



# The Egmont Group

## *E-Newsletter*

July 2011

### 19<sup>TH</sup> EGMONT GROUP PLENARY MEETING



Yerevan, Armenia – Republic Square

***The 19th Egmont Group Plenary, held at the Hayastan Conference Center in Yerevan, Armenia was attended by over 290 participants. There were representatives from 99 FIUs and 10 international organizations.***

***The Egmont Plenary meeting, held annually, brings together the Egmont member FIUs and observer organizations in-depth discussions on how to further the development of the international FIU network. Additionally, participants attend a number of training seminars and the Egmont Working Groups meet to progress their ongoing project work.***

***The Plenary was co-chaired by Mr. Boudewijn Verhelst, Deputy Director of the Belgian FIU, and Mr. Daniel Azatyan, Head of the Financial Monitoring Center (FMC) of Armenia.***

### HEADS OF FIUs

The Heads of FIUs:

- Welcomed seven new members to the Egmont Group – the FIUs of Azerbaijan, Kazakhstan, Mali, Morocco, Samoa Islands, Solomon Islands and Uzbekistan.
- Unanimously endorsed Mr. Boudewijn Verhelst, CTIF-CFI Belgium, for a further two year term as Chair of the Egmont Group.
- Confirmed mandate for the LWG Subgroup to continue to follow the developments in the FATF on the Methodology for Recommendations 26 and 40; and on the effectiveness of the reporting obligations and the functions of the FIU. The LWG will also start considering the implications for the Egmont Group's standards of the new FATF Recommendations.
- Approved mandate for the OpWG to continue work on information exchange; including a joint exercise with the LWG to develop specific proposals to enhance information exchange.
- Endorsed a proposal to delegate some administrative decisions to the Egmont Committee, and to deal with others via out of session procedures, to ensure the HoFIUs meetings are able to focus on more substantive and strategic matters.

The Heads of FIUs also approved a mandate for a review of the 'Egmont Group Charter and Associated Documents', to be carried out over the next two years, to identify if any updating is required to take account of decisions and developments in the Egmont Group since the Charter was adopted in 2007, as well as other changes in the international AML/CFT environment – such as the proposed changes to the FATF Recommendations.

The Heads of FIUs had a preliminary discussion of the draft "Resolution of the Heads of FIUs of the Egmont Group: Enhancing International AML/CFT Information through Strengthening FIU Channels". The proposed resolution seeks to confirm an agreed Egmont position on 'diagonal cooperation' to assist in informing discussions in the upcoming FATF meetings and any other relevant international contexts.

## EGMONT COMMITTEE

The Egmont Committee discussed several matters that were referred to, and later discussed by, the Heads of FIUs, including the Charter review project; the LWG Subgroup's work with the FATF and the implications of the outcomes for the Egmont Group; the OpWG's work on the Impacts of the Financial Crisis and Information Exchange Projects; the proposed Egmont Group Budget FY2011-2012; and the candidates for membership during the Armenia Plenary.

A proposal to enhance information sharing with Egmont's international partners via a secure website was endorsed for referral to the Heads of FIUs. If approved, this will facilitate the access to Egmont WG and project papers for international partners.

The Egmont Secretariat is working closely with the APG to organize a joint Egmont-APG side event for FIUs to be held in the margins of the joint FATF/APG Typologies workshop in December 2011.

Discussions regarding the possibility for collaboration with the MENAFATF on FIU Forum on four FIU-related topics were also reported. This work will be progressed with the assistance of the Asia Region Co-representative (Qatar FIU).

The Chair of the Egmont Group approached MONEYVAL with a request to consider a joint Moneyval-Egmont typologies/experts meeting in 2013. Discussions are continuing on this proposal and possible topics are being identified.

## TRAINING WORKING GROUP

A total of 8 training sessions for Egmont Members were presented in Armenia. This included the second installment of the Executive Program for Heads of FIUs, on Strategic Analysis. Other sessions spanned variety of topics including: Information Exchange – Standards, Good Practices and Challenges, FIU Collaboration with Law Enforcement, Regulatory Issues – Money Remitters, New Payment Technologies and ML, Trends in IT, Corruption and Asset Recovery as well as the Use of Cross Border Wire / Data Transfer.

The TWG, lead by FIU-Guernsey, and assisted by the Egmont Secretariat, organized an annual contest to find the "Most impressive ML/TF Typology", now known as: the BECA (Best Egmont Case Award). Three finalists, selected by an impartial panel presented their cases during the Armenia plenary and the inaugural BECA was awarded to the Financial Intelligence Unit of Finland: RAP-Finland. Runners up were the Turks and Caicos Financial Crime Unit (FCU) and the Fiji Financial Intelligence Unit.

The pilot for the Mutual Evaluation Training (MET) took place in Cartagena, Colombia during the 2010 Egmont Plenary and a second delivery of the training took place on July 8-10 2011, in Armenia.

The MET session in Armenia was very well received and attended by 33 participants from all regions, showing the regional diversity of membership in the Egmont Group. The material will be revised based on the new set of standards for the FATF's 4th round of mutual evaluations once the FATF will have completed its work (2013). Another training session will be considered for next years plenary based on the level of need and demand identified.

The TWG received an update on the Tactical Analysis Course (TAC) training sessions presented by the World Bank. A Canadian grant of CA\$1,000,000, is supporting the organization of up to 12 sessions over an 18 month period of time. Sessions have now been delivered in GAFISUD (Mexico), APG (Malaysia), MONEYVAL (Paris), GIABA (Dakar), EAG (Moscow), and CFATF (Curacao). Feedback from those who have taken the training has been very positive. To date, 179 participants from 112 FIUs have received training and 107 participants also took the train the trainer component. Additional 2011 training sessions will occur in Kenya (ESAAMLG region) as well as the MENAFATF region.

Work on a 'Strategic Analysis Course' is almost complete. With the assistance of the World Bank, and funding from the UK Department for International Development (DFID), a pilot delivery of the project is currently scheduled for September 12-15 in Doha, Qatar. Future delivery of this workshop to Egmont members will follow after an evaluation of the pilot.

The TWG is currently developing a 'Legal Entities and Financial Products' course and is in the midst of finalizing the action plan for the development of the course material. This course is very different from the other projects that the TWG has delivered. As such, the scope of the initiative is being revised to best serve the international community. This initiative is being lead by UIF Mexico and FIA Bermuda.

The TWG will be developing a course focusing on regulatory / supervisory responsibilities. FINTRAC already has a course that it provides to international partners, the International Compliance Program (ICP), which will be used as a foundation to create the course content. FINTRAC will lead the project and the TWG will work to complete a first draft of the training for early 2012.

The Donors and Providers Contact Group met in Armenia and discussed progress and the way forward. It International Organizations are now able to access the 2009 Training section of the Egmont Biennial Census after signing a disclosure waiver form.

The TWG approved its 2011-12 Project Plan reflecting activities, products and initiatives for the coming year. The TWG also elected FIU Guernsey as its new Vice Chair.

## IT WORKING GROUP

### FIU IT System Maturity Model

The ITWG finalised the “FIU Information System Maturity Model” (FISMM). FISMM is a comprehensive framework to enable FIUs of different sizes to assess the maturity level of their IT systems. This model also assists in process improvement, IT strategy formulation and identification of required functionalities for evaluation of software products in FIU environment. Moreover, FISMM describes the stages through which processes progress as they are defined, implemented, and improved. The model is a compilation of the best - known practices in FIU environment. There is no intent within the model to dictate a specific process or software product to be used by a FIU, but the model only provides a guide in determining the current capabilities in specific domains and identifying appropriate process improvement strategies and technology.

### “Securing your FIU” Project

The ITWG has drafted a seminal work from the “Securing an FIU Project”, led by FinCEN. This work is titled *Best Practices Guide on FIU Security* to provide specific guidance on security measures necessary for an FIU as a whole, including its Physical Security, Personnel Security, and IT/Information Security. This *Guide* provides detailed direction for use by current and future Egmont members to help them evaluate and address security risks, or possibly re-evaluate and enhance their current security policies and programs at different stages of development. The *Guide* will assist FIUs as they plan expansion of their operations and as they access sensitive information from other national and foreign entities. The *Guide* will also facilitate a better understanding by FIUs around the world of the different approaches to FIU Security. It is hoped that this *Guide* will foster the sharing of security insights among Egmont members and enhance the expectation of a consistently high level of security approaches among Egmont FIUs.

### Asset Recovery Intelligence System

The International Centre for Asset Recovery (ICAR) gave an interesting demonstration of the Asset Recovery Intelligence System (ARIS). ARIS is a sophisticated data-mining tool for the use of FIUs in investigating corruption-related cases, using information from open and commercial sources. ARIS was developed in cooperation with the Egmont Group of FIUs. ICAR is supported by Dow Jones and a group of FIU experts.

### Data Standards

The ITWG continued its work on the pilot use of the “data standards set”. The data standards set will allow Egmont FIUs to use uniform documents and fields when requesting information from other FIUs. The data standards set will make filing and answering requests easy using the uniform xml schemes. After the pilot, the ITWG will roll out the set of data standards to all Egmont FIUs.

### Other Presentations

The ITWG also received updates from United Nations Office on Drugs and Crime on goAML and FinCEN on the ITWG’s ESW Community.

## OPERATIONAL WORKING GROUP

The Operational Working Group (OpWG) met to discuss and finalize two project reports conducted as part of the joint experts’ meeting on typologies held on November 2010 with the FATF, to discuss ongoing project work and to consider new projects for startup.

Reports on Information Exchange Enhancement and the Impact of the Financial Crisis were discussed. The fourth update report on Information Exchange Enhancement was agreed as an Egmont OpWG document. A version for international partners that included the information in the five reports produced to date was also adopted and will be shared with the FATF to inform the ongoing work examining the 40 Recommendations. A status update was provided on the Impact of the Financial Crisis project by the Chair and a final draft report will be sent to the OpWG members for out of session approval in September 2011.

The OpWG is to continue typologies work with the FATF, examining the role FIUs in response to the FATF report on maritime piracy and related kidnap for extortion. In addition OpWG members agreed to support an FATF typologies project led by the FIC, South Africa on ML and the illicit tobacco trade by assisting in gathering case information.

Progress on a number of ongoing projects was discussed: Money laundering and tax crimes, Terrorist Financing and FIUs and the role of the FIU in anti-corruption efforts and asset recovery were reviewed and next steps agreed.

FinCEN-US and IMPA-Israel presented on their project on Securing Your FIU and the OpWG agreed to peer review the draft report papers, ICAR presented a short update on the continued development of the Asset Recovery Intelligence System and FinCEN-US presented on “networking” and how FIUs could seek to enhance international cooperation.

New projects on STR classification (SIC-Lebanon) and mass market fraud (FinCEN-US) were agreed and will report back to the OpWG in January 2012.

## LEGAL WORKING GROUP

### FATF Recommendation Nos. 26 and 40

The Chair of the LWG updated members of the LWG on the process and state of play of the revision of FATF Recommendations Nos. 26 and 40. The Chair of the LWG discussed the implications for Egmont members and the Egmont Group of the proposed changes to the FATF Recommendation Nos. 26 and 40; as well as the next steps for the way forward which will be submitted to the Heads of FIUs for consideration and approval.

### **Study on FIU Power to Postpone Suspicious Transactions**

The World Bank presented the preliminary findings and progress report on the Joint Egmont Group – World Bank Study on FIU Power to Postpone Suspicious Transaction. The overall objective of the study is to identify and analyze the legal, operational elements, practices and challenges related to the power of the FIU to suspend/postpone transactions, in order to help FIUs expand/enhance capacities to contribute to effective AML/CFT and confiscation regimes in the respective jurisdictions. FIUs which have not yet responded to the Joint Study will be encouraged to submit their accomplished questionnaire. The initial draft report on the Joint Study will be forwarded to the LWG for review and comment by December 2011. It is expected that the final report will be presented at the Egmont Working Group Meeting in January/February 2012.

### **Proposed Study on FIU Independence**

The Chair of the LWG requested members of the LWG to review the Proposed Study on FIU Independence prepared by FIU – Netherlands. The objective of the proposed study is to survey among Egmont FIUs independence issues affecting operational work. Members of the LWG were requested to provide their comments on the proposed study. It is expected that the proposed study will be further discussed at the next Egmont Working Group Meeting.

### **Information Exchange Enhancement**

The Chair of the LWG briefly discussed the background of the OpWG Report on Information Exchange Enhancement. He explained that OpWG fact-finding exercise was useful in identifying areas of non-compliance with Egmont Standards on information exchange. Members of the LWG noted the OpWG Report on Information Exchange Enhancement; and understood that the Report, its findings and recommendations, will be considered as an input to the broader review of Egmont Charter and associated documents.

## **OUTREACH WORKING GROUP**

The Outreach Working Group (OWG), in addition to Egmont Group members, welcomed representatives of the World Bank, GIABA the MENAFATF, and observer FIUs (Bangladesh, Gabon, Madagascar, and Jordan) that attended part of the OWG meetings in Armenia to provide information on the progress of their FIUs and to discuss Egmont Group membership.

### *Upcoming meeting*

30 January – 2 February 2012  
**Egmont Committee  
& Working Group Meeting**

#### **Contact details for the Egmont Secretariat**

Phone: +1 416 355 5670  
Email: [mail@egmontsecretariat.org](mailto:mail@egmontsecretariat.org)

A lengthy discussion was held on the current membership procedures and the interface needed with the Legal Working Group (LWG) to successfully and efficiently process Egmont candidate members. It was noted that it may be necessary to invite candidate member FIUs more frequently in the future to address the LWG, as Sponsor FIUs are not always in the position to provide detail explanation on legislative structures and components of candidate jurisdictions.

The OWG reviewed the situation of candidate jurisdictions listed on its Candidates Matrix and Sponsor FIUs informed on the latest progress of Candidate FIUs in the different regions of the world. It was noted that there were still 82 candidate jurisdictions on the Candidates matrix: 16 in their last steps of the membership process, 12 in the initial steps, and 63 under ongoing monitoring process by their Sponsor FIUs.

The OWG reviewed the Africa outreach and Assistance Strategy and noted with satisfaction that two more Africa region members (Mali and Morocco) were to be endorsed during the Armenia plenary. OWG members also received an update by the Mauritius and the Nigerian FIUs on the progress of several candidate FIUs on the African continent. It was noted that the outreach work of the OWG will be greatly assisted if some strategically situated jurisdictions would successfully pass the established Egmont standards and become a member. These future members will be able to guide and sponsor other more difficult to reach jurisdictions on the African continent.

During the Armenia meetings members of the OWG reviewed the Oceania Outreach and Assistance Strategy to assist candidate members from the Pacific region. The quick success of this enhanced outreach was noted with the Solomon and the Samoa Islands to be endorsed as new members during the Armenia plenary. The progress in the discussions with the APG Secretariat on the hosting of an Oceania outreach event in association with the Joint APG-FATF Typologies Workshop to be held in South Korea, December 9, 2011 were also noted.

Members of the OWG presented reports with an outreach component having attended meetings from other International Organizations and FATF Style Regional Bodies. The World Bank in addition provided the OWG with the latest update on the jurisdictions from Asia, Central Europe and the African continent it is assisting. The joint event with the Organization for Security and Co-operation in Europe (OSCE) in the margins of the Armenia plenary to reach out to candidate members: Tajikistan and Turkmenistan was also noted by OWG members.

The OWG had a final review of its 2010-2011 business plan and commended the work done by OWG members as an important contribution to the creation of a global AML/CFT network in general, and to the Egmont Group expansion in particular. The highlights of the 2011 – 2012 business plan with the same strategic objectives as the previous one was discussed and adopted by the OWG.