG Chairman Yury Chikhanchin's initiative to promote FATF standards using modern multimedia technology. Representatives of the Centre introduced the product as part of the meeting. The E-course is available on the EAG and ITMCFM sites.

The main recommendation to EAG member states at the end of the Forum was to carry out intensive work on raising awareness of the revised standards. The developments and experience shared will make the process of implementing the FATF requirements in the national AML/CFT systems of the Eurasian Group much simpler.

Recent events

CIS experts agreed on the draft concept of cooperation in combating crimes committed through the use of information technologies



On July 25-26 2012 experts from the countries of the Commonwealth agreed on the draft concept of cooperation in combating crimes committed through the use of information technologies in the CIS Executive Committee in Minsk.

The document was finalized and agreed upon in the light of comments of Armenia, Kyrgyzstan, Russia, and Ukraine received at the headquarters of the CIS.

The Executive Committee of the Commonwealth was charged to provide the materials of the session of the expert group to the states and the Council of Ministers of Internal Affairs of the CIS countries, and also to submit the draft concept for the consideration of the Council of Heads of States.

The project is aimed at the expansion and strengthening of cooperation of the CIS states in combating crimes committed through the use of information technologies. The project is a basis for development of programs and plans of joint actions. It defines the principles, objectives, basic directions, forms, system of cooperation support. According to the concept financial and logistical support of cooperation will be carried out in the order and on the conditions determined by the CIS member states. Training and retraining of personnel will be carried out on the basis of bilateral and multilateral agreements. Control over execution of the decisions made in the framework of the concept at

the national level should be executed by the competent authorities of the countries of the Commonwealth.

Meeting in the framework of the project of the General secretariat of Interpol on combating terrorism was held in Kazakhstan



An operative meeting of the WAN operative meeting of the Working group in the framework of the project of the General Secretariat of Interpol on combating terrorism «Kalkan» took place in Astana (Kazakhstan). The event was attended by representatives of Afghanistan, Azerbaijan, India,

Iran, Kazakhstan, China, Kyrgyzstan, Pakistan, Russia, USA, Tajikistan, Turkmenistan, Turkey, Uzbekistan and France.

Issues of terrorist links with illicit drug trafficking, terrorism financing from illicit drug trafficking, as well as counteraction to radical religious groups and their supporters abroad were discussed during the meeting.

International terrorism and drug trafficking are closely linked with each other. They threaten the entire world community. In this regard, countries facing such threats need to cooperate to effectively combat these phenomena.

A number of resolutions were taken at the meeting, including the necessity for more active use of data banks and technical resources of the General Secretariat of Interpol, increasing the intensity of the exchange of proactive operational information, conducting operational relevant inspections and taking necessary measures in respect of the persons involved in terrorist acts and illegal drug trafficking.

Editorial board

We welcome you to take part in the development of the EAG Bulletin. If you would like to place news, articles and other publications in the following issues of the Bulletin, please feel free to send an e-mail entitled "EAG Bulletin"

to: info@eurasiangroup.org
Telephone: +7 (495) 950-31-46, fax: +7 (495) 950-35-32.
More information can be found on our website:
<http://www.eurasiangroup.org>