



**The Egmont Group**  
**Annual Report**  
May 2007 – June 2008



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## Introduction



*Left to right: Mr. Bill Baity (outgoing Chair) and Mr. Neil Jensen (incoming Chair) of the Egmont Committee*

### **Introductory Remarks by the Outgoing Chair of the Egmont Committee**

Welcome to the new version of the Egmont Group Annual Report. Whereas previous Egmont Annual Reports were confidential, we are now making the document available to the public. I am sure our Egmont members and international partners will be as pleased as I am to know that, in addition to the newsletters, a yearly report of the ongoing work of our diligent membership will now be accessible to all our colleagues and interested parties.

The following pages highlight the extensive work of the Egmont Group over the past year. Great strides were made in the terrorism financing (TF) area with many more Egmont Group members meeting the strict TF requirement of the revised Financial Intelligence Unit (FIU) definition. Ninety percent of the membership is now TF compliant. The same percentage of our membership is now committed to the principles embodied in the Egmont Group Charter. The Egmont Group is now recognized as a major player in the world of financial intelligence expertise and information sharing. It will continue to vigorously promote cooperation in the fight against money laundering and the financing of terrorism worldwide, and to foster the implementation of domestic, regional and international programs in this area.

I would like to say that it has been an honor to serve the Egmont Group as Chair of the Committee over these past six years. When the Committee was created during the 10th Plenary in June 2002, Egmont Group membership stood at 69. Since that time we have grown to a remarkable 108 FIU members. Through the hard work and incredible dedication of all Egmont members, our united vision of the future of Egmont is on the right course.

The list of achievements over the past year is substantial. It includes:

- Revising the official definition of an Egmont FIU to include terrorism financing
- Instituting procedures to ensure all current and future members meet the new definition
- Developing and implementing a structure and process for receiving financial contributions to support the running of the organization
- Establishing procedures to deal with Egmont members who may be unable to meet the Egmont Group's standards and expectations
- Implementing successful outreach to our African and Asian FIU colleagues, thereby increasing the presence of vigorous AML/CFT systems in those regions
- Establishing a solid working foundation with our international and regional partners and developing a process to keep them apprised of our activities through the creation of our newsletter, annual report, and public website
- Forging consensus among Egmont members regarding an increased focus on the fight against corruption
- Expanding and developing the Egmont Secure Web (ESW) on an ongoing basis
- Creating a fully functioning and permanent Egmont Group Secretariat in Toronto.

To my Egmont colleagues, I highly recommend that all of you review our previous annual reports, newsletters and meeting minutes to see how your contributions have brought the Egmont Group to the standing it enjoys today. I am extremely proud to have witnessed all of your phenomenal successes.

## Introductory Remarks by the New Chair of the Egmont Committee



*Mr. Neil Jensen (incoming Chair)  
of the Egmont Committee*

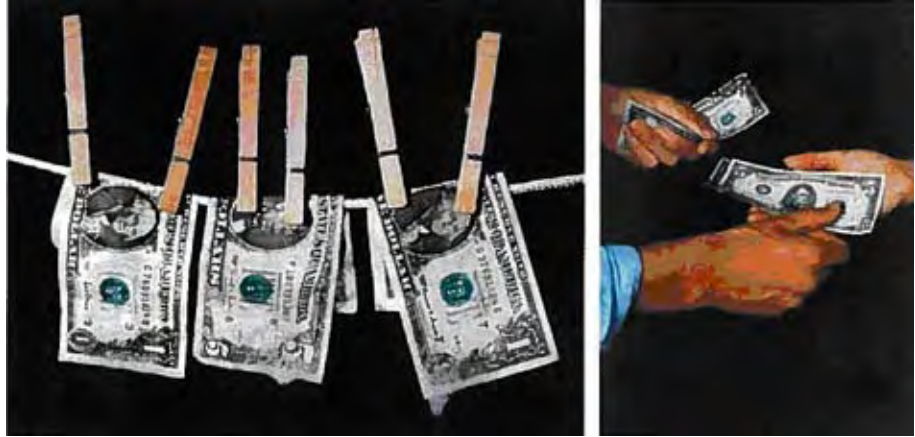
The May 2008 Egmont Plenary meeting saw the end of an era with William F. (Bill) Baity stepping down as Chair of the Egmont Committee after six years of service. Bill will remain on the Egmont Committee for the near future as the ESW representative and we welcome his continued role in our work.

We thank Bill for his exceptional contribution and commitment to the Egmont Group, for his diplomacy, leadership and friendship. In assuming the role of Chair for the next 12 months, my task will be to ensure the Egmont Group's continued strategic focus on information exchange, assisting current members and developing FIUs, as well as working with the Financial Action Task Force (FATF), FATF-style regional bodies (FSRBs) and other international organizations. A major focus for the year will be to assist the developing FIUs of Africa, in partnership with the FATF, the Intergovernmental Task Force Against Money Laundering in West Africa (GIABA), the Middle East and North Africa Financial Action Task Force (MENAFATF), and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG).

# The Egmont Group at a Glance

## Background

The fight against money laundering is an essential element of the overall struggle to combat illegal narcotics trafficking, the activities of organized crime and, since 2001, the financing of terrorist activity. Governments around the world are now recognizing the corrosive dangers that unchecked financial crimes pose to their economic and political systems.



To address the threat, a number of specialized governmental agencies were created as national governments developed systems to deal with the problem of money laundering. These entities are now commonly referred to as financial intelligence units (FIUs). Through their own work, and by information exchange, they provide law enforcement agencies around the world with vital financial intelligence and assistance in following the criminal money trail.



### **The Egmont Group approved the following definition of an FIU, as of June 2004:**

A central, national agency responsible for receiving (and, as permitted, requesting), analyzing and disseminating to the competent authorities, disclosures of financial information:

- (i) concerning suspected proceeds of crime and potential financing of terrorism, or
- (ii) required by national legislation or regulation,  
in order to counter money laundering and terrorism financing.

Recognizing the benefits inherent in the development of an FIU network, in 1995 a group of FIUs met at the Egmont Arenberg Palace in Brussels and decided to establish an informal group whose goal would be to facilitate international cooperation. Now known as the Egmont Group, these FIUs meet regularly to find ways to cooperate, especially in the areas of information exchange, training and the sharing of expertise.

## Objectives of the Egmont Group

The goal of the Egmont Group is to provide a forum for FIUs around the world to improve cooperation in the fight against money laundering and financing of terrorism and to foster the implementation of domestic programs in this field. This support includes:

- expanding and systematizing international cooperation in the reciprocal exchange of information;
- increasing the effectiveness of FIUs by offering training and promoting personnel exchanges to improve the expertise and capabilities of personnel employed by FIUs;
- fostering better and secure communication among FIUs through the application of technology, such as the Egmont Secure Web (ESW);
- fostering increased coordination and support among the operational divisions of member FIUs;
- promoting the operational autonomy of FIUs; and
- promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the early stages of development.

*Egmont Group of Financial Intelligence Units Charter  
Hamilton, Bermuda 31 May 2007*

## Egmont Group Member FIUs

Current membership of the Egmont Group comprises 108 FIUs. The Egmont Group recognizes four types of FIUs:

- The administrative model
- The judicial or prosecutorial model
- The law enforcement model
- The hybrid/mixed model.

### Administrative FIUs

These FIUs are either attached to a regulatory/supervisory authority, such as a central bank or a ministry of finance, or operate as an independent administrative authority. Sixty-nine Egmont members currently use the administrative model.

### Judicial or Prosecutorial FIUs

These are affiliated with a judicial authority or a prosecutor's office. Currently only four Egmont members follow this model.

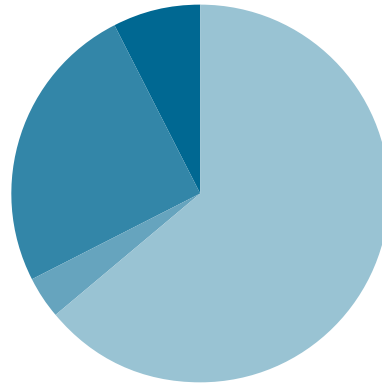
### Law Enforcement FIUs

These are attached to a police agency, whether general or specialized. There are currently 27 law enforcement-style FIUs within the Egmont Group.

### Hybrid FIUs

As their name suggests, these are a combination of the three abovementioned models. There are currently eight mixed-model FIU members of the Egmont Group.

## Types or Models of Financial Intelligence Units



- 69** Administrative FIUs
- 4** Judicial/Prosecutorial FIUs
- 27** Law Enforcement FIUs
- 8** Hybrid FIUs

Total Egmont Group FIUs: 108

Albania	(DPPPP)	France	(TRACFIN)	Netherlands Antilles	(MOT-NA)
Andorra	(UPB)	Georgia	(FMS-Georgia)	New Zealand	(NZ-Police FIU)
Anguilla	(MLRA)	Germany	(FIU-Germany)	Nigeria	(Nigerian FIU)
Antigua and Barbuda	(ONDCP)	Gibraltar	(GCIDGFIU)	Niue	(Niue FIU)
Argentina	(UIF)	Greece	(C.F.C.I.)	Norway	(ØKOKRIM-FIU)
Armenia	(FMC)	Grenada	(FIU-Grenada)	Panama	(UAF-Panama)
Aruba	(MOT-Aruba)	Guatemala	(IVE)	Paraguay	(UAF-Paraguay)
Australia	(AUSTRAC)	Guernsey	(FIS)	Peru	(UIF-Peru)
Austria	(A-FIU)	Honduras	(UIF-Honduras)	Philippines	(AMLC)
Bahamas	(FIU-Bahamas)	Hong Kong	(JFIU)	Poland	(GIIF)
Bahrain	(AMLU-Bahrain)	Hungary	(VP KPB-PIO)	Portugal	(UIF-Portugal)
Barbados	(FIU-Bahamas)	Iceland	(RLS)	Qatar	(QFIU)
Belarus	(DFM)	India	(FIU-India)	Romania	(ONPCSB)
Belgium	(CTIF-CFI)	Indonesia	(INTRAC)	Russia	(Rosfinmonitoring)
Belize	(FIU-Belize)	Ireland	(MLIU)	San Marino	(FIU Area)
Bermuda	(BPSFIU)	Isle of Man	(FCU-IOM)	Serbia	(APML)
Bolivia	(UIF-Bolivia)	Israel	(IMPA)	Singapore	(STRO)
Bosnia & Herzegovina	(FID)	Italy	(UIF)	Slovakia	(SJFP)
Brazil	(COAF)	Japan	(JAFIC)	Slovenia	(OMLP)
British Virgin Islands	(FIA)	Jersey	(FCU-Jersey)	South Africa	(FIC)
Bulgaria	(FID-NSSA)	Korea (Republic of)	(KoFIU)	Spain	(SEPBLAC)
Canada	(FINTRAC-CANAFE)	Latvia	(KD)	St. Kitts & Nevis	(FIU-SKN)
Cayman Islands	(CAYFIN)	Lebanon	(SIC)	St. Vincent & the Grenadines	(FIU-SVG)
Chile	(UAF)	Liechtenstein	(EFFI)	Sweden	(NFIS)
Colombia	(UIAF)	Lithuania	(FCIS)	Switzerland	(MROS)
Cook Islands	(CIFIU)	Luxembourg	(FIU-LUX)	Syria	(CMLC)
Costa Rica	(UAF-Costa Rica)	Macedonia	(US PPFT)	Taiwan	(MLPC)
Croatia	(AMLO)	Malaysia	(UPW)	Thailand	(AMLO)
Cyprus	(MOKAS)	Malta	(FIAU)	Turkey	(MASAK)
Czech Republic	(FAU-CR)	Marshall Islands	(DFIU)	Turks & Caicos	(FCU)
Denmark	(MLS)	Mauritius	(FIU-Mauritius)	Ukraine	(SCFM)
Dominica	(FIU-Dominica)	Mexico	(FIU-Mexico)	United Arab Emirates	(AMLSCU)
Egypt	(EMLCU)	Moldova	(SPCSB)	United Kingdom	(SOCA)
El Salvador	(UIF-El Salvador)	Monaco	(SICCFIN)	United States	(FinCEN)
Estonia	(MLIB)	Montenegro	(APML)	Vanuatu	(FIU-Vanuatu)
Finland	(RAP)	Netherlands	(FIU-NL)	Venezuela	(UNIF)

Egmont Group Member FIUs

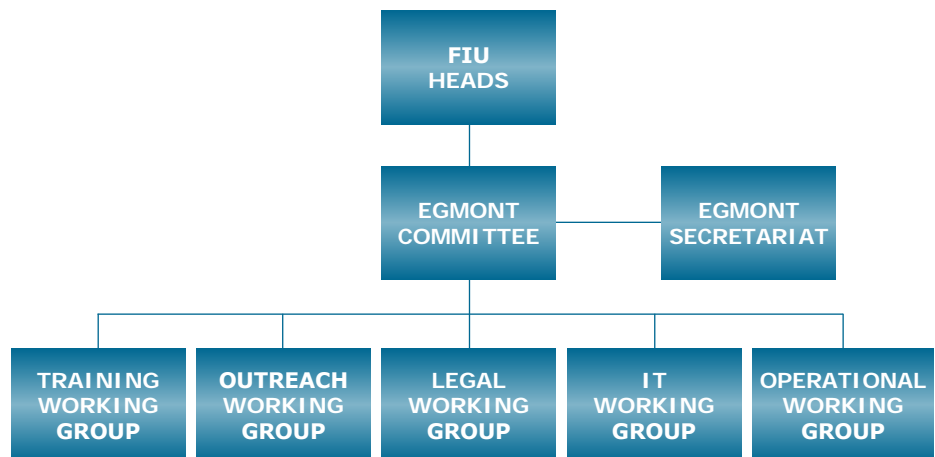
# Structure and Organization of the Egmont Group

The Heads of FIUs (HoFIUs), the Egmont Committee, the Working Groups and the Secretariat make up the operating structure of the Egmont Group. The HoFIUs form the governing body of the Egmont Group. The HoFIUs Plenary Meeting takes place once a year, with each FIU represented by its Head or designate. The HoFIUs reach decisions by consensus. The HoFIUs decide upon and endorse any development that affects the Egmont Group membership, structure, budget and principles.

Working Groups are established depending on the need for development of important areas in the cooperation between FIUs and for the progression of the Egmont Group as a whole. The Egmont Committee serves as a consultative and coordination mechanism for the HoFIUs and for the Working Groups. The Egmont Committee is composed of permanent and regional members, from which a Chair and Vice-Chairs are selected, as per the criteria set out in the Egmont Committee Internal Procedures.

The Egmont Group Secretariat provides administrative and other support to the overall activities of the HoFIUs, the Egmont Committee and Working Groups. The Secretariat is headed by an Executive Secretary, appointed by the HoFIUs, and reports directly to them through the Egmont Committee.

## Egmont Group Organization



## The Egmont Committee

During 2007–08, the Egmont Committee continued to support and facilitate the transition of the Egmont Group from an informal body to a formal, self-sustaining, internationally recognized entity. The Committee provided leadership and coordination between the various Working Groups and the newly established Secretariat, and, consistent with its Charter, has served as the operating arm of the HoFIUs on urgent implementation matters. It has also played a pivotal role in coordinating the establishment of the Egmont Secretariat's premises.

During the past year the Committee also initiated discussions on the structure of the HoFIUs meeting and Plenary. These discussions included the involvement of FSRBs and international organizations, enhancing and using the Plenary to focus on key issues of relevance to all HoFIUs.

Permanent representation within the Egmont Committee includes the five Working Group Chairs, the seven Regional Representatives, the host of the ESW, and the Executive Secretary of the Egmont Group Secretariat.

During the Egmont Plenary in Seoul, Mr. William F. Baity (FinCEN, USA) stepped down after six years of service as Chair of the Egmont Committee. Members recommended Mr. Neil Jensen, (AUSTRAC, Australia), as the new Chair. This appointment was ratified by the HoFIUs. The Bahamas FIU, Regional Representative for the Americas region, and CTIF-CFI (Belgium), Chair of the Legal Working Group (LWG), were elected as Co-Vice Chairs of the Egmont Committee at the meeting. Additionally, the former Director of the Canadian FIU, FINTRAC-CANAFE, retired as Chair of the Information Technology Working Group (ITWG) and the Director of UAF (Chile) acceded to the position.

The following Regional Representatives were re-appointed during the Seoul meeting: UPWBNM Malaysia as Asia representative, and TRACFIN (France) and MOKAS (Cyprus) as European representatives. UIF (Mexico) replaced one of the Representatives for the Americas when UAF (Chile) took up the Chair of the ITWG. The reconstituted Committee met for the first time during the May 2008 Plenary Meeting.

### Membership of the Egmont Committee

Chair, Egmont Committee Chair, Training Working Group (Permanent)	AUSTRAC (Australia)
Co-Vice Chair, Egmont Committee Chair, Legal Working Group (Permanent)	CTIF-CFI (Belgium)
Co-Vice Chair, Egmont Committee Regional Representative, Americas	FIU (Bahamas)
Chair, IT Working Group (Permanent)	UAF (Chile)
Chair, Outreach Working Group (Permanent)	SEPBLAC (Spain)
Chair, Operational Working Group (Permanent)	EFFI (Liechtenstein)
Regional Representative, Europe	MOKAS (Cyprus)
Regional Representative, Asia	UPWBNM (Malaysia)
Regional Representative, Africa	FIU (Mauritius)
Regional Representative, Americas	UIF (Mexico)
Regional Representative, Oceania	NZ Police FIU (New Zealand)
Regional Representative, Europe	TRACFIN (France)
Representative, Host of Egmont Secure Web	FinCEN (USA)
Egmont Secretariat	Executive Secretary

## May 2007 – June 2008 Developments

### Establishment of the Egmont Group Secretariat

The Egmont Group Secretariat (EGS) was established in Toronto in July 2007, when it finalised its recruitment and staffing and set up its physical infrastructure. The office is located in the heart of the Toronto business and commercial district. The Egmont Group is grateful to the Canadian Government for its generous ongoing support in establishing the Secretariat.

During its first year of operations, the Secretariat has been honored to welcome a number of official visitors including:

- The Honourable James M. Flaherty, P.C., M.P., the Canadian Minister of Finance
- The Honourable Roy Cullen, P.C., M.P., the Executive Secretary of the Anti-Money Laundering Initiative of the Global Organization of Parliamentarians Against Corruption (GOPAC)
- Mr. Bruno Ryff, the Consul-General of Switzerland in Toronto
- The Director of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
- The Director General of the Serious Organised Crime Agency (SOCA), the United Kingdom's FIU
- The former Egmont Permanent Administrative Support from CTIF-CFI, the Belgian FIU
- Officials and advisers from FinCEN, the USA's FIU
- The Interim Director of FINTRAC.

The primary focus of the Egmont Secretariat during the establishment phase has been on operational matters, including, developing its financial and administrative procedures. These efforts included, but were not limited to, establishing the arrangements for managing the member contribution process, preparing the budget and the work plan documents for the coming year, as well as planning of the Working Group meetings in Santiago, Chile, and the 2008 Seoul Plenary. These efforts were overwhelmingly endorsed by the HoFIUs.

The proposed work plan from 1 July 2008 to 30 June 2009 is intended to complete the establishment of the EGS infrastructure, but also focuses on developing and enhancing the cooperative working relationship between the Egmont Group and other regional and international anti-money laundering and combating financing of terrorism (AML/CFT) organizations.



Canada's Minister of Finance meets key Egmont Group figures. From left: Ms. Bronwyn Somerville (EGS Executive Secretary), Mr. William F. Baity (Chair, Egmont Committee), the Hon. Mr. Jim Flaherty and Mr. Keith Fernandez (Deputy Director, FINTRAC).

### Egmont Group Meetings



The Egmont Group convenes at the 16th Plenary meeting in Seoul, Korea

Four major Egmont Group meetings were held from May 2007 to June 2008:

- The Plenary and HoFIUs in Hamilton, Bermuda, in May 2007
- The Working Group meetings in Kiev, Ukraine, in October 2007
- The Working Group meetings in Santiago, Chile, in March 2008
- The Plenary and HoFIUs in Seoul, Republic of Korea, in May 2008.

### **Hamilton Plenary**

More than 220 people attended the Plenary and HoFIUs meeting in Hamilton. They represented 80 FIUs, the FATF and FSRBs, and international organizations. The Egmont Group welcomed six new members: the FIUs of Armenia, Belarus, Niue, India, Nigeria and Syria, taking the total number of Egmont members to 106. Following extensive discussion, the HoFIUs completed the Egmont Group Charter Document. The funding formula for Egmont membership was also finalized and the Egmont Group Fiscal Year was determined to run from 1 July to 30 June. Other matters discussed included venues for future Plenary and Working Group meetings over the next three years, the role of observers in the Egmont Plenary and the inclusion of the GIABA as an Egmont observer.

### **Kiev Working Group Meetings**

The meetings in Kiev from 16 to 18 October 2007 were the first to be held since the formation of the Egmont Secretariat. The Staff of the Secretariat, which included the Executive Secretary, the Senior Financial Officer, the Senior Officer and the Executive Assistant/Office Manager, attended and were introduced to the Egmont Committee and Working Group members. The Working Groups made good progress on outreach, operational issues, information technology and training project work.

### **Santiago Working Group Meetings**

These meetings were attended by the largest group of delegates in the history of Egmont Group Working Group meetings. Over 141 delegates convened in Santiago and made a number of important decisions regarding, notably, membership and compliance issues. It was pleasing to note that seven FIUs were found to have made significant progress in complying with the Egmont Group TF requirements, and that five member FIUs that had undergone significant organizational change were assessed and found to be still compliant with the Egmont Group requirements.

### **Seoul Plenary**

This Plenary was attended by more than 250 participants representing 86 Egmont member FIUs, as well as regional and international organizations. More than 75 Heads of FIUs attended the HoFIUs meeting. The program for the week emphasized AML/CTF trends and typologies, including key topics such as corruption, politically exposed persons (PEPs), and the financing of terrorism. Altogether, it was an opportunity to take advantage of the joint availability of FIU experts and resources in the form of the HoFIUs and representatives of the FSRBs and other international organizations. The presence of Mr. Antonio Gustavo Rodrigues, the FATF's incoming president, highlighted the importance of the meeting. The FATF is the global standard setter for anti-money laundering and countering terrorism financing. In his message to the Egmont Group, Mr. Rodrigues strongly committed the FATF and the FSRBs to closer cooperation with the Egmont Group. The FSRBs and the Egmont Group have begun to work collaboratively, with a focus on developing FIUs in Africa.



*Dr. Young Kwa Kim, Commissioner of the Korea FIU*

The Egmont Group welcomed two new member FIUs, Turks and Caicos Islands and Moldova during the Seoul Plenary, bringing the number of Egmont members to 108. Members also discussed and adopted guidelines for how Egmont Group member FIUs should report in the event of fundamental organizational change within their FIU. This guidance was presented as an “Addendum to the June 2005 Egmont Group Compliance Paper” and will soon be posted on the ESW.

### **Legislation on Terrorism Financing**

The Egmont Group agreed during the Guernsey 2004 Plenary to add terrorism financing (TF) to the definition of an Egmont Group FIU. Consequently, Egmont-specific criteria, distinct from other international criteria, were adopted that allow for a flexible and pragmatic approach without, however, betraying the basic rationale of the relevant international standards. Such an approach is consistent with Egmont Group’s primary focus on the operational nature of the FIU and on maximizing cooperation between FIUs.

With these goals in mind, the following criteria apply, as a minimum, to comply with the TF element of the Egmont definition of an FIU:

- A system of mandatory reporting of suspicious transactions related to TF should be established in the jurisdiction
- The FIU should be the central reception point of such disclosures
- The TF reporting obligation to the FIU should be formally imbedded in the law, irrespective of all *de facto* or goodwill-motivated situations
- The FIU should have full authority and ability to exchange TF-related information with its counterparts.

It was also agreed to set out a timeline for each FIU to implement the necessary measures within their respective jurisdictions to ensure full legislative compliance. The results of the TF Review undertaken by the Legal Working Group (LWG) were examined during the 2007–08 period. Member FIUs deemed not in compliance with the TF requirements were strongly encouraged to submit information that would demonstrate progress towards meeting them. The Regional Representatives have played an important part over the year in contacting these FIUs to offer assistance, advice and information. The Egmont Group may apply sanctions to encourage full compliance with the TF requirements, however, the preferred approach is to work collegially to assist each FIU to adopt and implement the required framework. It was pleasing to note the progress made by some FIUs during the Egmont Committee and Working Group meetings in Kiev, Santiago and Seoul. As the Egmont Group treats compliance with the TF requirements very seriously, it is of concern that some member FIUs still have not yet met these requirements. The HoFIUs endorsed a plan to bring this issue to closure by the 2009 Egmont Plenary.

### **Egmont Group/World Bank Joint Project on Types of FIU Governance**

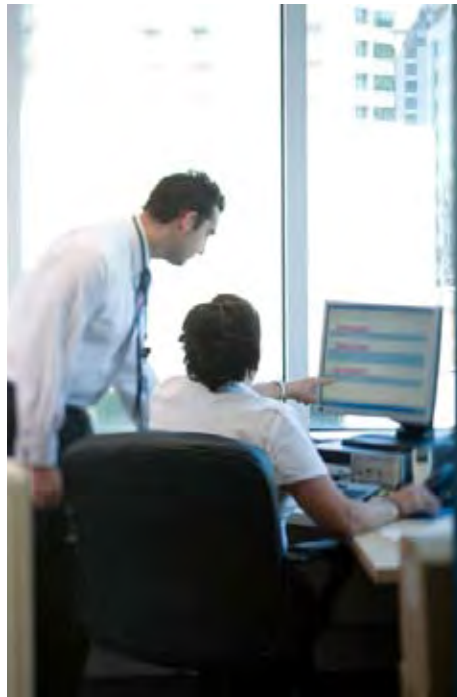
The objective of this joint project is to gather information that will allow the Egmont Group and the World Bank to determine varying organizational approaches to the establishment, structure and operations of an FIU. Following the presentation of the results of the pilot project, it was decided to extend the study to include all Egmont Group members. The results of the survey will assist in developing a methodology for FIUs to review their own governance, establish benchmarks, provide guidance to new FIUs, and form a sound basis for determining training requirements and designing training and assistance projects. The World Bank provided an interim report on the project to the Committee during the Seoul Plenary and the final report is expected to be presented during the October 2008 Egmont Working Group meetings in Toronto.

### **Egmont Group/IMF Collaboration**

The Outreach Working Group (OWG) and the Training Working Group (TWG) also had ongoing cooperation with the International Monetary Fund (IMF) during the 2007–08 period. Over the past two years, the IMF has conducted an assessment of Financial Sector Assessment Programs (FSAPs) and mutual evaluation reports to consider core FIU functions, domestic cooperation, the role of FIUs in combating TF, and FIU training needs. A committee comprising the Chair of the Egmont Committee and members of the TWG worked with the IMF to ensure that the report was relevant and useful to the Egmont Group and to FIUs generally. The results of the collaboration in this area are further elaborated under the Training Working Group section on [page 20](#) of this Annual Report.

## The Biennial Census

The Biennial Census was distributed to all HoFIUs in 2007. The comprehensive information collected in the census will give the Egmont Committee and Working Groups an accurate indication of the ways in which the Egmont Group can provide assistance and improve FIU operational efficiency and effectiveness. Information gathered from the Egmont Group/World Bank Project on Types of FIU Governance will be combined with the information obtained from the Biennial Census at a later stage. The findings of other evaluations and FIU-related projects may also be added to enable the Egmont Group Secretariat to establish a central database of Egmont Group member statistical information to assist with future enquiries from both internal and external users. As the data gathered during the census came direct from each Egmont member FIU, the information is confidential to Egmont members and can only be accessed through the ESW.



# Reports of Working Groups

## Legal Working Group

### **Candidate FIUs for 2007 and 2008 Admission**

During the Bermuda Plenary in May 2007 the Egmont Group admitted six new FIUs: Armenia, Belarus, India, Nigeria, Niue and Syria. With the admission of the Turks and Caicos Islands and Moldova at the Seoul Plenary in 2008, the Egmont Group now stands at 108 members.

### **Terrorism Financing Laws**

The LWG further reviewed Egmont Group members' TF legislation during 2007–08.

### **Egmont Group Member FIUs**

On 1 April 2007 the FIU functions in Japan moved from the country's financial regulator to the National Police Agency. At its meeting in Bermuda in May 2007, the LWG confirmed that the new unit, Japan Financial Intelligence Center (JAFIC), complied with Egmont Group criteria.

The FIUs of Hungary, Bulgaria, Italy, Peru and Macedonia also underwent substantial legal and/or organizational change over the period May 2007 to April 2008 and were successfully reviewed during the Santiago Working Group meetings. The LWG also prepared an Addendum to the June 2005 Egmont Group Compliance Paper to guide member FIUs in preparing a report to the LWG should significant legal and/or organizational changes occur within an FIU. This guidance was discussed and adopted during the Seoul Plenary.

## Outreach Working Group

Assessment of 101 FIUs that do not yet belong to the Egmont Group continued under the aegis of the OWG. These 101 FIUs range from short- to mid-term and long-term candidates. Updated candidate information is added to a Candidates Situation Table at each OWG meeting. The FIUs of Moldova, Senegal and the Turks and Caicos Islands were referred to the LWG for further assessment. A new, more efficient internal Egmont Group procedure for admission as an Egmont Member FIU was adopted during the Bermuda Plenary. This new procedure, which is posted on the ESW, streamlines the process of information gathering and assessment of a candidate's compliance with Egmont Group membership requirements, between the OWG and the LWG. This avoids duplication of effort between these two Egmont Working Groups.

During its discussions in Santiago and Seoul, the OWG strongly endorsed the need to devote closer attention and more resources to assisting African FIUs to become members of the Egmont Group. This request was also discussed at the Egmont Committee and HoFIUs meetings in Seoul, which resulted in an enhanced commitment toward Egmont Group cooperation with FSRBs and international organizations to provide practical and outreach assistance to African FIUs.

The cooperation between the OWG and the IMF and the World Bank continued to develop during the 2007–08 period. The IMF and World Bank representatives have participated in various OWG meetings and an OWG sub-group comprising representatives from TRACFIN (France), FIU Mauritius and FinCEN (USA) was established to develop a framework to enhance outreach cooperation by the three entities. The sub-group's proposal was approved by the Egmont Committee, and the Chair of the Egmont Committee subsequently wrote to the IMF and World Bank to formalize this cooperation.

## Training Working Group

The Training Working Group (TWG) had a number of priorities during 2007–08. These priorities included:

- Improving the operational effectiveness of Egmont member FIUs
- Expanding opportunities to share knowledge and expertise among Egmont members
- Increasing the exchange of knowledge and operational information
- Promoting the work of the Egmont Group
- Working collaboratively with other Egmont Working Groups
- Working collaboratively with relevant international organizations.

### Training Material

The TWG has continued to develop training material on tactical analysis. The material is designed to be interactive, with ample opportunities to put theory into practice. The material can also be customized to meet the needs of individual regions and FIUs. In response to the results of the training needs analysis discussed below, the TWG also agreed to develop additional training material on strategic analysis. The Tactical Analysis Training Package was presented during the Seoul Plenary.

In addition, the TWG is also in the process of developing a package to assist with the FIU component of training examiners for FATF-style mutual evaluation reports and similar assessments. The progress of this package was discussed during the Seoul Plenary, where it was also presented to the incoming President of the FATF.

Another priority area is the need for continual updates on new financial products that may be used in money laundering and TF. New financial products are constantly evolving and being made available to the consumer. Accordingly, the TWG decided to develop a resource library of current information, including new and offshore financial products. The TWG has collected and developed a number of excellent papers that can be used by FIUs to educate their staff on the availability and use of these products, as well as relevant money laundering and TF trends and indicators.

### IMF and World Bank Cooperation

The TWG works cooperatively with the IMF and the World Bank, with each entity sharing draft training materials to promote consistency and avoid duplication. A report on FIU core functions and training needs drafted by the IMF in cooperation with the Egmont Group has now been finalized and will shortly be placed on the ESW for access by all Egmont members. Its findings are consistent with the findings of the TWG's 2006 Training Needs Analysis, identifying the following six priority areas:

1. Tactical analysis
2. Use of technological solutions in analysis
3. Strategic analysis/typologies
4. Financial products
5. Database development
6. Compliance topics.

## Electronic Library

The TWG has continued to develop the Egmont Group's electronic library. The electronic library currently contains folders for the Biennial Census and generic Egmont presentations. Presentations from previous Plenary meetings will also be stored in the library.

## Plenary Training Sessions

More than 130 people attended the training sessions at the Bermuda Plenary. Such was the demand, that an additional training session was held on the first day of the meeting. During this session, four representatives from the Bermuda Monetary Authority and a representative of the forensic accounting firm LLP gave presentations on the offshore financial sector. World-Check also gave a thought-provoking presentation on the life of a professional money launderer and discussed recent developments in money laundering techniques. The breakout sessions comprised presentations by the FATF and a number of FSRBs. The presentations covered current and future typology projects and enabled FIUs to volunteer to assist in this work.

After evaluating the success of the training sessions during the Bermuda Plenary, the Egmont Group decided to again dedicate time to formal training sessions during the 2008 Seoul Plenary. It was determined that the focus of the 2008 training should be TF. Training throughout the Plenary focused on the methods used to finance terrorism, a topic integral to the work of the Egmont Group. The meeting also looked at money laundering methodologies and at countermeasures relating to cross-border wire transfers, as well as the use of information technology to enhance the operational efficiency of an FIU. Some of the discussions highlighted case studies in developing indicators for TF vulnerabilities for not-for-profit organizations (NPOs) and how to protect these organizations.

## Newsletters

The TWG continued to produce the Egmont internal e-newsletter and the international bulletin. These are produced after each Working Group and Plenary meeting and are acknowledged as a valuable tool for informing other Egmont members and external partners of the Group's activities. The Egmont Group's strategy is to encourage its members to submit articles and news items for publication.

## Sanitized Cases Project

During the last 12 months, the TWG has continued to develop the Sanitized Cases Project. This project was introduced to provide a training resource to all Egmont members, and to complement the publication of *Egmont 100 Sanitised Cases*. The Guernsey Financial Intelligence Service has assumed the task of editing this document. A sub-group was formed of members of the TWG, the Operational Working Group (OpWG) and the ITWG to develop a specification to ensure all of Egmont's needs are met in a single database and workflow process. In the interim, the TWG database will continue to provide information. A range of sanitized cases is now available in the Library on the Egmont Group website ([www.egmontgroup.org](http://www.egmontgroup.org)).

## Operational Working Group

The OpWG continued its work on a variety of projects. A paper on e-money laundering was finalized and posted on the ESW for the Egmont Group. SOCA (UK) edited another paper focusing on corruption and PEPs, with OpWG members contributing information from their own country's experiences. This paper was presented at the 2008 Seoul Plenary.

The OpWG organized a joint presentation and discussion on corruption as part of the Seoul Plenary. It invited representatives from the World Bank, the United Nations Office on Drugs and Crime (UNODC), the FATF, the Asia/Pacific Group on Money Laundering (APG), and the International Centre for Asset Recovery (ICAR). The participants contributed information and expertise on various anti-corruption projects, studies and initiatives. The presentations generated lively discussions and a valuable exchange of information.

The OpWG, in conjunction with the TWG and ITWG, continued discussions with representatives of the Financial Crimes Enforcement Network (FinCEN) relating to the expansion of the ESW to include a database for strategic and training purposes. The expanded ESW will serve as another useful information source for members.

In cooperation with the LWG, the OpWG finalized a paper on information sharing. This project focuses on improving information exchanges among FIUs.

## Information Technology Working Group

The 2008 Seoul Plenary marked four years since the formation of the ITWG. Forty-six participants from 31 FIUs and four international organizations attended ITWG sessions this past year. Two important initiatives that date back to the inception of the ITWG reached major milestones this year:

- The USA's FinCEN and the EU's FIU.net Bureau reached an agreement on allowing a connection between the ESW and FIU.net so that FIUs using either FIU.net or the ESW can exchange information across the two networks.
- FinCen and the FIU.net Bureau also signed a Memorandum of Understanding to this effect and the Dutch FIU tested the first FIU.net Bureau-to-ESW connection.

The ITWG Data Standards, relating to the common terms and definitions for the information that FIUs collect and exchange, were presented at the Seoul Plenary meetings. The purpose of this was to raise awareness not only of their existence and value, but also to illustrate some of the information technology challenges facing the Egmont Group as a global organization exchanging information that is often not necessarily "global" in nature.

Over the past year, several FIUs within the ITWG reviewed the UNODC's goAML software. ITWG members also contributed to the delivery of three IMF/Egmont joint training sessions: two for members from Eastern Europe and an inaugural session for countries in the MENAFATF region. Egmont members completed evaluations of several software systems. These evaluations can be viewed by Egmont Group members on the ESW.

With the increasing number of Egmont FIUs, each with their own IT system, the ITWG is mapping the various systems that are, or may be, used to exchange information among FIUs and identifying the countries in which these systems operate. The ITWG will continue to focus on promoting the use of common data standards to ensure that members are not isolated by being restricted to communicating only with FIUs using the same products.

The ITWG also delivered and received presentations on the IT systems of a number of Egmont Group members and international organizations, as well as more generic presentations on IT case management functions and techniques for handling large numbers of reports. These ITWG presentations provided members with ideas on new techniques for automated financial intelligence analysis and established networks of common interest for the IT departments within FIUs.

With the retirement of the former Chair of the ITWG in November 2007, the membership elected a new Chair and Vice-Chair. The HoFIUs ratified the election of the Director of UAF (Chile) as the new Chair of the ITWG during the Seoul Plenary, with the FINTRAC (Canada) ITWG representative becoming the new Vice-Chair.

## Egmont Group Future Developments

The Egmont Committee will be meeting in Toronto, Canada, in October 2008, to consider and develop the Egmont Group's Strategic Plan for the coming years. This will be presented to the HoFIUs for endorsement at the next Egmont Group Plenary in May 2009. Some of the significant issues being considered will include:

- Commitment to support the development of FIUs, especially in sub-Saharan Africa, in conjunction with the FATF, GIABA, MENAFATF and ESAAMLG
- Strategic focus on how FIUs can be central elements in the fight against corruption
- Development of a centralized database to store the results of the Biennial Census, mutual evaluation reports, and the findings of other FIU-related project questionnaires and surveys, in order to provide members with an easily referenced "one-stop shop" of Egmont Group FIU information
- Creation of an Egmont Group Communications Strategy, including drafting and distribution of newsletters; preparation of the annual report; drafting and distribution of a post-Plenary media release; review, redesign, amplification and maintenance of the Egmont Group public website; audit of the content holdings of the ESW; and development of resources and news websites for the reference of members
- Work in collaboration with AML/CFT donors and providers to develop, coordinate and deliver training to benefit Egmont members and FIU development and operations, including:
  - Piloting the Tactical Analysis Training Package
  - Developing an accredited FIU qualification
  - Launching an FIU Management Master Class seminar series
  - Creating FIU training models in various topics
  - Building capacity in the development of typologies
  - Cooperating with the FATF, FSRBs, the IMF and other international organizations on developing and implementing a training package to help assessors involved in the mutual evaluation programs
  - Developing mechanisms to strengthen the coordination and cooperation between the Egmont Group and regional and international AML/CFT organizations.

### Upcoming Egmont Working Group and Plenary Meetings

21–23 October 2008 — Working Group Meetings

3–5 March 2009 — Working Group Meetings

25–28 May 2009 — Plenary

20–22 October 2009 — Working Group Meetings

2–4 March 2010 — Working Group Meetings

24–28 May 2010 — Plenary

19–21 October 2010 — Working Group Meetings

## Glossary of Terms

AML	anti-money laundering
APG	Asia/Pacific Group on Money Laundering
CFT	combating financing of terrorism
CFATF	Caribbean Financial Action Task Force
FATF	Financial Action Task Force
FIU	financial intelligence unit
FSAPs	Financial Sector Assessment Programs
FSRBs	FATF-style regional bodies
EAG	Eurasian Group on Combating Money Laundering and Financing of Terrorism
EGS	Egmont Group Secretariat
ESW	Egmont Secure Web (accessible only by Egmont Group members)
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
GAFISUD	Grupo de Acción Financiera de Sudamérica (South American Financial Action Task Force)
GIABA	Groupe Inter-gouvernemental d'Action contre le Blanchiment de l'Argent en Afrique de l'Ouest (Intergovernmental Task Force Against Money Laundering in West Africa)
GOPAC	Global Organization of Parliamentarians Against Corruption
HoFIUs	Heads of Financial Intelligence Units
IAIS	International Association of Insurance Supervisors
ICAR	International Centre for Asset Recovery
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
ITWG	Information Technology Working Group
LWG	Legal Working Group
MENAFATF	Middle East and North Africa Financial Action Task Force
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
NPO	not-for-profit organization
OWG	Outreach Working Group
OpWG	Operational Working Group
PEP	politically exposed person
TF	terrorism financing
TWG	Training Working Group
UNODC	United Nations Office on Drugs and Crime
UNODC-GPML	UNODC Global Programme against Money-Laundering

## Important Websites

APG	<a href="http://www.apgml.org">www.apgml.org</a>
Bank for International Settlements (BIS)	<a href="http://www.bis.org">www.bis.org</a>
CFATF	<a href="http://www.cfatf.org">www.cfatf.org</a>
EAG	<a href="http://www.eurasiangroup.org">www.eurasiangroup.org</a>
Egmont Group	<a href="http://www.egmontgroup.org">www.egmontgroup.org</a>
ESAAMLG	<a href="http://www.esaamlg.org">www.esaamlg.org</a>
FATF	<a href="http://www.fatf-gafi.org">www.fatf-gafi.org</a>
FIU.NET	<a href="http://www.fiu.net">www.fiu.net</a>
GAFISUD	<a href="http://www.gafisud.org">www.gafisud.org</a>
GIABA	<a href="http://www.giaba-westafrica.org">www.giaba-westafrica.org</a>
IAIS	<a href="http://www.iaisweb.org">www.iaisweb.org</a>
IMF	<a href="http://www.imf.org">www.imf.org</a>
INTERPOL	<a href="http://www.interpol.int">www.interpol.int</a>
INTOSAI	<a href="http://www.intosai.org">www.intosai.org</a>
MENAFATF	<a href="http://www.menafatf.org">www.menafatf.org</a>
MONEYVAL	<a href="http://www.coe.int/t/dghl/monitoring/moneyval">www.coe.int/t/dghl/monitoring/moneyval</a>
UN Counter-Terrorism Committee	<a href="http://www.un.org/sc/ctc/">www.un.org/sc/ctc/</a>
UNODC-GPML	<a href="http://www.unodc.org">www.unodc.org</a>
World Bank	<a href="http://www.worldbank.org">www.worldbank.org</a>