Global Organisation
of 151 Financial Intelligence Units

COMBATING
MONEY LAUNDERING and
TERRORIST FINANCING

by Exchanging Operational Financial Intelligence
**Cover Design Rationale**

The cover design uses double exposure images to demonstrate the complexity and layers of this year's theme: money laundering and terrorist financing. The art combines the ideas of currency, transactions, organisations and people. Silhouetted individuals appear to be in shadows, hinting at a hidden or threatening motive. The use of black and white imagery and muted colour offset by a rich tone of red strengthens the serious tone of this year's theme and provides a visually striking contrast.
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It has been a year since the Heads of Financial Intelligence Units (HoFIU) entrusted me with the great responsibility of chairing this prestigious organisation, which brings together more than 150 financial intelligence units (FIUs) from around the world. Whilst we are from different legal and cultural backgrounds, we share the same goal of making the world a safer place through tackling the economic power of criminal organisations. Whilst I have approached my responsibilities with full commitment and passion my efforts have only met with success due to the extraordinary support of my colleagues in the Egmont Committee (EC) and in the Egmont Group Secretariat (EGS).

The following four new Working Groups, formed in February 2016, have been working tirelessly in order to continue with the implementation of the two Key Result Areas (KRAs) of the Egmont Group Strategic Plan 2014-2017:

- Information Exchange on Money Laundering and Terrorist Financing Working Group (IEWG);
- Membership, Support, and Compliance Working Group (MSCWG);
- Policy and Procedures Working Group (PPWG); and
- Technical Assistance and Training Working Group (TATWG).

I would like to express my sincere appreciation to the Chairs and Vice-Chairs of the Working Groups for their strong leadership and for their determined efforts to meet these KRAs which will allow us to accomplish the crucial goals of the Egmont Group such as to promote the development of effective FIUs through the support and compliance procedures, to support members in order to enhance their capacity and expertise, to develop and deliver technical assistance and training, and to promote the adherence of all FIUs to international standards.

There are three relevant and critical Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) challenges that our organisation has to tackle immediately:

- counter financing of terrorism;
- beneficial ownership/transparency issues; and
- risks posed by not being responsive to the innovations in the financial sector.

Rest assured, these challenges are being prioritised by the EC, and important decisions have been taken in that regard:

- by the beginning of 2016 Phase I of the ISIL project was concluded, regarding the study of multilateral information sharing to identify FTF characteristics and indicators. Key recommendations were made to FIUs thanks to this project, such us sharing the Egmont FTF indicators with reporting entities, engaging with domestic intelligence agencies (security services), enhancing spontaneous or multilateral sharing of TF-related information with other FIUs, and sharing experiences and best practices with other FIUs;
- currently the ISIL Project team is undertaking Phase II, where in we will be able to develop ways to use
financial intelligence to identify FTF facilitation, logistics, and travel networks related terrorist groups and their affiliates, as well as a TF Emergency Response Checklist advising what to do in response to a terrorist attack; and

through the work of the IEWG, the PPWG, and the TATWG, important initiatives are expected to be taken in order to tackle the problem of the limited access to beneficial ownership records and cross-border wire transfer across and within jurisdictions. With the support of the Working Groups, we are expecting to address this issue through a targeted multilateral sharing project on financial crime, by demonstrating the intelligence value of cross-border wire transfer reports based on the existing projects and the capacity building of Egmont Group members.

As you can see, these are very challenging tasks that will require the full support of all FIUs, by collaborating closely with their Regional Groups and Working Groups. Given the level of cooperation that the Egmont Group member FIUs have shown since the inception of this organisation, I am convinced that we will meet our ambitious goals for the next year with professionalism and team-spirit.

Finally, I don’t want to finish these remarks without giving the warmest welcome to our colleagues of the FIU-Ecuador1, as the 152nd member of our organisation, and to our new Executive Secretary, Mr. Jérôme Beaumont, who was appointed after a hard-fought selection process thanks to his outstanding capabilities for the position. I am convinced that under his leadership the EGS will maintain its exceptional commitment and professionalism.

Sergio Espinosa

Head, FIU-Peru
Chair, Egmont Group of Financial Intelligence Units

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1UAF Ecuador (FIU-Ecuador) became a member of the Egmont Group on 2 September 2016 after an out-of-session approval. UAF-Ecuador’s admission will be reported in next year’s Annual Report as their admission to the Egmont Group was outside of the reporting period 30 June 2015 - 1 July 2016
Remarks by
THE FORMER EXECUTIVE SECRETARY
(SEPTEMBER 2012 – FEBRUARY 2016)

The Egmont Group continues to transition into a more operational, transparent, and inclusive body and has adopted a new working group structure of four new working groups to assist the organisation to meet its strategic objectives. The magnitude of financial intelligence is at its genesis. The next two decades will witness a transformation within law enforcement bodies, whereby financial intelligence will play the central role in combating crime to include combating terrorism. “Following the money” will no longer be an anomaly. The role of FIUs will become even more momentous as we move forward and the Egmont Group must play a pivotal role in preparing FIUs for the road ahead. This will require more focus; doing away with outdated practices; and, will require an environment whereby creative thinkers can thrive. There are many talented people engaged with in the Egmont Group. It will be exciting watching the organisation evolve over the coming years.

This is my last opportunity to contribute to the Egmont Group’s Annual Report in the capacity of Executive Secretary. Thus, I want to take this opportunity to extend my sincere appreciation to the highly professional staff at the EGS. Francis, Craig, Julia, Stacey, Elad, Victoria, Fares, and Claire are exceptional professionals and it has been an immense pleasure working with them over the past year. Moreover, I’d like to take this opportunity to thank the hard-working professionals of the Egmont Group membership that contribute so significantly to the organisation, while maintaining their hectic day jobs. I have often been amazed by how some of our smallest members contribute so much to this organisation (you know who you are). I strongly encourage all HoFIU to look into the mirror and ask themselves, “can I do more for the Egmont Group?” The reality is that for some Egmont Group regions, the support and establishment a functional national FIU remains a priority. As such, the number of FIUs with long standing experience behind them, and who can engage on operational and strategic collaboration to combat ML/TF is limited. As financial intelligence continues to be important in combating crime, this evolution from developing to fully operationalised FIUs needs to continue and be supported – leading to broader contributions to the aims of the Egmont Group.

I also want to take this opportunity to express a special thanks to Mr. Murray Michell for his mentorship, friendship, and leadership during his time as Chair of the Egmont Group and after. One of the more positive experiences as the Executive Secretary was getting to know Murray. I will always treasure our friendship and the bonds that I’ve created with many other members of this esteemed organisation. Your friendship, kindness, guidance, and support are deeply appreciated.

I strongly believe the organisation has made tremendous strides during my term as Executive Secretary. I am proud of many of the significant changes that have occurred and the positive role the Secretariat played. I believe we have moved the Egmont Group towards a more “operational” focus. Many in the FATF now consider the Egmont Group as the “operational experts.” I see this as a very positive transformation in our relationship with the FATF.

However, to maintain its prominence, the Egmont Group will need to be agile. It must be prepared to address new risks, developments, and methods. It must explore improved mechanisms for cooperation and communication. It must continue to evolve into an organisation that can address important issues in a timely manner. This can only be accomplished when the HoFIU – the individuals in
their jurisdiction who are focused 100 per cent on AML/CFT - are engaged and set the agenda. I urge the HoFIU to encourage the Egmont Group to focus on operational matters and strategic outcomes. Also, it is imperative that the EGS is favorably regarded as an indispensable entity. The EGS is comprised of professionals that are extremely dedicated to the vigor and vitality of the organisation. It is important that the HoFIU support this small group of professionals and I encourage all HoFIU to make the effort to better understand the work performed by the EGS and provide them with the necessary support and encouragement.

The challenges facing Egmont Group members are becoming more complex and even more grueling. To address these challenges as a group, requires strong leadership. Thus, I encourage all HoFIU that possess the requisite skills to consider becoming Chair of the Egmont Group of Financial Intelligence Units when the opportunity arises. The job is demanding but the organisation can’t move forward without appropriate leadership from the Chair.

I believe the organisation continues to make substantive strides, and look forward to monitoring its continued growth and continued success. I wish all my colleagues, including the new Executive Secretary, tremendous accomplishments over the coming years. ¡Viva la Egmont!

Kevin Mark Stephenson

Former Executive Secretary,
Egmont Group of Financial Intelligence Units
Remarks by

THE INCOMING EXECUTIVE SECRETARY
(SEPTEMBER 2016 – PRESENT)

It is with great honour that, on 12 September 2016, I accepted the position of Executive Secretary of the Egmont Group of Financial Intelligence Units. With over five years of experience at the French FIU, TRAC-FIN, I have been collaborating with colleagues within the Egmont Group for many years.

REMARKS AND VIEWS

In joining the Egmont Group, my main goal is to implement the major strategy developed jointly by the Chair, the EC, and the HoFIU in the coming years: to continue enhancing the operational nature of the organisation.

The operational exchanges of information between more than 150 Egmont Group member FIUs, thanks to the Egmont Secure Web, are reflected by comprehensive figures described further in this annual report. But in the current context of a worldwide terrorist threat, these figures can and must be enhanced, in quality and volume.

On the one hand, within the Egmont Group, this goal requires the reduction of the barriers to information exchange, developing new powers and investigation tools, sharing best practices, and delivering training that will make the collective work of the Egmont members more meaningful and efficient.

On the other hand, externally, to reach this major goal will require us to further cultivate and foster the partnerships between the Egmont Group and the other international AML/CFT stakeholders.

CONCLUSION

The remarks and views expressed above summarise the direction taken by the organisation for the upcoming years and the EGS I represent intends to play its full role in the various challenges which the Egmont Group will have to face. To support the numerous tasks and initiatives ahead of us, I know that I can rely on the highly skilled and experienced team at the EGS.

Jérôme Beaumont
Incoming Executive Secretary,
Egmont Group of Financial Intelligence Units
WHY IS THE EGMONT GROUP RELEVANT?

» The Egmont Group provides a global response to terrorist financing and is a major contributor to the global response for countering ISIL financing through the ISIL Project.

» Financial Intelligence Units (FIUs) serve as the “trusted gateway” for the financial sector to receive disclosures of suspicious and other relevant financial activity from reporting institutions. The Egmont Group provides a secure IT platform (Egmont Secure Web, ESW) through which this information can be shared globally.

» FIUs have a unique role in providing “value-added” financial intelligence due to their exclusive focus on AML/CFT, the Egmont Group assists this process through the provision of capacity building, training and research projects.

» The Egmont Group has an important role in improving the quality and relevance of international standards to exchange financial intelligence and other related information.
The Egmont Group’s

2015-2016 HEADLINES

» Provided a secure means to transmit sensitive financial intelligence between jurisdictions to combat money laundering and terrorist financing.

» Shared operational expertise to better understand and combat terrorist financing through the meetings of the Working Groups.

» Acted as the voice of financial intelligence units at the key global forums:
  • FATF Joint Experts Meetings
  • Egmont Group-FATF Joint Experts’ Meeting
  • Counter ISIL Financing Group (CIFG) meetings
  • FATF Plenary Meetings

» Reinforced the global efforts against terrorist financing through the publication of its third communiqué (February 2016) committing the Egmont Group of Financial Intelligence Units to:
  • engage in the multilateral exchange of intelligence on terrorist financing;
  • promote FIU engagement with domestic intelligence agencies to improve the flow of TF-related information;
  • explore the expansion of the range of reporting entities subject to the STR reporting regime; and
  • explore greater information sharing between the private and public sector as partners e.g. the Wolfsberg Group.

» Improved FIUs’ expertise and technology to capitalise on data and intelligence exchange to enable better cooperation.

» Improved access to key documents and bulletins for non-English speaking FIUs and other entities through translation into other languages.

» Contributed to the improvement of knowledge of strategic analysis and corporate vehicles by increasing the pool of trainers for Egmont Group training products.

» Provided Observers with access to the ESW as part of the organisation’s increased engagement with international partners.
ACKNOWLEDGEMENTS

HOST FIUs

» UTRF, Morocco – Strategic Analysis Train-the-Trainer Course, October 2015.
» SICCFIN, Monaco – Egmont Group of Financial Intelligence Units’ Meetings, February 2016.
» FMC, Armenia – CorFin, Train-the-Trainer Course, June 2016.

DONORS AND OTHER CONTRIBUTIONS

» FINTRAC-CANAFE, Canada – Historical financial contribution as the host jurisdiction for the Egmont Group Secretariat since 2007.
» EFFI, Liechtenstein – CorFin, Train-the-Trainer Course, June 2016 - Technical Assistance and Training Working Group Activities Fund.
» SAFIU, Saudi Arabia – Annual donation of USD 100,000 for a period of 10 years and seconding an experienced Senior Officer to the Egmont Group Secretariat (from July 2014).
» AMLD, Taiwan – Funding for the Global Strategic Analysis Course (SAC) in February 2016 and seconding a Senior Officer to the Egmont Group Secretariat (from September 2015).

VOLUNTARY CONTRIBUTIONS

» FinCEN, United States – Hosting, maintaining and improving the Egmont Secure Website.
Chapter I

THE EGMONT GROUP
OF FINANCIAL INTELLIGENCE UNITS

The Egmont Group is a united body of financial intelligence units (FIUs) from 151 jurisdictions which provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing (ML/TF). This is especially relevant as FIUs are uniquely positioned to cooperate and support national and international efforts to counter terrorist financing and are the trusted gateway for sharing financial information domestically and internationally in accordance with global AML/CFT standards.
The Egmont Group continues to support the efforts of its international partners and other stakeholders to give effect to the resolutions and statements by the United Nations Security Council, the G20 Finance Ministers, and the Financial Action Task Force (FATF). The Egmont Group also responds to calls for greater international cooperation and exchange of operational and strategic information to combat the Islamic State of Iraq and the Levant (ISIL) and other illicit financial activity. The Egmont Group is able to add value to the work of member FIUs by improving the understanding of ML/TF risks amongst its stakeholders. The organisation is also able to draw upon operational experience to inform policy considerations; including AML/CFT implementation and AML/CFT reforms. The Egmont Group is the operational arm of the international AML/CFT apparatus.

The Egmont Group recognises sharing of financial intelligence is of paramount importance and has become the cornerstone of the international efforts to counter ML/TF. Financial Intelligence Units (FIUs) around the world are obliged by international AML/CFT standards to exchange information and engage in international cooperation. As an international financial intelligence forum the Egmont Group both facilitates and prompts this amongst its member FIUs.

As demonstrated by ongoing terrorist activity as well as the proliferation of Foreign Terrorist Fighters (FTFs) the increasing escalation of violence led by designated terrorist organisations such as ISIL, al-Qaida and their respective affiliates, pose a serious threat to international peace and security. The Egmont Group is committed to capitalising on the unique information collected by its global network to combat such organisations and disrupt their financing activities. The Egmont Group develops and uses this intelligence to improve its members’ capacity to act proactively. Such is the importance of this subject, Chapter II of this annual report focuses upon the Egmont Group-led ISIL project.

As the Egmont Group grows it has become necessary to provide measures of how successful it is in achieving its goal of “providing a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing”. Chapter III of this annual report provides an overview of how the organisation is performing against the four key result and strategic focus areas.

» Enhance Effective Information Exchange between FIUs;
» Facilitate Adherence to the International Standards, Developing and Sharing Expertise of FIUs;
» Promote External Relations and Cooperation with Partner Organisations; and
» Build and Maintain an Effective and Sustainable Organisation.

Egmont Group members have contributed in a variety of ways, including participation during Egmont Group events. During 2015-2016 these efforts were centred around a co-hosted experts meeting on terrorist financing with the FATF in Paris in late 2015 and the Heads of FIU and EC Intersessional Meeting in Monte Carlo in February 2016. Whilst the planned meetings in July 2016 were cancelled further meetings were conducted during the last quarter of 2016.

The Egmont Group provides an active voice for FIUs at various forums and through its officers and representatives, has been, engaged in AML/CFT policy, capacity building, and coordination of international AML/CFT efforts. This is in addition to its information sharing and private sector engagement. The Egmont Group actively contributes to and participates in its partners’ events and initiatives. During 2015-2016 such activity saw the Egmont Group participate in over 20 international events with numerous partners including the FATF, FATF Style Regional Bodies (FSRBs), think tanks, international bodies such as the OECD Forum on Tax and Crime, and private sector representative groups.
# THE STRUCTURE OF THE EGMONT GROUP

**THE HEADS OF FINANCIAL INTELLIGENCE UNITS (HoFIU)**  
Governing Body  
Establish the mandate and priorities of the organisation and make decisions on any developments affecting the group’s membership, structure, budget, and principles. The HoFIU may delegate specific authorities in order to expedite certain decisions, enhance effectiveness, and streamline issues before HoFIU consideration.

**THE EGMONT COMMITTEE (EC)**  
Advisory Body  
Serves as the consultation and coordination mechanism for the HoFIU, the Regional Groups and the Working Groups. Led by the Chair of the Egmont Group it is comprised of the Working Group Chairs, the Regional Representatives, the ESW Representative, and the Executive Secretary.  
The EC has responsibility for decision-making in areas delegated by the HoFIU. The EC is responsible for ensuring the horizontal and vertical cohesion of the work of the Egmont Group.

**WORKING GROUPS (WGs)**  
Operational Bodies  
Created by the HoFIU upon the recommendation of the EC, their activities are mandated in line with the Egmont Group’s strategic plan.

**REGIONAL GROUPS**  
Regional Representative Bodies  
Provide support to member FIUs in their respective regions and represent their members in the EC with regards to compliance matters, and other issues of importance.

**EGMONT GROUP SECURE WEB (ESW) REPRESENTATIVE**  
Secure Communications  
An electronic communication system that provides an encrypted platform for members to communicate electronically and share financial intelligence, as well as other information of interest. Such information is able to be shared amongst Egmont Group members. The ESW is critical to the functioning of the Egmont Group. The HoFIU provide the mandate for the ESW, and approve and monitor its governance structure and policies.

**THE EGMONT GROUP SECRETARIAT (EGS)**  
Administrative, Strategic, and Technical Support  
Provides strategic and administrative support to the HoFIU, the EC, the WGs, the Regional Groups, and assists with content management on the open areas of the ESW. The EGS is headed by the Executive Secretary whose appointment is endorsed by the HoFIU, and reports directly to the Chair of the Egmont Group.

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3 For more information, please refer to Chapter III - Measuring Success.  
4 For more information on the regional groups, please refer to Chapter IV - The Egmont Group’s Regional Updates and Developments
Chapter II

EGMONT GROUP SPOTLIGHT ON
TERRORIST FINANCING

WHAT IS THE INTERNATIONAL CONTEXT?

The international community has been working together for a number of years to combat the threat of terrorism and FTFs. Increased efforts to share information have aimed to identify members of terrorist organisations, disrupt terrorist activities, and the associated financing channels. As of late 2015, an estimated 30,000 FTFs had travelled to ISIL-controlled territory, according to the International Center for Counter-Terrorism\(^5\), an independent research group based in the Netherlands.

WHAT IS THE EGMONT GROUP RESPONSE?

In response to global efforts to combat terrorism, more specifically FTFs, the Egmont Group launched the ISIL Project in February 2015. This project aimed to develop financial profiles, indicators, and typologies of suspected FTFs associated with the designated terrorist organisations: ISIL/Daesh; Al-Qaeda; Al-Nusra Front (ANF); and their affiliates or splinter groups. The purpose of this project was to develop a set of strategic financial intelligence products to expand the understanding on FTFs and Foreign Terrorist Supporters (FTSs) from a regional perspective based on the unique financial data available to FIUs. More specifically, the objective was to identify vulnerabilities, risks, trends, and financial modus operandi of individuals either planning to travel, having already travelled to conflict zones in Iraq and or the Levant, and the individuals or organisations facilitating such travel.

ISIL PROJECT PHASE I

The first phase of the project ran from February to September 2015. During this time, 37 participating FIUs exploited their unique data sets, including STRs and other data filed by financial institutions to identify and track FTFs traveling to Iraq and the Levant. Each FIU developed indicators and financial profiles of suspected FTFs and their associated funding and expenditure streams within their own jurisdictions, often in collaboration with government authorities. This information was then combined to discern distinct regional trends and patterns.

The multilateral information sharing at the core of the first phase of the project led directly to the:

» connections of separately identified networks of FTF financial facilitators and their funding methods

» generation of new investigative leads for law enforcement or intelligence agencies in the various jurisdictions; and

» development of a comprehensive picture of the transactional life cycle of FTFs traveling to the conflict zones as depicted in Figure 2.

The ISIL project was the first time the Egmont Group had brought FIUs together to exchange information multilaterally on terrorist financing. Such an approach proved to be especially beneficial in the case of information on FTFs as often information available to individual jurisdictions had been fragmented; making it difficult to build a broader threat profile.

Key Outcomes

» The Egmont Group developed a bulletin for the private sector that contained indicators describing specific characteristics of financial transactions likely to be linked to FTF financing. Reporting institutions were able to use this information to identify possible FTF-related transactions and report them to their competent authorities.

» As a result of sharing the bulletin, FIUs have been able to demonstrate an increase in suspicious transaction reports (STRs) relating to possible terrorist financing. Additionally, reporting institutions provided positive feedback on the bulletin, especially those with offices in different jurisdictions.

» The five-phase transactional profile of FTFs was developed to show the five main stages of activity by FTFs

• Phase 1: Pre-departure
• Phase 2: Travel and Transiting
• Phase 3: ‘In-Theatre’
• Phase 4: Returning
• Phase 5: Facilitation

FIGURE 3
Transactional Profile of Foreign Terrorist Fighters (FTFs)
The first phase of the project also provided insights for improving multilateral information sharing mechanisms between FIUs to combat terrorist financing. These findings, when coupled with the operational outcomes were discussed in detail at the Heads of FIU Intersessional Meeting in Monaco in February 2016. At this meeting the HoFIU agreed to:

» promote FIU engagement with domestic intelligence agencies to improve the flow of TF-related information;

» examine the utility of cross-border wire transfer information in the context of combating TF;

» consider mechanisms to identify couriers transporting cash or non-cash instruments across borders;

» identify the need to expand upon the range of reporting entities subject to the STR reporting regimes;

» implement solutions for increased access to more sources of information identified as necessary for sharing actionable financial intelligence to counter TF threats;

» update the Egmont Group’s foundational documents to enable spontaneous and multilateral information exchange; and

» commit to improving FIU capability leveraging expertise and technology to better capitalise on data, exchange intelligence, and enable international cooperation.

The project team’s findings also provided the basis for continued cooperation with the FATF to overcome information access and sharing challenges and to ensure international standards supported effective combating of terrorist financing.

ISIL PROJECT PHASE II

The second phase of the ISIL project commenced in 2016. This phase brought together 27 FIUs with an aim to use financial intelligence to identify FTF facilitation networks related to the designated terrorist organisations: ISIL/Daesh; Al-Qaeda; Al-Nusra Front (ANF); and their affiliates. In this context, facilitation networks included individuals and entities assisting with the movement of funds, people, weapons, and resources for designated terrorist organisations and their affiliates. Not only was the focus on facilitation networks associated with FTFs critically important to prevent FTFs from traveling, but it also uncovered previously unknown terrorists and FTFs. The identification of such individuals remained vital to the authorities responsible for policing borders and preventing terrorist acts.

During the second phase of the ISIL project, the 27 participating FIUs compiled case studies on FTFs facilitation networks and produced three reports of sanitised cases. The first of these reports was published in May 2016, the second, in August 2016, and the third in November 2016. The report published in May identified a number of commonalities in the cases:

» common facilitators for a number of FTFs;

» use of multiple financial service providers in an attempt to evade compliance scrutiny;

» use of money services businesses (MSBs); and

» value of press reporting on the cases that often included names of suspects.

During the second phase of the ISIL project a sanitised strategic typology report is being completed to highlight the trends and methods included in the case studies and other material provided by project participants.

To produce the strategic typology reports, the EGS obtained the services of two research assistants, Masters of Global Affairs students and experts in International Security and Counterterrorism from the Munk School of Global Affairs, University of Toronto. The students used academic articles, media stories, and social media information on FTFs to inform the project and provide an additional layer of analysis to findings from confidential sources.
EGMONT GROUP COMMUNIQUÉS

Since the Egmont Group released its first communiqué on its intentions to combat TF in June 2015, the organisation has released two additional communiqués to address this topic:

» December 2015, after the extraordinary Paris FATF meeting which included the Egmont Group-FATF Joint Experts’ Meeting;

» February 2016, after the Monaco HoFIU and EC Intersessional Meeting.

FIGURE 4
Egmont Group Communiqués

NEXT STEPS

Given the success of the Egmont Group’s bulletin on FTFs’ financial profiles, the project will also deliver a bulletin for the private sector based on the indicators, trends, and patterns identified from the provided analysis on FTF facilitation networks.

Please refer to Appendix A for the complete text of the communiqué.
Chapter III

MEASURING SUCCESS

AIM

The Egmont Group aims to: “provide a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing”.

To facilitate achieving this aim the Egmont Group has defined a number of Key Result Areas (KRAs) and Strategic Focus Areas (SFAs). In addition, the organisation has recently restructured its operations in order to have a framework which is better suited to meet its objectives.

As stated, the organisation has four working groups which leverage the capabilities of its membership to exchange information to combat money laundering and counter terrorist financing.

The Egmont Group’s success is measured through two KRAs:

Key Result Area 1 (KRA 1) Enhance Effective Information Exchange between FIUs; and

Key Result Area 2 (KRA 2) Facilitate Adherence to International Standards, Develop, and Share Expertise of FIUs.

These KRAs are supported by two SFAs:

Strategic Focus Area (SFA 1) External Relations and Cooperation with Partner Organisations; and

Strategic Focus Area (SFA 2) Build and Maintain an Effective and Sustainable Organisation.
The timely international exchange of high quality financial intelligence is a key goal for Egmont Group members. Since 2011, Egmont Group members have been increasing their international exchange activity.

The graph in Figure 5 depicts the number of requests exchanged by Egmont member FIUs as reported in the Egmont Group Biennial Census information for 2010 (collected in 2011), 2012 (collected in 2013) and 2014 (collected in 2015). This upward trend of international exchange activity indicates the increased global collaboration between FIUs, including that linked to operational projects run by the Egmont Group.

Correlating to the increased international exchange activity, Egmont Group members have also reported an increased number of STRs. The increase in operational financial intelligence derived from STRs, allows the Egmont Group and its member FIUs to be better positioned to provide insights into financial crimes to support national AML/CFT efforts and those of international partner organisations like the FATF.

STRs also provide the basis of FIUs’ strategic analysis - as required under the FATF’s Recommendation 29. The content of STRs can feed into national risk assessments and FIUs’ understanding of emerging risks, in turn, providing opportunities for collaboration with reporting entities to better understand ML/TF risks within a specific jurisdiction or region.

The KRAs and SFAs capture the main activities of the Egmont Group of Financial Intelligence Units. Whilst each Working Group has primacy for each of the KRAs, it is apparent that there is a degree of overlap. The Working Group, the Regional Groups, the EC, the HoFIU, and the EGS share the responsibility for delivering against the KRAs and SFAs.

For more information on the Strategic Plan Performance Framework, please refer to the matrix in Appendix B.
Egmont Group 2015-2016 ON A PAGE

GLOBAL ORGANISATION OF 151 FIUs

MONACO MEETINGS 2016 ➔ 291 DELEGATES

19 Meetings Hosted by SICCFIN Monaco

16 Observers and International Partners

34 Memorandums of Understanding Signed

STRATEGIC PLAN FRAMEWORK

Strategic Focus Area 1
EXTERNAL STRATEGY OVERLAY

Key Result Areas 1 & 2
OPERATIONS

Strategic Focus Area 2
INTERNAL FOUNDATION

GLOBAL FOOTPRINT

Capacity Building
Regional Group Mandates
Supporting non-members

Americas Region
Asia and Pacific Region
Europe Region I
KEY RESULT AREAS AND STRATEGIC FOCUS AREAS

KEY RESULT AREA 1 (KRA 1)

Enhance Effective Information Exchange Between FIUs

Information exchange between FIUs was strengthened during 2015–2016 through project-based work on topics of strategic importance. The formation of the Information Exchange on ML/TF Working Group on ML/TF (IEWG) was instrumental to increasing information sharing between FIUs, bilaterally, and multilaterally. The following provides an overview of the projects completed by the Egmont Group which directly contribute to the enhancement of effective information exchange between FIUs during 2015–2016.

» ISIL Project
37 FIUs worked together to exchange operational information relating to FTFs in a multilateral setting. These exchanges of information led to a better understanding of FTF behaviour, financing methodologies and facilitation networks and also identified previously unknown entities of interest.

» FIU Cooperation with Law Enforcement Agencies
All Egmont member FIUs and their domestic law enforcement agencies were surveyed to identify gaps and challenges in domestic cooperation, highlighting the importance of information exchange and cooperation between FIUs and law enforcement agencies within a jurisdiction.

» Business Email Compromise (BEC)
Multilateral information exchange between FIUs is being utilised expeditiously to identify the perpetrators of scams targeting businesses through electronic channels and to attempt to recover funds lost through BEC. Through effective information exchange, the project team aims to identify associated money-laundering networks, cyber infrastructure, and related tactics, including social engineering and computer intrusion techniques, utilised to carry out such scams.

» Virtual Currencies
Research identifying risks, trends, and methods relating to the misuse of digital currencies (especially virtual currencies) for ML/TF purposes is being undertaken by the Egmont Group. Once identified, the information will be shared to improve FIUs capacity to respond to the emerging threat environment posed by digital currencies.

» Flexible, Consistent Information Exchange Standards
Attempts to establish consistent and uniform ways to exchange information between Egmont Group FIUs are being examined in this project. This also includes issues pertaining to big data analytics and the use of innovative IT tools to exchange information between FIUs.

» Innovations in the Financial Sector
The need to stay abreast of emerging technologies as well as new financial products and payment methods is essential to ensure FIUs remain relevant and informed of changes in their operating environments. This initiative has produced reports on mobile payment systems and blockchain, with future reports to be compiled on issues such as crowd funding, virtual currencies, or products used to finance terrorism.

In addition to the projects outlined above, the ESW continues to facilitate confidential information exchange between Egmont Group members and promotes the sharing of expertise between its members. The number of interational requests for information has increased during 2015–2016. This is in part, due to improvements made to the ESW and tools available on the ESW to Egmont Group members.
KEY RESULT AREA 2 (KRA 2)

Facilitate Adherence to International Standards, Develop, and Share Expertise of FIUs

Strengthening the quality of FIUs globally is of critical importance to maintaining the integrity of the international financial system, ensuring FIUs are able to effectively respond to ML/TF threats and implement AML/CFT standards. While the ownership of this particular KRA is shared by all of the Working Groups and Regional Groups, the following specific initiatives have been important in contributing to the Egmont Group’s successful outcomes during 2015–2016.

Several projects were concluded in February 2016 prior to the organisational changes to the Egmont Working Groups:

**FIU ANALYSIS**
In light of the work by the Egmont Group and the FATF defining operational and strategic analysis, this project defined financial analysis in the context of the work FIUs assisting national efforts to `follow the money’ and identify and prosecute ML and TF.

**FIU POWERS**
This initiative examined FIUs’ powers to access and share information with their domestic and international counterparts. A final report identified what FIUs considered the most useful information to be made available in international exchanges, what powers supported FIUs intelligence function and identified a number of policy issues for consideration. The final report was shared with the FATF and FSRBs.

**FINANCIAL REPORTING**
The focus of this project was to enhance FIU and reporting entity relationships, including the provision of feedback to reporting entities and options for increased cooperation in order to identify suspicious activity and transactions.

In addition to this project work, the following activities were conducted during 2015-2016.

» **Membership Support**
Egmont Group members serving as sponsors continued to provide specific guidance to candidate FIUs through capacity building and training initiatives, and sharing operational best practices.

» **Support and Compliance Procedure**
The MSCWG has continued to address the concerns in relation to the legal framework of three FIUs. Support teams have been established to ensure that two FIUs receive the necessary guidance required to address the limitations identified in their systems. A third FIU is under consideration for further action. Four additional referrals to the MSCWG by the EC were made based on red flags identified from FATF Mutual Evaluation Reports.

» **Strategic Analysis Train-the-Trainer Course, Rabat, Morocco, 26-28 October 2015**
Hosted by the UTRF, Morocco and funded by the TATWG Activities Fund, this initiative 24 qualified strategic analysts from 20 FIUs trained to deliver the Egmont Group Strategic Analysis Course (SAC). This significantly expanded the pool of qualified trainers available to run the course on behalf of the Egmont Group to increase FIU capabilities.

» **Global Strategic Analysis Course (Global SAC), Paris, France, February 2016**
The Egmont Group ran this course for 26 participants from 25 FIUs to increase understanding of strategic analysis, the intelligence cycle, and advanced critical thinking skills.

» **Corporate Vehicles and Financial Products (CorFin) Train-the-Trainer Course, Dilijan, Armenia, 14-17 June 2016**
21 participants from 15 FIUs increased their understanding of corporate vehicles and financial products, including legal arrangements, virtual currencies, trusts, financial markets, and search tools. The participants are now qualified trainers following the first iteration of this course. Further iterations of the course are planned with the support of this first pool of trainers and their respective units.

» **Securing an FIU Pilot Training Course (SEC-FIU), Manila, Philippines, 7-9 September 2015, and Lima, Peru, 3-5 December 2015**
Based on the operational guidance developed by the Information Technology Working Group (ITWG), 42 participants with a background in FIU management, security or IT from 25 FIUs, gained an understanding of
the best practices involved in developing and implementing security policies and procedures regarding physical, personnel, document and information security. The SEC-FIU course was developed with assistance from the U.S. Department of State Bureau of International Narcotics and Law Enforcement (INL) and was made available to participants from the entire Egmont Group membership. The course materials are available in five languages (Arabic, English, French, Russian, and Spanish).

» FiU Information System Maturity Model Pilot Training Course (FISMM), Manila, Philippines, 2-5 September 2015, and Lima, Peru, 30 November – 2 December 2015

43 participants from 25 FIUs with a background in FIU management, security or IT benefitted from this training course by enhancing their skills in the use of this self-assessment tool and developing a strategy to enhance an FIU’s IT effectiveness. The course was made available to participants from the entire Egmont Group membership. The course materials are available in five languages (Arabic, English, French, Russian, and Spanish).

STRATEGIC FOCUS AREA 1 (SFA 1)
External Relationships and Cooperation with Partner Organisations

Building on the important aim of developing and sharing expertise, the Egmont Group has fostered a relationship with the International Centre for Asset Recovery (ICAR) to host e-learning content for the Operational Analysis Course (OAC) training package. This joint project with an international partner with an AML/CFT mandate brings a collaborative approach to the sharing of expertise amongst FIUs and the wider AML/CFT network.

Similar partnership approaches are defining how the Egmont Group engages key AML/CFT stakeholders, including the private sector - the frontline in detecting and reporting suspicious financial activity. The Wolfsberg Group is an active international partner and participant in Egmont Group projects, particularly those overseen by the IEWG. The Egmont Group also contributed to the Wolfsberg Group Annual Forum in May 2016.

To further increase its engagement with external stakeholders, the Egmont Group, through the IEWG has undertaken the important task of developing a new public website for the Egmont Group. The website is a critical component of the Egmont Group’s revised communications strategy and will promote the Egmont Group’s ability to influence AML/CFT policy and identify synergies with other bodies active in AML/CFT. The website will augment Egmont’s external relations and be a tool to increase credibility for the Egmont and its member FIUs.

In 2016, the Egmont Group took another important step in developing its relationships with external partners by providing access to its secure web for Observer organisations as detailed in the Egmont Group’s document ‘Partnership with Observer and other International Partners’. This initiative provides Observer organisations direct access to Egmont Group documents and presents an opportunity for direct collaboration with FIUs on projects and other AML/CFT related work.

The collaboration between the the Egmont Group and the FATF has continued to grow during 2015-2016. The Egmont Group and the FATF held a Joint Experts’ Meet-

STRATEGIC FOCUS AREA 2 (SFA 2)

Build and Maintain an Effective and Sustainable Organisation

» Organisational Change
   The transition to the four new Working Groups with revised mandates\(^9\) has equipped the Egmont Group with a structure designed to serve the organisation’s aims and meet the growing expectations of its stakeholders. A transition team\(^10\) established in June 2015, provided oversight to ensure a smooth transition. This process which included the mapping of projects and initiatives against KRAS, updating procedures and business plans, as well as the selection of new chairs and vice-chairs for each Working Group, concluded in February 2016. The Regional Representatives have played an important role in ensuring that the regions are well represented in the composition of the Working Groups, ensuring both horizontal and vertical cohesion across the organisation.

» Egmont Group Secretariat
   The HoFIU endorsed the hiring of three additional staff within the EGS, a Senior Policy Officer, a Senior Officer and a Financial and Administrative Support Assistant, to enable it to conduct its responsibilities efficiently in accordance with the Egmont Group Charter and the Egmont Group Strategic Plan. Additionally, thanks to the generosity of the AMLD, Taiwan, the EGS welcomed a seconded officer from the FIU-Taiwan.

The EGS is accountable for reporting back against annual work objectives aligned with the strategic plan key result and strategic focus areas. For the fourth consecutive year it has been supported by two student interns from the Munk Business School of Global Affairs, University of Toronto. They have assisted the team in policy research and briefing on terrorist financing, proliferation financing, and the Egmont Biennial Census work. A close working partnership between the EGS, Working Group Chairs and Regional Representatives continues to be important to progressing the organisation’s aims. Moving into the next year, possible relocation options for the EGS are being considered by the EC in order to ensure the most efficient and effective allocation of resources and functioning of the Egmont Group as a whole.

\(^9\) For more information on the new Working Group mandates please refer to Appendix C.
\(^10\) The Transition Team was comprised of representatives from the following FIUs: GDPML, Albania, UIF, Argentina, FMC, Armenia, MOT-Aruba, AUSTAC, Australia, CTIF-CFI, Belgium, FIA, Bermuda, FINTRAC-CANAFE, Canada, EMLCU, Egypt, RAP, Finland, FIs, Guernsey, UIF, Italy, SIC Lebanon, EFFI, Liechtenstein, FIU, Netherlands, UIF, Peru, GIFI, Poland, CENTIF-Senegal, SEPBLAC, Spain, and FinCEN, United States.
Chapter IV

THE EGMONT GROUP’S REGIONAL DEVELOPMENTS

The Egmont Group adopted, in January 2015, a revised regional structure which reflects the Egmont Group’s Global Footprint and aligns the Regional Groups with the FATF and FATF-Style Regional Bodies (FSRBs). This encourages FIUs to meet with their counterparts in their respective regions and discuss regional issues that complement the strategic priorities of the Egmont Group. Each Region’s Action Plan aligns with the Egmont Group Strategic Plan – as approved by the HoFIU in June 2015.
Previously the Egmont Group had a five-region structure. In 2014, the regional footprint was reviewed and as depicted in Figure 7 below, the Egmont Group now operates through eight regions. This new structure aims to:

» better align FIUs to the FSRBs (as colour coded in Figure 7);

» reflect the diversity of the Egmont Group membership; and

» recognise the growing number of FIUs who are Egmont members or candidates for membership.

The Egmont Group is continuing to review its regional footprint to ensure it best serves the strategic plan and the needs of the respective regions and their FIUs. This review is scheduled to be completed in 2017.

FIGURE 7
Global Footprint

SUPPORT NON-MEMBERS TO BECOME EGMONT GROUP MEMBERS

Consistent with KRA 1 and SFA 1, the Egmont Group, is committed to supporting candidate FIUs to obtain Egmont Group membership. This strategy continues to be a high priority for four of the eight regional groups.

The Asia and Pacific Region of 27 FIUs has performed well and given sound examples of regional collaboration by extending outreach to 16 non-member FIUs. A regional seminar delivered in collaboration with the Asia Pacific Group on Money Laundering (APG) attended by 22 participants, including 12 practitioners from seven non-member FIUs - Bhutan, Democratic People’s Republic of Korea, Laos PDR, Papua New Guinea, Timor-Leste, Tonga, and Vietnam evidences their outreach efforts.

The seminar was co-chaired by one of the two Regional Representative for the Asia and Pacific Region and the Deputy Secretary of the APG with the objective of:

» raising awareness of the current Egmont Group membership process and support structures; and

» sharing experience/feedback on the membership application process from new members and sponsors.
New Egmont Group members, CAFIU, Cambodia and FIU, Nepal, joined by their co-sponsors, AMLO, Thailand and AMLD, Taiwan, shared their experiences on the membership process which proved to be especially useful as non-member participants were able to seek clarification on a wide range of practical and procedural issues.

Expressions of Interest have been received from four candidate FIUs in the Middle East and Northern African Region, namely Iraq, Mauritania, and Sudan. The partnership between the MSCWG Steering Group, the EGS, the Regional Representatives and the sponsors continues to be important in facilitating the membership process.

It is encouraging to note that the UF-CV, Cape Verde has made significant progress during 2015-2016 following the adoption of legislative amendments. It is expected that their application will be discussed at the Egmont Group meetings in early 2017. This is positive for the West and Central Africa Region and the organisation as a whole.

Legislative progress has also been reported by the sponsors of two candidate FIUs in the Europe II and Eurasia Regions, namely Kosovo and Turkmenistan. Regional Representatives have closely monitored the developments and ensured with EGS support that these candidate FIUs receive specific guidance during the membership process.

ENHANCE FIU CAPACITIES AND CORE POWERS

This implementation strategy serving KRA 2 is concerned with supporting FIUs to access training that addresses topics such as FIU powers, independence, security and confidentiality, National Risk Assessments (NRAs), new payment methods, and others. The delivery of the SEC-FIU Training Course developed with assistance from the U.S. Department of State - INL demonstrates regional collaboration between the APG and the Egmont Group. The co-chairs made presentations and engaged participants in group exercises on the threats and vulnerabilities facing FIUs and mitigation measures.

There is a positive correlation between regions with more established FIUs engaging in project work when compared with regions with a strong outreach focus. The Europe I Region initiated its first regional project on the “Use for Intelligence Purposes” in 2015. The Joint Project of the EU FIU Platform and the Europe I Region was adopted by the Egmont Group in Brussels on 10 June 2016.

The Egmont Group’s regional efforts have been channelled into improving and understanding the challenges faced by FIUs preparing for the mutual evaluations and NRAs in order to support them to contribute to the assessments.

PROMOTE REGIONAL COOPERATION

The creation of the FIU Forums has provided the Heads of FIU with a complimentary space to discuss operational matters in the margins of the FSRB meetings. This is positive in fostering cooperation between FIUs on region-specific issues and takes advantage of closer geographical ties to drive forward priority agenda items both at the regional level and for the organisation as a whole.

A sound example can be seen in the Middle East and Northern Africa Region which has formalised periodic meetings for its Egmont Group members in the margins of the MENAFATF plenary meetings. Positive outcomes from this region are the selection of representatives from the FIUs of Morocco, Saudi Arabia, and Egypt who have assumed Vice-Chair positions in the IEWG and TATWG. Three meetings were held during the reporting period. These face-to-face meetings complement the MENAFATF FIU Forum meetings comprised of Egmont Group and non-Egmont Group Heads of FIUs.

The periodic activity reports which provide information and updates on Egmont Group activities, projects, and developments are also an important mechanism for and measure of the regular communication between the Egmont Group and the FATF and FSRBs. Some regional groupings with established FIUs are now conducting operational projects together. Examples include the Europe I Region and Asia and Pacific Region.
UIAF, Colombia and IMPA, Israel were the finalists of the 2016 BECA Competition. The final round of the BECA Competition will take place in January 2017.

This year marks the 6th year of the BECA Competition now under the responsibility of the Technical Assistance and Training Working Group (TATWG). This year a special call for TF related cases was made.

The objectives of the initiative are to:

» incentivise FIUs to share their experiences, expertise, and knowledge;
» encourage Egmont Group member FIUs to contribute to the money laundering and terrorist financing case database; and
» raise awareness of the most recent methods and techniques used in laundering criminal proceeds.

A total of 18 cases received from 15 of the 151 member FIUs were judged by a panel of FIU representatives who came forward on a voluntary basis to assess the cases. The panel was comprised of representatives from the following FIUs:

» UIAF, Colombia
» EMLCU, Egypt
» UIF, Italy
» FIU-Mexico
» FIUTT, Trinidad and Tobago

The case submissions were required to meet a number of criteria, including:

» demonstrate that the role of the FIU was essential to the development of the case;
» provide evidence of effective international and domestic cooperation and coordination;
» highlight new or sophisticated ML/TF schemes, innovative techniques and methods; and
» ensure that the case is of sufficient complexity to serve as an informative case example.
CASE FROM UIAF, COLOMBIA

During 2009-2014, the Colombian commodity stock market was adversely impacted as a result of illicit activities with lasting reputational damage to the commodity stock market and far-reaching consequences for the value of exchanged assets. The investigation uncovered multiple cases of investment fraud, misappropriation of funds, broker embezzlement, fraudulent administration, conspiracy, spoliation of evidence, and judicial fraud carried out by the same criminal network.

The Mercantile Exchange Market of Colombia (BMC) is one of the two major stock market trading platforms in Colombia. All of the BMC’s operations and institutions are supervised by the Financial Superintendence of Colombia (SFC). The investigated brokerage firm, Firm A, a family business involved in securities exchange, specialised in agricultural and agro-industrial products. A prominent player with a 40 per cent participation rate in BMC’s operations, the firm’s primary functions were authorised and supervised by the SFC. In 2009 the firm engaged in investment fraud specifically targeting senior citizens with limited knowledge of stock markets (over 355 victims suffered a financial loss of USD 27.4 million in total). The victims were promised outstanding fixed returns on their investments.

In 2013, an inspection of the firm’s activities by the supervisory authorities revealed certain irregularities. This inspection together with a SAR prompted the UIAF to launch an investigation. The UIAF conducted an assessment of the firm’s activities using the network analysis approach. The UIAF also gathered data from both domestic and foreign entities and effectively utilised the opportunities offered by Egmont-facilitated FIU to FIU cooperation. Assistance provided by the FIUs in Panama and the United States proved to be especially valuable for the successful development of the case. By tracing the funds collected by the firm from the victims, the UIAF discovered that some of the activities of the brokerage firm were not necessarily related to mercantile exchange operations and that a considerable number of the firm’s operations were not registered.

It was also revealed that Firm A worked closely with an entity called TCVAL. The clients were led to believe that the securities they were investing in were being handled by the Central Securities Depository DECEVAL S.A., a government authorised entity. By exploiting the phonetic similarities between TCVAL and DECEVAL, TCVAL handled the securities of the investigated firm’s clients instead.

To substantiate the investments made by the firm’s clients, the firm would offer receipts issued by either the brokerage firm or the associated companies. These receipts were not in accordance with respective legal norms and as such they were factually invalid for the declared purposes. Once the firm or associated companies obtained the investors’ funds, they would use them freely for purposes unrelated to investors’ interests.

The investigation has been hindered due to attempts on the part of the investigated firm’s employees to hide evidence of illicit activities. Nevertheless, the respective Colombian authorities effectively shut down the brokerage, confiscated the firm’s assets, and suspended its activities. The case is still under investigation as evidence suggests that other individuals and legal entities were involved in the criminal network.
**CASE FROM IMPA, ISRAEL**

During 2007-2009 IMPA identified a several hundred per cent growth in STRs filed by banking institutions which specialised in financial services supporting the diamond industry. These reports showed abnormally large sums of money being exchanged in cash and international transactions which amounted to millions of USD for each transaction. This prompted IMPA to:

- conduct an analysis of industry-specific ML and TF risks, red flags and existing vulnerabilities;
- identify individuals and entities mentioned in submitted STRs and their possible connections to criminal organisations and professional money laundering activities.

IMPA’s intelligence reports resulted in an investigation by a ‘Joint Task Force’ of relevant Law Enforcement Agencies, including the Israel Police, the Israel Tax Authority, Prosecutors and IMPA representatives. The investigation uncovered significant criminal activity that included money laundering, tax and customs offences, forgery, and fraud.

The scheme involved two supporting structures:

- underground banking - the suspects provided money services such as cheque clearing, currency exchange, international transfers and loans. These activities of the “bank” and its customers were unregistered and concealed; and
- fictitious trade - the abovementioned services were carried out in the guise of diamond trade through the use of false declarations and fictitious export/import diamond documentation.
The investigation showed that the “customers” of the “underground bank” were using illegally gained cash. Depending on the type of service, the transfers were registered and declared as diamond exports/imports or the selling and buying of diamonds locally.

The perpetrators travelled abroad and upon their return to Israel declared at the airport they were carrying diamonds which they purchased abroad, while actually the imported parcel contained good quality, but low value, gems. The diamond dealer had up to 72 hours after entering Israel to declare this type of import to the customs authorities for clearance. Within this timeframe the perpetrators replaced the low value gems with very high value diamonds and re-sealed the parcel. The parcel was then declared at the customs desk within the Diamond Exchange as an import worth several million US dollars. This allowed the perpetrators to obtain an official import statement from the customs authorities.

The perpetrators would then present these documents to the actual bank to approve money transfers abroad and the money would then be transferred aboard to third parties, allegedly for the import of diamonds. In a similar manner, in order to receive funds from abroad a fictitious export deal was made. In this way, the “customers” of the “underground bank” used the diamond dealers’ accounts to transfer money without reporting it to the authorities. The total sums laundered amount to hundreds of millions of US dollars.

This case is an excellent example of Egmont-facilitated FIU cooperation. Since much of the illegal activity was conducted abroad, information requests were sent to Belgium, Hong Kong, Thailand, United Kingdom, and the United States. The responding FIUs provided comprehensive intelligence regarding companies owned by the perpetrators, their bank accounts and transactions.

Prior to the investigation, the diamond industry accounted for a significant part of Israel’s economy and one of the largest export/import industries in Israel. This was the first large-scale money laundering investigation related to the diamond industry and it resulted in a significant improvement of existing regulations. A total of 10 indictments relating to 15 entities were served as a result of the investigation. Additional indictments are likely to be served.
APPENDICES

APPENDIX A / The Egmont Group of Financial Intelligence Units Reinforces Its Efforts in Combating Terrorist Financing Communiqué

MONACO - The increasing actions of terrorists and terrorist organizations such as ISIL, Al-Qaida and their respective affiliates, as demonstrated by recent terrorist acts in Indonesia, Egypt, France, Lebanon, Mali, Saudi Arabia, Turkey and the United States, and the proliferation of Foreign Terrorist Fighters (FTFs), poses serious threats to security and international financial stability.

In response, the Egmont Group members have cooperated to produce an operational analysis of the financing for ISIL FTFs. The project identified challenges and highlighted successes to information sharing in combating terrorist financing (TF).

Recognizing its important role, on 1 February 2016, the Heads, or their designated representatives, of 102 Financial Intelligence Units, convened an extraordinary meeting of its governing body to discuss how the Egmont Group could positively respond to this increasing threat. As the international group that unites its members to exchange financial intelligence and expertise, the Egmont Group is committed to capitalising on its unique global network.

During this extraordinary intersessional meeting, the Heads of FIUs, within the context of each jurisdictions TF risk assessment, adopted the following recommendations and initiatives to:

» provide indicators of terrorism financing to industry partners to assist the identification of suspicious financial activity;

» examine the utility of cross-border wire transfer information in the context of combating TF;

» engage with domestic intelligence agencies to strive to improve the flow of TF-related information;

» consider the reporting of couriers transporting cash or non-cash instruments across borders;

» identify the need to expand the range of reporting entities subject to Suspicious Transaction Reports (STR) reporting regime;

» update the Egmont foundational documents to enable spontaneous and multilateral information exchange;

» implement solutions for appropriate access to more sources of information necessary to share actionable financial intelligence to counter TF threats;

» continue cooperation with the Financial Action Task Force (FATF) – which sets the international AML/CFT standards – to overcome information access and sharing challenges and ensure the international standards enable effective combating of terrorist financing; and,

» commit to improve FIU capability leveraging expertise and technology to better capitalise on data, exchange intelligence and enable cooperation.

By undertaking these initiatives and taking on-board these recommendations, the Egmont Group demonstrates that it recognizes its important role in combating terrorist financing. Continuously improving the flow of financial intelligence through its unique global network is a priority of the Egmont Group. The Egmont Group is committed to support its members and further cooperate with its international partners in combating terrorist financing.

Chair, Egmont Group of Financial Intelligence Units
1 February 2016
**APPENDIX B / Strategic Plan Performance Framework**

<table>
<thead>
<tr>
<th>Key Result Area/Strategic Focus Area</th>
<th>Strategic Plan Performance Framework</th>
</tr>
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<tbody>
<tr>
<td><strong>KEY RESULT AREA 1</strong></td>
<td>Promote the timely exchange of high quality information (according to R40).</td>
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<tr>
<td>Enhance Effective Information</td>
<td>Monitor compliance with Egmont Group standards (consistent with R29 and R40).</td>
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<td>Exchange between FIUs</td>
<td>Promote the use of secure forms of information exchange.</td>
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<tr>
<td><strong>KEY RESULT AREA 2</strong></td>
<td>Develop and promote operational guidance for FIUs.</td>
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<tr>
<td>Facilitate Adherence to International Standards, Develop and Share Expertise of FIUs</td>
<td>Interpret legal issues arising from standards.</td>
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<td></td>
<td>Address operational issues arising from standards.</td>
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<td>Enhance FIUs’ capacities.</td>
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<td></td>
<td>Build expertise of FIUs on ML and TF issues.</td>
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<tr>
<td><strong>STRATEGIC FOCUS AREA 1</strong></td>
<td>Promote regional cooperation.</td>
</tr>
<tr>
<td>External Relations and Cooperation with Partner Organisations</td>
<td>Better align Egmont Group strategic direction and priorities to relevant international organisations (e.g. FATF, FSRBs, IMF, WB, UNODC, OSCE, etc.).</td>
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<td></td>
<td>Promote cooperation with other international organisations with AML/CFT mandates.</td>
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<td></td>
<td>Support non-members in their efforts to become Egmont Group.</td>
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<tr>
<td><strong>STRATEGIC FOCUS AREA 2</strong></td>
<td>Improve member participation.</td>
</tr>
<tr>
<td>Build and Maintain an Effective and Sustainable Organisation</td>
<td>Ensure financial sustainability.</td>
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<td></td>
<td>Strengthen Egmont Group governance.</td>
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**OWNERSHIP**

- Working Groups
- Regional Representatives
- Egmont Committee
- Egmont Group Secretariat
- Heads of Financial Intelligence Units
## APPENDIX C / New Working Group Mandates

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<tr>
<td>MANDATE</td>
<td>Examines the synergies between operational analysts and IT experts to address the information exchange challenges faced by FIUs. Projects are aimed at increasing the quality and quantity of timely information exchange between FIUs based on operational and strategic analysis priorities.</td>
<td>Addresses membership, support, and compliance matters, including cooperation between FIUs, identifying red flags based on the Support and Compliance Process and making recommendations to the EC/HoFIU on new members and compliance matters.</td>
<td>Sets operational policy and provides interpretative advice on the core Egmont Group documents, including revisions and guidance relating to the core documents.</td>
<td>Provides high quality, demand-driven technical assistance and training to the Egmont Group and FIUs world-wide, seeking funding sources, it supports capacity building and the continuous development of FIUs worldwide.</td>
</tr>
<tr>
<td>STEERING GROUP</td>
<td>IEWG Steering Group</td>
<td>MSCWG Steering Group</td>
<td>PPWG Steering Group</td>
<td>TATWG Steering Group</td>
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<td>Chair:</td>
<td>Austrac, Australia</td>
<td>EFE, Norway</td>
<td>QFIU, Qatar</td>
<td>FIU-Netherlands</td>
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<td>FID, Bahrain</td>
<td>RAP, Finland</td>
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<td>SAFIU, Saudi Arabia</td>
<td>FinCEN, United States</td>
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<td>FinCEN, United States</td>
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<td>EFFI, Liechtenstein</td>
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</tbody>
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## APPENDIX D / List of 151 Egmont Group Members

### A
- Afghanistan (FinTRACA)
- Albania (GDPML)
- Algeria (CTRF)
- Andorra (FIUAND)
- Angola (UIF)
- Anguilla (MLRA)
- Antigua and Barbuda (ONDCP)
- Argentina (UIF)
- Armenia (FMC)
- Aruba (MOT-Aruba)
- Australia (Austrac)
- Austria (A-FIU)
- Azerbaijan (FMS)

### B
- Bahamas (FIU-Bahamas)
- Bahrain (FID)
- Bangladesh (BFIU)
- Barbados (FIU Barbados)
- Belarus (DFM)
- Belgium (CTIF-CFI)
- Belize (FIU-Belize)
- Bermuda (FIA)
- Bolivia (UIF)
- Bosnia & Herzegovina (FID)
- Brazil (COAF)
- British Virgin Islands (FIA)
- Brunei Darussalam (FIE, AMBD)
- Bulgaria (FID-SANS)
- Burkina Faso (CENTIF-BF)

### C
- Cambodia (CAFIU)
- Cameroon (NAFI)
- Canada (FINTRAC-CANAFE)
- Cayman Islands (FRA)
- Chad (ANIF)
- Chile (UAF)
- Colombia (UIAF)
- Cook Islands (CIFIU)
- Costa Rica (UAF-Costa Rica)
- Croatia (AMLO)
- Cuba (DGIOF)
- Curaçao (FIU-Curaçao)
- Cyprus (MOKAS)
- Czech Republic (FAU-CR)

### D
- Denmark (FIU Denmark)
- Dominica (FIU-Dominica)

### E
- Egypt (EMLCU)
- El Salvador (UIF-El Salvador)
- Estonia (MLIB)

### F
- Fiji (Fiji-FIU)
- Finland (RAP)
- France (TRACFIN)

### G
- Gabon (ANIF)
- Georgia (FMS-Georgia)
- Germany (FIU)
- Ghana (FIC)
- Gibraltar (GCID-GFIU)
- Greece (HELLENIC FIU)
- Grenada (FIU-Grenada)
- Guatemala (IVE)
- Guernsey (FIS)

### H
- Holy See (AIF)
- Honduras (UIF-Honduras)
- Hong Kong (JFIU)
- Hungary (HFIU)

### I
- Iceland (FIU-ICE)
- India (FIU-IND)
- Indonesia (PPATK)
- Ireland (MLIU)
- Isle of Man (FCU-IOM)
- Israel (IMPA)
- Italy (UIF)
- Ivory Coast (CENTIF-CI)

### J
- Jamaica (FID)
- Japan (JAFIC)
- Jersey (FCU-Jersey)
- Jordan (AMLU-Jordan)

### K
- Kazakhstan (Finmonitoring)
- Korea, Republic of (KoFIU)
- Kyrgyz, Republic of (FIS)
Latvia (KD)
Lebanon (SIC)
Liechtenstein (EFFI)
Lithuania (FCIS)
Luxembourg (FIU-LUX)

Macao (GIF)
Macedonia (FIO)
Malawi (FIU-Malawi)
Malaysia (UPWBNM)
Mali (CENTIF-Mali)
Malta (FIAU)
Marshall Islands (DFIU)
Mauritius (FIU-Mauritius)
Mexico (FIU-Mexico)
Moldova (SPCSB)
Monaco (SICCFIN)
Mongolia (FIU-Mongolia)
Montenegro (APMLTF)
Morocco (UTRF)

Namibia (FIC)
Nepal (FIU-Nepal)
Netherlands (FIU-NL)
New Zealand (NZ-Police FIU)
Niger (CENTIF)
Nigeria (NFIU)
Niue (Niue FIU)
Norway (EFE)

Panama (UAF-Panama)
Paraguay (UAF-SEPRELAD)
Peru (FIU-Peru)
Philippines (AMLC)
Poland (GIF)
Portugal (UIF-Portugal)
Qatar (QFIU)

Romania (ONPCSB)
Russia (Rosfinmonitoring)
Samoa (SFIU)
San Marino (FIA San Marino)
Saudi Arabia (SAFIU)
Senegal (CENTIF)
Serbia (APML)
Seychelles (Seychelles FIU)
Singapore (STRO)
Sint Maarten (MOT Sint Maarten)
Slovakia (FSJ)
Slovenia (OMLP)
Solomon Islands (SIFIU)
South Africa (FIC)
Spain (SEPBLAC)
Sri Lanka (Sri Lanka FIU)
St. Kitts and Nevis (FIU-SKN)
St. Lucia (FIA-St. Lucia)
St. Vincent & the Grenadines (FIU-SVG)
Sweden (NFIS)
Switzerland (MROS)
Syria (CMLC)
Taiwan (AMLD)
Tajikistan (FMD)
Tanzania (FIU)
Thailand (AMLO)
Togo (CENTIF-Togo)
Trinidad and Tobago (FIUTT)
Tunisia (CTAF)
Turkey (MASAK)
Turks & Caicos (FCU)
Ukraine (SFMS)
United Arab Emirates (AMLSCU)
United Kingdom (NCA)
United States (FinCEN)
Uruguay (UIAF)
Uzbekistan (FIU-Uzbekistan)
Vanuatu (FIU-Vanuatu)
Venezuela (UNIF)

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<table>
<thead>
<tr>
<th>Position</th>
<th>Entity</th>
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</thead>
<tbody>
<tr>
<td>Chair, Egmont Group of Financial Intelligence Units</td>
<td>FIU, Peru</td>
</tr>
<tr>
<td>Co-Vice Chair, Egmont Committee (Regional Representative – Europe I)</td>
<td>FIU, Germany</td>
</tr>
<tr>
<td>Co-Vice Chair, Egmont Committee (Regional Representative – Middle East and Northern Africa)</td>
<td>SIC, Lebanon</td>
</tr>
<tr>
<td>Chair, Information Exchange Working Group</td>
<td>AUSTRAC, Australia</td>
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<tr>
<td>Chair, Membership, Support, and Compliance Working Group</td>
<td>EFE, Norway</td>
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<tr>
<td>Chair, Policy and Procedures Working Group</td>
<td>QFIU, Qatar</td>
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<tr>
<td>Chair, Technical Assistance and Training Working Group</td>
<td>FIU-NL, Netherlands</td>
</tr>
<tr>
<td>Regional Representative – Americas</td>
<td>UIF, Argentina</td>
</tr>
<tr>
<td>Regional Representative – Americas</td>
<td>FIA, Bermuda</td>
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<tr>
<td>Regional Representative – Asia and Pacific</td>
<td>Fiji-FIU</td>
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<tr>
<td>Regional Representative – East and Southern Africa</td>
<td>FIU-Malawi</td>
</tr>
<tr>
<td>Regional Representative – Eurasia</td>
<td>Rosfinmonitoring, Russian Federation</td>
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<tr>
<td>Regional Representative – Europe I</td>
<td>HFIU, Hungary</td>
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<tr>
<td>Regional Representative – Europe II</td>
<td>GDPML, Albania</td>
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<tr>
<td>Regional Representative – Europe II</td>
<td>MROS, Switzerland</td>
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<tr>
<td>Regional Representative – West and Central Africa</td>
<td>NFIU, Nigeria</td>
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## APPENDIX F / Glossary of Terms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ANF</td>
<td>Al-Nusra Front</td>
</tr>
<tr>
<td>AML</td>
<td>Anti-Money Laundering</td>
</tr>
<tr>
<td>APG</td>
<td>Asia Pacific Group on Money Laundering</td>
</tr>
<tr>
<td>BEC</td>
<td>Business Email Compromise</td>
</tr>
<tr>
<td>BECA</td>
<td>Best Case Award</td>
</tr>
<tr>
<td>CTF</td>
<td>Counter Terrorist Financing</td>
</tr>
<tr>
<td>CIFG</td>
<td>Counter ISIL Financing Group</td>
</tr>
<tr>
<td>CorFin</td>
<td>Corporate Vehicles and Financial Products</td>
</tr>
<tr>
<td>EAG</td>
<td>Eurasian Group on Combating Money Laundering and Financing of Terrorism</td>
</tr>
<tr>
<td>EC</td>
<td>Egmont Committee</td>
</tr>
<tr>
<td>ESAAMLG</td>
<td>Eastern and Southern Africa Anti-Money Laundering Group</td>
</tr>
<tr>
<td>ESW</td>
<td>Egmont Secure Web</td>
</tr>
<tr>
<td>FATF</td>
<td>Financial Action Task Force</td>
</tr>
<tr>
<td>FISMM</td>
<td>FIU Information System Maturity Model</td>
</tr>
<tr>
<td>FIU</td>
<td>Financial Intelligence Unit</td>
</tr>
<tr>
<td>FTF</td>
<td>Foreign Terrorist Fighter</td>
</tr>
<tr>
<td>FTS</td>
<td>Foreign Terrorist Supporter</td>
</tr>
<tr>
<td>ICAR</td>
<td>International Center for Asset Recovery</td>
</tr>
<tr>
<td>ISIL</td>
<td>Islamic State</td>
</tr>
<tr>
<td>ITWG</td>
<td>Information Technology Working Group</td>
</tr>
<tr>
<td>LWG</td>
<td>Legal Working Group</td>
</tr>
<tr>
<td>MSB</td>
<td>Money Service Business</td>
</tr>
<tr>
<td>OAC</td>
<td>Operational Analysis Course</td>
</tr>
<tr>
<td>OpWG</td>
<td>Operational Working Group</td>
</tr>
<tr>
<td>SAC</td>
<td>Strategic Analysis Course</td>
</tr>
<tr>
<td>SAR</td>
<td>Suspicious Activity Report</td>
</tr>
<tr>
<td>SEC-FIU</td>
<td>Securing an FIU</td>
</tr>
<tr>
<td>STR</td>
<td>Suspicious Transaction Report</td>
</tr>
<tr>
<td>TATWG</td>
<td>Technical Assistance and Training Working Group</td>
</tr>
<tr>
<td>TWG</td>
<td>Training Working Group</td>
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</table>
## APPENDIX G / Observer and International Partner Organisation Websites

### Observers

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website</th>
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<tbody>
<tr>
<td>APG</td>
<td><a href="http://www.apgml.org">www.apgml.org</a></td>
</tr>
<tr>
<td>CFATF</td>
<td><a href="http://www.cfatf-gafic.org">www.cfatf-gafic.org</a></td>
</tr>
<tr>
<td>EAG</td>
<td><a href="http://www.eurasiangroup.org">www.eurasiangroup.org</a></td>
</tr>
<tr>
<td>ESAAMLG</td>
<td><a href="http://www.esaamlg.org">www.esaamlg.org</a></td>
</tr>
<tr>
<td>FATF</td>
<td><a href="http://www.fatf-gafi.org">www.fatf-gafi.org</a></td>
</tr>
<tr>
<td>GAFILAT</td>
<td><a href="http://www.gafilat.org">www.gafilat.org</a></td>
</tr>
<tr>
<td>GCC</td>
<td><a href="http://www.gcc.sg.org">www.gcc.sg.org</a></td>
</tr>
<tr>
<td>GIABA</td>
<td><a href="http://www.giaba.org">www.giaba.org</a></td>
</tr>
<tr>
<td>GIFCS</td>
<td><a href="http://www.gifcs.org">www.gifcs.org</a></td>
</tr>
<tr>
<td>GOPAC</td>
<td><a href="http://www.gopacnetwork.org">www.gopacnetwork.org</a></td>
</tr>
<tr>
<td>IMF</td>
<td><a href="http://www.imf.org">www.imf.org</a></td>
</tr>
<tr>
<td>MENAFATF</td>
<td><a href="http://www.menafatf.org">www.menafatf.org</a></td>
</tr>
<tr>
<td>MONEYVAL</td>
<td><a href="http://www.coe.int/t/dghl/monitoring/Moneyval">www.coe.int/t/dghl/monitoring/Moneyval</a></td>
</tr>
<tr>
<td>OSCE</td>
<td><a href="http://www.osce.org">www.osce.org</a></td>
</tr>
<tr>
<td>UNODC</td>
<td><a href="http://www.unodc.org">www.unodc.org</a></td>
</tr>
<tr>
<td>World Bank</td>
<td><a href="http://www.worldbank.org">www.worldbank.org</a></td>
</tr>
<tr>
<td>World Customs Organization (WCO)</td>
<td><a href="http://www.wcoomd.org">www.wcoomd.org</a></td>
</tr>
</tbody>
</table>

### International Partner Organisations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARIN</td>
<td>carin.network.org</td>
</tr>
<tr>
<td>Commonwealth Secretariat</td>
<td><a href="http://www.thecommonwealth.org">www.thecommonwealth.org</a></td>
</tr>
<tr>
<td>European Union</td>
<td><a href="http://www.europa.eu">www.europa.eu</a></td>
</tr>
<tr>
<td>ICAR</td>
<td><a href="http://www.baselgovernance.org/theme/icar">www.baselgovernance.org/theme/icar</a></td>
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<td>ICC</td>
<td><a href="http://www.icc-cpi.int">www.icc-cpi.int</a></td>
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<tr>
<td>INTERPOL</td>
<td><a href="http://www.interpol.int">www.interpol.int</a></td>
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<tr>
<td>Wolfsberg Group</td>
<td><a href="http://www.wolfsberg-principles.com">www.wolfsberg-principles.com</a></td>
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