

## CHAIRPERSON'S COLUMN



### Dear colleagues!

The Eurasian Group on Combating Money Laundering and Financing of Terrorism spent much of last year in the processes of the EAG second round of mutual evaluations. During the year, two EAG member states underwent evaluations and had their reports approved by the plenaries. Kyrgyzstan and Tajikistan will continue to address the shortcomings identified in the evaluations. Meanwhile, we urge all EAG observers and partners to support countries' efforts to improve national AML/CFT regimes.

In November, the Belarus capital, Minsk, hosted the EAG 29th Plenary meeting. To learn more, see this issue of the Bulletin.

2018 saw the intensification of our engagement with EAG observer organizations, including through the holding of several landmark events, the last of which was the EAG/APG joint typologies workshop. A wide range of experts discussed the most topical issues on the FATF agenda. We hope the typologies discussed at the workshop and decisions adopted by the workshop will contribute to the financial and economic security of the Eurasian and Asia-Pacific regions.

The EAG's attention in 2019 will be focused at the mutual evaluations of China, Belarus and the Russian Federation. The training of EAG experts and AML/CFT personnel on the application of the FATF standards will also continue, with three training workshops scheduled for 2019. Collaboration and close cooperation with observer organizations – such as the APG, MONEYVAL, Egmont Group, CIS ATC, UNCTC and others – will remain among our priorities.

**EAG Chairperson  
Ms. HAO Jinghua**

## Mutual Evaluation Report Of Tajikistan Tops The Agenda

*The 29<sup>th</sup> Plenary meeting of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG), chaired by Ms. Hao Jinghua (China), was held on November 15 - 16 in Minsk, Belarus*

The meeting was attended by over 250 representatives from Belarus, India, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan, as well as EAG observer countries and organizations such as the FATF, the World Bank, UNCTC and UNODC, the CIS ATC and others.

Leonid Anfimov, chairman of the State Control Committee of Belarus, delivered a welcome address to the Plenary week participants. He also read out a greeting message to Plenary participants from the Prime Minister of Belarus, noting that the meeting would contribute to the exchange of experiences and best practices.

of the FATF quality and consistency review, the report was published on the EAG website.

In accordance with the EAG 2nd Round Mutual Evaluation Procedures, Tajikistan will present its follow-up report at the EAG 31st Plenary meeting in November 2019.

Participants were presented with the findings of the typologies report on "Money Laundering through Insurance Companies", cosponsored by Russia and China, featuring case studies made available by the International Association of Insurance Supervisors as well as India and China, alongside typologies identified in the insurance sector.

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The key item on the Plenary meeting agenda was the adoption of the evaluation report of Tajikistan in the framework of the EAG 2nd round of mutual evaluations. The Plenary endorsed the mutual evaluation report and executive summary of Tajikistan. Participants highlighted Tajikistan's significant progress in improving the AML/CFT system since the previous assessment. The Plenary discussed the key findings and recommended actions related to the country's AML/CFT regime. After the completion

With the focus of the EAG's attention remaining firmly on combating terrorist financing, EAG countries, as part of the EAG project for the mutual freezing of assets of persons involved in terrorist activities, were instructed to intensify the exchange of the lists of persons subject to freezing assets' mechanisms.

EAG Plenary participants were presented with the outcomes of the EAG/ITMCFM workshop on supervision and EAG/CIS APG/Interpol/ITMCFM workshop on cooperation between law

enforcement and financial intelligence agencies.

The Plenary meeting ended with the unveiling of the results of the contest for the best example of AML/CFT cooperation, won by Tajikistan. The winner was presented with a prize from the foundation named after Viktor Zubkov, the first EAG Chair and the first head of the Russian FIU.

The EAG 30<sup>th</sup> anniversary Plenary meeting will take place in May 2019 in the Russian Federation.

## We Must Strengthen International Cooperation

The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)/Asia-Pacific Group on Money Laundering (APG) joint workshop was held in Novosibirsk (Russia) on December 3-5, 2018



The meeting was attended by over 260 representatives of financial intelligence units, law enforcement and supervisory agencies and the private sector from more than 60 countries and organizations of the Eurasian and Asian-Pacific regions.

The topics discussed at the forum were structured into three thematic breakout sessions (BOs), namely:

- the use of criminal proceeds, including from organized crime, to finance terrorists;
- the risks associated with digital financial assets; and
- human trafficking and people smuggling.

The workshop opened with welcoming remarks from Sergey I. Menyaylo, plenipotentiary representative of the Russian president in the Siberian Federal District; Vladimir P. Nechaev, EAG executive secretary; and David Becker, director for typologies at the APG Secretariat.

According to Menyaylo, it has been more than 10 years since the establishment of the Interagency Working Group on Combating Illegal Financial Transactions. The implementation by Russia of the FATF Recommendations has led to a 50 percent decline in the number of suspicious transactions carried out in the district. Only by combining the efforts of the entire international community can we overcome modern challenges and threats, stressed Menyaylo.

**S I. Menyaylo:** "We all understand that in order to be effective in combating international terrorism and cross-border and transnational crime, we should constantly improve international cooperation between financial intelligence units, law enforcement, supervisors and the private sector."

**David Becker:** "The EAG is one of the Asia-Pacific Group's closest partners among all FATF-style regional bodies. This is already a second typologies workshop we have held jointly with the Eurasian Group, the first was in Mongolia in 2013, and this workshop was preceded by a joint assessors' workshop. The 2018 workshop is attended by representatives of more than 20 NGOs, civil society and organizations from the private sector. From the

APG's view point, partnership with the private sector is key to our success."

**V P. Nechaev:** "We're here to consider the issues that are key to our efforts to disrupt money laundering or terrorist financing schemes used by criminals. Two of these issues – the use of criminal proceeds to finance terrorists and the risks associated with virtual assets – are listed among the FATF's current priorities. Some time ago, the EAG researched the issue connected with the purchase of tickets for foreign terrorist fighters. I must say that for us and the CIS Anti-Terrorist Centre, one of the surprise outcomes of this work was the interest shown by the ICAO [International Civil Aviation Organization]."

During the first breakout session, participants familiarized themselves with the FATF's assessment of terrorist financing risks; reviewed countries' reports on the national assessment of risks in this area; and studied the findings of the Asia Pacific's regional risk assessment, the UN's research into the potential links between terrorist financing and organized crime, and the relevant UNSC resolutions. The meeting included presentations of financial investigations into the use of criminal proceeds – including from organized crime – to finance terrorists, conducted within the framework of the EAG/APG joint project on the same topic, whose findings will be presented in the second half of 2019.





Participants in the second breakout session on risks related to virtual assets, reviewed countries' reports on the use of virtual assets for money laundering, studied the experience of national competent authorities in identifying and investigating such crimes, and talked about the use of enforcement measures and confiscations. They also discussed the role of the private sector in identifying and analysing the relevant schemes, including the mechanisms for identifying unregistered providers of virtual asset services, the possibility of obtaining information on cryptocurrency transactions from the traditional banking sector and the use of specialized hardware. According to a representative from FATF Secretariat, this workshop represents a significant contribution by the EAG and APG to the current FATF project to draft operational guidelines on the identification, investigation, seizure and confiscation of virtual assets.

The third breakout session was an extension of the joint FATF/APG report on the study of the financial flows from human trafficking which was published in July 2018. Human trafficking and related risks and consequences, both financial and social, affect virtually every jurisdiction in the world with approximately 40 million victims of modern slavery in 2016 and annual revenues estimated to be approximately \$150 billion. The new APG project

focuses on both human trafficking and people smuggling with a focus on public – private partnerships which formed the basis of the breakout session. The breakout session involved active participation from representatives from EAG/APG member jurisdictions (including FIUs, law enforcement and other competent authorities), non-government organizations, civil society and the private sector who shared case studies, challenges, emerging issues and examples of effective collaboration between the different stakeholders.

The workshop ended with the presentation of ITMCFM projects for participants in the international AML/CFT system.

In his closing remarks, the head of Rosfinmonitoring's Siberian Federal District office, **A. A. Dolbnya**, noted that the discussion of the topics raised at the workshop is particularly important for the Russian Federation in the context of the upcoming FATF mutual evaluation.

**A. A. Dolbnya:** "Many countries participating in the workshop have already hosted visiting missions and appreciated the high bar set by the FATF for national AML/CFT systems. I'm confident that typologies discussed in the breakout sessions will find practical application within the national

AML/CFT systems, helping mitigate the risks stemming from the use of digital financial assets for criminal purposes and bolstering the fight against transnational crime (including human trafficking) and terrorist financing."

## Background

**The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) and the Asia-Pacific Group on Money Laundering (APG)** are FATF-style regional bodies that pursue independent AML/CFT policies based on the FATF Recommendations. The EAG is a FATF-style regional body uniting Belarus, India, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan. The EAG and the APG are associate members of the FATF. The APG, where Russia holds observer status, includes 41 countries of the Asia-Pacific region among its members.



## MONEYVAL's 57th Plenary Meeting

*The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and Financing of Terrorism of the Council of Europe (MONEYVAL) held its 57th Plenary meeting in Strasbourg on 3-7 December 2018*



One of the main formats of the Plenary meeting was a forum to discuss the fight against human trafficking and modern slavery-related money laundering, attended by representatives of the FATF, the Egmont Group, GRETA and the private sector. The Plenary adopted the regional counter-terrorist financing action plan.



MONEYVAL has completed the evaluations of the Czech Republic and Lithuania, endorsed the FATF/MONEYVAL joint evaluation of Israel and approved follow-up reports of Azerbaijan, Andorra, Croatia, Hungary, Liechtenstein,

Montenegro, Romania, Serbia, Slovenia and the former Yugoslav Republic of Macedonia. MONEYVAL also adopted a report on a voluntary tax compliance system of the Republic of Moldova.

The Committee heard reports and held discussions on the following topics:

- changes in the FATF standards applicable to the regulation of virtual assets;
- a strategy to disrupt terrorist financing; a horizontal analysis of the DNFBP sector (supervision and preventive measures) as part of the new round of evaluations;

- the work carried out by Russia's International Training and Methodology Centre for Financial Monitoring;
- studying the information collection tools and methods for countering corruption and other financial crime of the Basel Institute on Governance.

Participants also exchanged views with Mr. Branislav Bogachik, chairman of the conference of the parties to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

## Video Conferencing System. 2018 Key Outcomes

The EAG's video conferencing system (VCS), created in accordance with the EAG 9th Plenary (16 - 19 December 2008) decision on the development of the EAG Common Information Space concept, facilitates closer engagement between national FIUs and other government authorities, allowing them to organize real-time meetings and conferences, trainings, round tables with experience-sharing sessions, and other activities.

The VCS, operated by the International Training and Methodology Centre for Financial Monitoring (ITMCFM). ITMCFM, as the VCS operator, collates and summarizes these proposals, making them part of its draft annual activity plan.

VCS is currently used by the financial intelligence units of Armenia, Belarus, Kazakhstan (Astana and Almaty hubs), Kyrgyzstan, Russia, Tajikistan and Uzbekistan, with plans to connect the universities of the International network AML/CFT institute (INI) in the near future.

Among the predominant formats of training activities held in 2018 were:

- training courses for the key categories of AML/CFT systems participants (FIUs, law enforcement, supervisors and the private sector);
- thematic roundtable discussions of specific FATF Recommendations and Immediate Outcomes;



- workshops on current trends and national AML/CFT systems development prospects.

The effectiveness of the EAG VCS has been repeatedly praised at Working Group on Technical Assistance (WGTA) meetings during EAG Plenaries. Participants particularly noted its use as an operational communication tool, whose relevance increases further in the run-up to mutual evaluations.

In May 2018 at the 28th EAG Plenary meeting in Nanjing (China), taking into account the results achieved the videoconferencing system operation was found to be effective by all EAG member states. Following the 29th Plenary meeting in Minsk (Belarus) in November 2018, all concerned EAG FIUs, other

government agencies, educational and scientific institutions, and representatives of the private sector were urged to work with ITMCFM to explore the possibility of connecting to it.

ITMCFM, after summarizing proposals submitted by the EAG FIUs and other interested VCS users, has prepared a 2019 plan of video conferencing activities for EAG member and observer countries. In preparing such events, ITMCFM increasingly relies on initiatives and organizational support from supervisory and law enforcement agencies, as well as FIUs. The implementation of this plan will contribute to the further development and strengthening of the capacity of national AML/CFT systems across Eurasia.

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](mailto:info@eurasiangroup.org)

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Publisher: Autonomous Non-Profit Organization ITMCFM. Chief editor V. Nechaev. Editorial board: P. Kukushkin, I. Lisina, K. Litvinov.