



The Asia/Pacific Group on Money Laundering Information Quarterly

CONTENTS

Contents 1
Combating Money Laundering And Terrorism Financing 1
 Welcome 1
 Departure Of Rick Mcdonell 2
 Welcome (Continued) 2
 Welcome To New APG Members 3
 APG Mutual Evaluations 3
 FATG XVII Plenary 4
 APG Assessment Training Workshop 5
 Australian Anti-Money Laundering Assistance Team (AMLAT) 5
 The Terrorist Financing Conference 6
 Communications News 7
 Malaysia's First Money Laundering Conviction7
 Joint FATF/APG AML/Corruption Issues Project 7
 Korea Introduces Enhanced Financial Transactions Act 7
 New Studies And Updates 8
 Fiji Appoints Director Financial Intelligence Unit 9
 APEC Anti-Corruption Workshop 9
 Practical Techniques For Maintaining A Healthy NGO Sector 10
 Combating Money Laundering And Terrorism Financing 11
 ADB/OECD Anti-Corruption Initiative 11
 Photo Gallery 11
 Brief Guide To Common Acronyms 12
 Calendar 2005-06 12

WELCOME

Eliot Kennedy, Acting Head of APG Secretariat

Welcome to this 'bumper' issue of the APG iQ. There has been a lot happening in the APG over the last few months and we have attempted to capture in this edition all of the events that have taken place.

Of particular note of course is the departure of Rick McDonnell, inaugural Head of the APG Secretariat, after more than ten years of service in the region. (Continued next page)

COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

Strategies adopted by Malaysia

By Datuk Zamani Abdul Ghani*

The task of combating money laundering and the financing of terrorism requires a myriad of expertise which cannot possibly be obtained from one single agency. While the FIU receives information, analyses and disseminates them appropriately to law enforcement agencies, an effective AML/CFT regime necessitates the cooperative efforts of experts from various domestic agencies. For example, regulatory and supervisory authorities play a leading role in policy formulation relating to "Customer-Due-Diligence", record keeping and issuance of guidelines to reporting institutions, while the Attorney-General's Chambers provides the impetus for international cooperation in evidence gathering, extradition and legal matters concerning criminalisation of money laundering offences. As Malaysia adopts a non-integrated approach for its AML/CFT regime, the National Coordination Committee to Counter Money Laundering (NCC) was set-up with the role to mobilise the cooperative efforts from the relevant domestic agencies. The NCC, comprising 13 agencies and ministries that include regulatory, supervisory, law enforcement and the relevant ministries, where agencies coordinate to formulate policies for the national AML/CFT regime. Since the enforcement of the *Anti-Money Laundering Act 2001* (AMLA) in January 2002, the NCC in Malaysia has undertaken many successful initiatives to establish and enhance the national AML/CFT regime. Basically, the NCC adopted a three-prong strategy to combat money laundering and counter the financing of terrorism.



* Datuk Zamani Abdul Ghani is the Deputy Governor of the Bank Negara Malaysia (the Central Bank for Malaysia) as well as being Malaysia's primary contact point for the APG and representative on the APG Steering Group.

The first strategic initiative is to institute strong safeguards to protect financial institutions and designated non-financial institutions and professions from being used as conduits for criminal activities. Hence, the AMLA regulatory net is invoked incrementally on institutions that have been identified as being vulnerable to money laundering or the financing of terrorism. At the same time, the regulatory and supervisory agencies issue guidelines and conduct compliance examination on reporting institutions. With the APG's adoption of the FATF AML/CFT Assessment Methodology 2004, efforts will be taken to ensure that the AML/CFT guidelines for the private sector are

binding and enforceable under the law.

(Continued on page 11)

DEPARTURE OF RICK MCDONELL

Members will be aware that Rick McDonell departed from the APG Secretariat at the end of March 2006 to become the Chief of the United Nations Office on Drugs and Crime Global Programme against Money Laundering (GPML).

It would be remiss of the APG to allow Rick's departure and his contribution to the work of the APG to go unremarked. As APG Co-Chair, on behalf of APG members, I would like to formally acknowledge the critical role Rick played over more than 10 years in the establishment of the APG, and its development into a strong and cohesive regional body.

With the support of the FATF, the Commonwealth Secretariat and the Australian Government, a number of money laundering awareness raising symposia were held in the Asia/Pacific region in the period 1993 to 1997. The primary objective of these symposia, in which Rick played a central co-ordinating role, was to obtain regional commitment to implement anti-money laundering measures and agreement to establish a regional anti-money laundering body. This effort was successful and the APG was officially established in February 1997 at the Fourth (and last) Asia/Pacific Money Laundering Symposium in Bangkok, as an autonomous regional anti-money laundering body.

Thus, Rick was involved from the start of AML/CFT efforts in this region and maintained a strong commitment and great dedication to the APG and its members as the APG grew from an initial 13 members in 1997 to 31 members by the time of his departure.

I am sure that all members will join me in thanking Rick for his contribution to the APG and wishing him well in his future endeavors.

*Commissioner Mick Keelty
APG Co-Chair (Australia)*

WELCOME (Continued)

(Continued from page 1)

Rick was instrumental in the establishment of the APG as the FATF-style regional body for the Asia/Pacific in 1997, and served as Head of the Secretariat since that time. Rick will be greatly missed and we wish him the very best for the future, but it is comforting to know that he will still be actively involved in AML/CFT issues in his new role as Chief of the UN Global Programme Against Money Laundering in Vienna.

The process of selecting the new Executive Secretary of the Secretariat (the title of the position has changed to match those of the FATF and other FATF-style regional bodies) is well underway and it is hoped that the successful applicant for the position will be able to attend the 2006 APG Annual Meeting in July.

The Secretariat's focus is now very firmly on preparations for the APG's 2006 Annual Meeting, to be held in Manila from 3 – 7 July 2006. The Annual Meeting is always the largest and most significant event in the APG calendar, and I am pleased to report that preparations are going well. Our hosts and colleagues from the Philippines are devoting very considerable resources, and typical Filipino hospitality, in making the necessary logistical preparations, and the APG Secretariat has already begun to send out the documents that APG members will need to consider at the meeting.

A significant step forward in our relationship with the FATF was taken last month when the APG applied for Associate Membership of the FATF. The APG's application will be considered by the FATF at its June 2006 Plenary.

On 10 May 2006, the APG Steering Group held a face-to-face meeting at the APG Secretariat's offices in Sydney. This was the first time Steering Group members had the opportunity to meet Japan's new co-chair, Mr. Nobuyoshi Chihara, and the meeting proved to be extremely useful in preparation for the 2006 APG Annual Meeting.

I hope you enjoy this issue of APG iQ and I look forward to seeing APG members and observers in Manila.



Eliot Kennedy and Rick McDonell

WELCOME TO NEW APG MEMBERS

Myanmar and Afghanistan became the APG's thirtieth and thirty-first members respectively having been admitted 'out of session' by APG members in March 2006.

Acting Head of the APG, Eliot Kennedy, welcomed these two jurisdictions' admission to the APG, saying that their request to join the APG and to adopt the APG's Terms of Reference is vital sign of their commitment in the global fight against money laundering and terrorist financing.

"It is vitally important that we have a strong and unbroken chain of jurisdictions across the region which is committed to implementing the FATF 40 Recommendations and 9 Special Recommendations. Myanmar and Afghanistan, through their membership of the APG, have joined with other APG members to ensure criminals and terrorists find no safe havens for their activities", Mr Kennedy said.

APG MUTUAL EVALUATIONS

Mutual Evaluations are a core part of the APG's mandate, and there have been a number of mutual evaluations of APG members undertaken over the past six months as part of the APG's second round of mutual evaluations.

Madam Koid Swee Lian from Malaysia and Rick McDonell from the APG Secretariat took part in the joint FATF/APG Mutual Evaluation of the United States on behalf of the APG together with experts from the FATF. The on-site visit to the US, the largest such visit conducted, was over a total of four weeks, two weeks in November 2005 and two weeks in January 2006. This report will be considered by the FATF at its June 2006 Plenary, and by the APG at its 2006 Annual Meeting.

A joint APG/OGBS Mutual Evaluation of Samoa took place from 6 to 17 February 2006. The evaluation was conducted by a team of experts consisting of Mr Evan Gallagher, Acting Senior Legal Officer, Attorney-General's Department Australia (legal expert); Mr Kong Io Sang, Bank Examiner, Banking Supervision Department, Monetary Authority of Macau (financial expert); Ms Yotsna Lalji, Executive, Policy & Research Directorate, Financial Services Commission (FSC) Mauritius(financial expert for the OGBS), Mr Ian Wong, Assistant Director, Financial Investigation, Commercial Affairs Department, Singapore Police Force (law enforcement expert) and Mr Alvin Koh Yong Kiat, Senior Investigator, Financial Investigation Division (FID), Commercial Affairs Department, Singapore Police Force (law enforcement expert) and David Shannon from the APG Secretariat.

The APG expresses its thanks to the Central Bank of Samoa, Governor Scanlan, Deputy Governor Penn and in particular to Mr Gilbert Wongsin and the staff from Samoa FIU for their patience and assistance during the evaluation.

The Mutual Evaluation of Sri Lanka took place from 27 February to 11 March 2006. The evaluation team consisted of Dr Gordon Hook, Manager, Criminal and International Law, Ministry of Justice, New Zealand (legal expert); Vincent Jalbert, Policy Analyst, Financial Sector Division, Finance Canada and Mr Prashant Saran, Chief General Manager, Reserve Bank of India (Financial/Regulatory Experts);

Senior Police Inspector, Mr Francis Ming-kei LI, Senior Inspector, Hong Kong Police (Law Enforcement Expert); and Eliot Kennedy from the APG Secretariat.

The APG expresses its thanks to the Central Bank of Sri Lanka and, in particular to Mrs Senehe Perera, for their assistance and hospitality to the Team during the on-site visit.

The joint APG/OGBS Mutual Evaluation of Vanuatu took place from 27 February to 11 March 2006. The evaluation team consisted of Janet Maki, Solicitor-General, Cook Islands (Legal Expert); Kazuhiro Sakamaki, Director, Japan Financial Intelligence Office and Abd. Rahman Abu Bakar Manager, Financial Intelligence Unit, Bank Negara Malaysia, Malaysia (for the OGBS); and Thomas Blanchard, Section Chief, Department of Homeland Security, Office of Investigations, Financial and Trade Investigations Division, United States (Law Enforcement Expert); and Arun Kendall from the APG Secretariat.

The APG expresses its thanks to HE Kalkot Matas Keleke, President of Vanuatu, Hon. Ham Lini Vanuarorora, Prime Minister of Vanuatu for their reception and Mackenzie Tari Obed from the Vanuatu Financial Investigations Unit for his assistance to the Team during the on-site visit.

The World Bank undertook an AML/CFT Assessment of Fiji in February 2006 as a part of a broader assessment of Fiji. In accordance with the APG's Mutual Evaluation Procedures, this report will be considered for adoption by the APG.

All of these Mutual Evaluation Reports will be considered for adoption by APG members at the 2006 Annual Meeting, along with the Mutual Evaluation Report of Australia, which was not finalised until after the 2005 APG Annual Meeting.



FATF XVII PLENARY Cape Town, 13 -17 February 2006

The Financial Action Task Force (FATF) and the Eastern and Southern Africa Money Laundering Group (ESAAMLG) held their first joint Plenary meeting in Cape Town, South Africa in February 2006 with a view to mutual reinforcement of the fight against money laundering and terrorist financing in the region (AML/CFT). The meeting was the second FATF Plenary under the South African Presidency and the first joint meeting to take place between the FATF and one of its sister bodies on African soil.

Rick McDonell, Eliot Kennedy, and Arun Kendall from the APG Secretariat, Bronwyn Somerville, Consultant to the APG attended the Plenary Meeting. During the joint plenary session, 400 delegates from 44 jurisdictions, members of FATF and ESAAMLG, discussed ways to build effective anti-money laundering and counter-terrorist financing infrastructures in emerging economies. Among the issues considered were customer identification, interplay between AML/CFT requirements and facilitating increased access to banking services, physical cross-border transportation of criminal proceeds, and implications related to putting AML/CFT measures in place in cash-based economies. The joint Plenary also examined the issue of corruption associated with money laundering, along with specific responses from countries in the ESAAMLG region.

Following the joint meeting with the ESAAMLG, the FATF pursued its Plenary meeting with consideration of a number of topics:

FATF Membership

The FATF continues to examine the issue of further expansion of its membership. The FATF noted that China has made impressive progress toward satisfying FATF entry requirements, and the FATF hopes to be able to conduct a mutual evaluation of China, the next step in the membership process later this year. India has also reaffirmed its commitment to seek FATF membership, and the FATF President undertook a formal visit to India in April 2006.

Countering Terrorist Financing

The FATF adopted an Interpretative Note which clarifies the requirements of Special Recommendation VIII on non-profit organisations. This note further explains the objectives of this Special Recommendation and offers specific measures that countries should put into place to ensure that their non-profit sectors are not misused for terrorist financing purposes. The FATF has also begun a series of reviews of national level regimes for the freezing and confiscation of terrorist assets with a view toward further enhancing the effectiveness of these measures.

Mutual Evaluations

The FATF continues assessing the level and effectiveness of implementation of its revised 40+9 Recommendations on combating money laundering and terrorist financing. It has now completed two more evaluations – Ireland and Sweden. The full reports are available on the FATF website.

Non Co-operative Countries and Territories (NCCT)

Myanmar and Nigeria remain on the FATF's NCCT list. The FATF indicated that it was encouraged by the progress these countries have made but urged them to fully implement their enacted reforms so that they can be removed from the list in the future.

Links between anti-corruption and AML/CFT issues

The FATF is exploring ways in which to address links between corruption and money laundering / terrorist financing as a complement to rather than duplication of existing anticorruption efforts of other international organisations. The FATF is working on a joint project with the APG and other stakeholders to further refine the general understanding of these linkages. (See article on Page 7 for further details on this joint project.)



Cape Town: Setting for the FATF Plenary in February 2006

APG ASSESSMENT TRAINING WORKSHOP

Singapore, 5 – 9 December 2005

The APG conducted an Assessment Training Workshop in Singapore from 5 – 9 December 2005, in conjunction with the IMF, World Bank and the FATF. The event was hosted by the IMF's Singapore Training Institute (STI) and

supported by the Monetary Authority of Singapore. Representatives from half of the APG member jurisdictions were at the Workshop, with remaining members to be trained in late 2006/early 2007. Thirty-five trainees took part in the December 2005 Workshop.

Participants benefited from a range of modules covering the essential elements of assessing compliance under the 2004 Methodology coupled with a case study based on a real mutual evaluation which recently took place. There was a useful mix of theoretical and practical work undertaken during the training workshop which will equip participants with the necessary skills to take part in a mutual evaluation both as an expert evaluator and as a representative from an evaluated jurisdiction.

"Graduates" from this training workshop have gone on to effectively participate as experts in the mutual evaluations of Samoa, Vanuatu and Sri Lanka.

Officers from Singapore's Monetary Authority of Singapore provided invaluable assistance as mock representatives of an evaluated jurisdiction. The APG wishes to thank the IMF, the World Bank and the FATF for their support for the workshop, with a special note of thanks to the professional and hardworking staff of the STI.



Trainees and trainers at the Assessment Methodology Training workshop.

AUSTRALIAN ANTI-MONEY LAUNDERING ASSISTANCE TEAM (AMLAT)

A major new source of technical assistance is now available in the Pacific to help address money laundering and terrorist financing. The Australian Attorney-General's Department has established the Anti-Money Laundering Assistance Team (AMLAT) to assist Pacific island countries to develop anti-money laundering and counter financing of terrorism arrangements.

The AMLAT has funding of \$AUD7.7 million over four years for a team of specialist advisers to provide hands-on training, including workshops, courses, and short-term mentoring. The AMLAT is currently based in Australia, with advisers travelling in the region.

AMLAT advisers can assist with legal advice, awareness raising, the development of financial intelligence units, financial reporting arrangements, and training in the investigation and prosecution of financial crimes.

The AMLAT is committed to working closely with partner countries, other donors and the private sector to deliver integrated packages of assistance that promote regional knowledge and skill transfer. For example, a recent AMLAT awareness raising workshop hosted by the Central Bank of the Solomon Islands included speakers from APG, Pacific Financial Technical Assistance Centre and Westpac, and specialist FIU expertise from the Cook Islands. The AMLAT also has a dedicated coordinator whose role is to ensure that AMLAT projects are synchronized with the work of other donors.

AMLAT is currently negotiating the provision of assistance to various Pacific island countries. Mentoring is now being provided to the newly established financial intelligence unit in the Solomon Islands, and a review of legislation in the Cook Islands is being considered. The AMLAT is also organising an AML/CFT workshop for Tonga, and a regional workshop for Pacific financial intelligence units, scheduled for June 2006.

The AMLAT would welcome requests for assistance from Pacific island countries. Inquiries may be made via the AMLAT website at www.ag.gov.au/amlat or by contacting the AMLAT Coordinator, Andrea Manifold, on +61 2 6250 5634.



Paul Whittaker (AMLAT)



Bronwyn Somerville (APG)

Presenters at the recent awareness raising workshop in Honiara

THE TERRORIST FINANCING CONFERENCE

The Hague, The Netherlands, 15 -16 March 2006

By Mohd Fazid Nordin*

The Terrorist Financing Conference was held in The Hague, the Netherlands from 15 to 16 March 2006. This event was organised and hosted by Ministerie Van Financien (the Dutch Ministry of Finance). Three workshops were held concurrently and attended by 152 participants. Speakers came from a number of government agencies from around the world as well as international organisations. This conference was conducted at the "Societeit de Witte", which is situated in a monumental building on the north-side of the Plein (public square) in the exclusive historical Binnenhofkwartier close to the Parliament of the Netherlands.

**Mohd Fazid Nordin works for the Financial Intelligence Unit of the Bank Negara Malaysia*

The theme of the conference was "Implementing the regulatory framework; enhancing effectiveness through co-operation" with the objective of improving the effectiveness of the current Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) framework through enhanced co-operation and communication. Key note speeches were delivered by Professor Kader Asmal, the President of the Financial Action Task Force on Money Laundering (FATF) and Mr. Gijs De Vries, the European Union Counter Terrorism Coordinator. Introductions to the three workshops were provided by Mr. Urs von Daeniken, Head of Service for Analysis and Prevention of Switzerland, Mr. Antonio Maria Costa, the Executive Director of the United Nations Office on Drugs and Crime and Mr. Bert Heemskerck, the Chief Executive Officer of Rabobank.

As part of the agenda for Workshop 3 entitled 'The international CFT structure', the APG was invited by the Dutch Ministry of Finance to share its experience with practical approaches to implementing the international AML/CFT standards and to discuss issues effecting the implementation of the international standards within this region. An invitation was also extended to Malaysia, as

one of the APG member jurisdictions, to share its experience in implementing AML/CFT measures as well as to give a regional perspective from ASEAN countries. Ms. Bronwyn Somerville, the Executive Consultant to the APG, represented the APG and Mr. Mohd Fazid Nordin from the Financial Intelligence Unit of the Central Bank of Malaysia presented on behalf of Malaysia during the workshop.



Ministerial departments located near the venue

Discussions in Workshop 3 centred on improving the international architecture for counter terrorist financing, identifying bottlenecks and identifying possible steps towards resolving these issues.

At the end of the conference, the following conclusions were released:

- In addressing the co-operation between the investigative authorities and development of guidance, the participants emphasised the need for financial investigation units to gather pro-active intelligence and the crucial role played by operational interagency task forces to ensure an expedited low threshold exchange of information among investigative authorities;
- In order to strengthen the co-operation between the public and the private sector, it was recommended that countries address the importance of the practice of sharing information with the private sector through the formation of advisory groups consisting of industry and government representatives to ensure the two sectors work together in developing an effective risk based guidance; and
- The development of a clear road map towards full implementation of the international standards was recommended, including a call for regional organisations such as the FATF-Style Regional Bodies to play important roles in bringing together the demand and supply of technical assistance. Recipient countries, on the other hand, were advised to set up the appropriate internal coordination mechanisms to clarify their technical assistance needs.

Participants agreed that countries should effectively follow-up on the areas covered during the conference. It was also proposed that the outcomes of this conference be discussed in the upcoming G-20 meeting. The participants expressed their appreciation to the Dutch Ministry of Finance for its warm hospitality and excellent arrangements for this two-day conference and thanked the Terrorist Financing Conference secretariat for the exceptional efforts in undertaking all their duties both efficiently and effectively.

COMMUNICATIONS NEWS	MALAYSIA'S FIRST MONEY LAUNDERING CONVICTION
<p>APG Website Enhancements</p> <p>Following suggestions made at last year's Annual Meeting, the APG Secretariat is pleased to advise that a number of new features have recently appeared on the APG website www.apgml.org including dedicated pages for the APG's Typologies and Implementation Issues Working Groups and members of the Donors and Provider Group, an enhanced members' area and better organisation of links and documents.</p> <hr/> <p>Members' Only Discussion Page</p> <p>This is just a reminder for APG members that the members' only section of the APG website has an interactive discussion page for you to ask questions about or just discuss AML/CFT issues. This page allows all members to see what questions are being asked and what issues are of concern to members, and to be able to assist with answers and discussion points. Currently, one jurisdiction has asked fellow members for their views on where their FIUs are placed and their views on why the decision was made and whether it works well. The APG Secretariat encourages all members to access and utilise this area.</p> 	<p>Malaysia recorded its first money laundering conviction under the Anti-Money Laundering Act 2001 (AMLA) on 19 December 2005 when the offender pleaded guilty to five counts of money laundering charges amounting to RM 83,216. The offender was previously convicted, and sentenced to a total of nine years imprisonment term, for the money laundering predicate offences of robbery and possession of stolen properties.</p> <p>The offender, who was unemployed, has been a snatch thief for a number of years. This is a case of self-money laundering as the offender used the proceeds from his criminal activities to pay for the instalment payments of his housing loan to finance his purchase of a double storey-linked house. He also used the illegal proceeds to pay for the deposits for two luxury cars and the monthly instalments to finance the purchase of his cars.</p> <p>Under the AMLA, any person involved in money laundering activities could be fine up to RM 5 million or sentenced to a maximum imprisonment of five years or both. In this case, the offender was sentenced to three years imprisonment for each of the five money laundering charges. The sentences were to run concurrently after his nine-year jail term for two previous convictions for robbery and possession of stolen properties.</p> <p>Deputy Public Prosecutor (DPP) Muhammad Saifuddin Hashim Musaimi, representing the Attorney-General's Chambers for the case, had asked the court to impose a deterrent sentence that would set a precedent to other courts in Malaysia.</p> <p>"Please send a clear message to those involved in money laundering that they would not be freed easily from the law," DPP Muhammad Saifuddin stated.</p>
<p>JOINT FATF/APG AML/CORRUPTION ISSUES PROJECT</p> <p>The FATF/APG Anti-Corruption Issues Project Group was established by the FATF and the APG in October 2005. A number of international organisations have sought to contribute to the work being done in this area. Membership of the Project Group currently consists of Argentina, Australia, France, Hong Kong, China, the Netherlands and South Africa (from the FATF); India, Indonesia, South Korea, Malaysia, Pakistan and Thailand (from the APG); the Eurasian Group (EAG), the Middle Eastern and North African FATF (MENAFATF), South American FATF (GAFISUD) and the Eastern and Southern African Money Laundering Group (ESSAMLG) as well as the OECD, the Group of States Against Corruption (GRECO), the Off-shore Group of Banking Supervisors (OGBS), the World Bank and the UNODC.</p> <p>In February 2006, members of both the FATF and the APG endorsed proposals for future work by the Project Group in three areas:</p> <ol style="list-style-type: none"> A review of the 2004 Assessment Methodology to identify ways to strengthen the consideration of anti-corruption initiatives as part of measuring the effective implementation of the FATF 40 Recommendations and 9 Special Recommendations; A survey of current anti-corruption measures in place for members of FATF and FATF-style regional bodies (FSRBs) applying to law enforcement officers, prosecutors and the judiciary, in order to identify appropriate ethical and professional benchmarks for these bodies. <p><i>(Continued over page)</i></p>	<p>KOREA INTRODUCES ENHANCED FINANCIAL TRANSACTIONS ACT</p> <p>Financial institutions such as banks and securities companies now have to report large cash transactions to KoFIU, the Korea Financial Intelligence Unit, and carry out strengthened customer identification as Currency Transaction Reporting (CTR) and enhanced Customer Due Diligence (CDD) were put in force as of 18 January 2006.</p> <p>The Korean government established legal grounds for the adoption of these measures in January 2005 through revising the Financial Transaction Reports Act (FTRA), the money laundering law in Korea.</p> <p>In accordance with the revised FTRA, financial institutions have to report currency transactions equal to, or over the amount of KRW 50 mil (equiv. to about USD 50,000). The reporting threshold is to be gradually lowered to KRW 30 mil (equiv. to about USD 30,000) in 2008, and KRW 20 mil (equiv. to about USD 20,000) in 2010.</p> <p>The enhanced CDD measures require the identification of the customer's identity information such as the customer's real name, address and contact number when establishing a new account or conducting transactions equal to, or over the designated threshold of KRW 20 mil (equiv. to about USD 20,000). When there is concern that the customer is involved in money laundering, financial institutions have to verify the beneficial owner and the purpose of transaction.</p> <p><i>(Continued over page)</i></p>

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c. The production of a Research Paper looking at the links between money laundering, terrorist financing and corruption, with the intention of creating training modules and guidance for jurisdictions in relation to 'corruption-proofing' agencies responsible for AML/CFT delivery.

The Project Group is meeting at the end of May to settle a draft paper for presentation to FATF and APG members at the FATF Plenary being held in June. APG members will consider this out of session in June and, as appropriate, at the APG Annual Meeting in July.

(Continued from previous page)

To effectively implement CTR and CDD, KoFIU made preparatory efforts, assisting financial institutions in building the necessary reporting system and providing education.

In addition, pilot tests were carried out with major financial institutions to make sure that all preparations were complete and the overall status will be monitored in real time to make certain that financial institutions are implementing these measures without difficulty.

The implementation of CTR and CDD is expected to bring a variety of positive effects as it will effectively prevent crimes through analysis based on comprehensive data, improve transparency in financial transactions, and enhance the soundness of financial institutions and Korea's international credibility.

NEW STUDIES AND UPDATES

New Interpretative Note

In February this year the FATF issued an Interpretative Note to Special Recommendation VIII, which forms part of the international standard and serves to clarify obligations under SRVIII. The Interpretative Note is based on countries' experience implementing SRVIII and outlines in detail the four elements necessary to effectively identify, prevent and combat the misuse of non-profit organisations (NPOs) for terrorist financing:

- Outreach to the NPO sector on terrorist financing issues
- Supervision and monitoring of the sector
- Effective information gathering and investigation
- Effective international cooperation to share information on NPO sector.

See: <http://www.fatf-gafi.org/dataoecd/16/6/36174688.pdf> to download a copy

NPO Sector training

There have been a number of sub-regional training initiatives held in recent months to assist APG jurisdictions implement Special Recommendation VIII.

In March the US Department of Justice (OPDAT) sponsored and organised a three day workshop in Sri Lanka on the theme of safeguarding Charities from abuse. Representatives from Sri Lanka, Bangladesh, The Maldives and Pakistan participated in the workshop to share information of recent developments in their countries and to identify ongoing challenges and best practices. Presentations were given by technical experts from a number of US Federal and state agencies, the UK Charities Commission, Save the Children and the APG Secretariat on the international standards and best practices for regulators and the sector.

New Guidance on Issues of Risk Management and Compliance

In March 2006 the Wolfsberg Group issued two statements to assist financial institutions manage AML/CFT risks. The "Guidance on a Risk Based Approach for Managing Money Laundering Risks" was issued to support risk management and assist institutions in exercising business judgment with respect to their clients. The Guidance seeks to articulate relevant considerations which institutions may find useful in developing and implementing a reasonably designed risk based approach.

See: <http://www.wolfsberg-principles.com/risk-based-approach.html>

Wolfsberg Group Issue AML Guidance

At the same time the Wolfsberg Group issued its "Anti-Money Laundering Guidance for Mutual Funds and Other Pooled Investment Vehicles" The Guidance sets out relevant considerations for pooled vehicles (including unit investment trusts, hedge funds, private equity funds, and funds-of-funds) to consider in identifying and dealing with situations entailing different levels of money laundering risk.

See <http://www.wolfsberg-principles.com/mutual-funds.html>

World Bank Guidance

In late 2005 the World Bank published a study on "AML/CFT Regulation: Implications for Financial Service Providers that Serve Low-income People". The study summarises the implications of the international AML/CFT framework for financial service providers working with low-income people. To download a copy visit www.worldbank.org



FIJI APPOINTS DIRECTOR FINANCIAL INTELLIGENCE UNIT

The Reserve Bank of Fiji has announced the appointment of Mr Razim Buksh as the Director of the Financial Intelligence Unit (FIU). The FIU is newly established under the Financial Transactions Reporting (FTR) Act of 2004 as the central national agency responsible for implementing anti-money laundering and combating the financing of terrorism measures in Fiji.

Mr Razim Buksh has 19 years working experience with the Reserve Bank of Fiji, of which he has spent 8 years working in Bank's Banking Supervision Division as a senior bank examiner. Prior to this appointment, Mr Buksh was the Team Leader of the interim FIU since 2003.

Mr Buksh is a Financial Sector Specialist on anti-money laundering and he has comprehensive knowledge and experience on anti-money laundering framework, including compliance and investigation. Mr Buksh has been instrumental in developing and driving Fiji's anti-money laundering regime. Mr Buksh has presented numerous papers on Fiji's anti-money laundering regime, both in Fiji and internationally.

He is a certified expert on anti-money laundering, holds a business studies diploma, and has membership of the Fiji institute of Internal Auditors and the Fiji Institute of Bankers.

As Director, Mr Buksh assumes all the powers, duties and functions of the Financial Intelligence Unit, in the performance of which he will be responsible to the Governor and Deputy Governor of the Reserve Bank of Fiji following a delegation by the Minister for Justice of his responsibility under the FTR Act. The appointment is effective from 1 May 2006.

In announcing the appointment, the Deputy Governor, Mr Sada Reddy, said that Mr Buksh has developed an excellent networking with key stakeholders and has strong integrity, respect and confidence within the financial and law enforcement communities in Fiji and abroad.

APEC ANTI-CORRUPTION WORKSHOP Shanghai, China 24 – 26 April 2006

An APEC Anti-Corruption Workshop on Denial of Safe Haven, Asset Recovery and Extradition was held in Shanghai, China from 24 – 26 May 2006. The APG was invited to moderate a session on money laundering and corruption at the event which was co-sponsored by the People's Republic of China (PRC) and the United States of America and hosted by the Ministry of Supervision of China.

Arun Kendall from the APG Secretariat moderated the session on corruption and money laundering during which Anne Wallwork, Deputy Director for Strategic Policy, Terrorist Financing and Financial Intelligence, US Department of Treasury, Wang Yanzhi, Deputy Director-General Anti-Money Laundering Bureau of the People's Bank, China and Yunus Husein, Head of Anti-Money Laundering, Indonesia all spoke about the links between AML/CFT and Anti-Corruption efforts.

The clear message that was heard during this session was the close links between anti-corruption and AML/CFT efforts and the need to cooperate and coordinate activities to avoid duplication.



Scene from a water village outside Shanghai



Scenes from Shanghai at night

PRACTICAL TECHNIQUES FOR MAINTAINING A HEALTHY NGO SECTOR

By Celia Escareal-Sandejas*

A three-day workshop on “Practical Techniques for Maintaining a Healthy NGO” in co-sponsorship with the Philippine Department of Social Welfare and Development was held at the Meralco Management Leadership Development Center, Antipolo City, Philippines, from 5 to 20 February 2006 . The Workshop was hosted by the Department for Social Welfare and Development, the Republic of the Philippines, and supported by the Charity Commission for England and Wales as part of the work of its International Programme.

Delegates attended from each of the ten ASEAN countries attended (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam), as well as experts from national, regional and international bodies. The country delegates came from various government regulatory agencies and the NGO sectors.

Among the resource persons were: From the Philippines: Rory Francisco-Tolentino of Asia Pacific Philanthropy Consortium (APPC), CODE-NGO's Dodo Macasaet, Fely Soledad of the Philippine Council for NGO Certification (PCNC); From Indonesia, Rustum Ibrahim of LP3ES (Institute for Social and Economic Research, Education & Information).

From Australia: Ellen Shipley of AusAID; From the US: Amit Sharma of the Dept. of Treasury; From IMF: Chee Sung Lee; From ADB: Jennifer Francis; From the UKCC: James Shaw-Hamilton, Ben Evans and Neville Browne; and From APG: Bronwyn Somerville.

A regulator with a clear and well-understood role, in relation to the law, other government departments, the sector and the public. The particular advantages of a single regulator were noted.

Regulation that has: an underlying rationale (such as to increase NGOs' effectiveness and to increase public confidence and trust); a risk-based and proportionate approach; cost-effective registration requirements; accounting standards; regular and non-discretionary ways of identifying and dealing with abuse; targeted powers used sensibly; guidance to the sector; and transparency and accountability (both of the NGOs and the regulator).

Partnership between the government and the NGO sector, since jointly developed solutions will be more sustainable and strong, educated sector will be able to better protect itself against misuse. Ideally a regulatory system should combine governmental and sector-led regulation.

Legislation, rules and procedures that are simple, clear, practical and implementable; that encourage compliance; that create an enabling environment; and that clearly define the role and responsibilities of the regulator(s).

The workshop included policy, theory and practical work, including excursions to two local Philippine NGOs: Tahanang Walang Hagdanan (The House With No Steps) and the KILUS Foundation, a cooperative composed of 500 women who make assorted products (bags, wallets, slippers) from recycling juice tetrapaks.



Participants at the NGO workshop

The workshop covered a wide-range of topics relating to NGO regulation. It identified effective regulation as having the following elements (whether these are represented in forms, policies, regulations or legislation):

A regulator that is known and well-regarded by government departments and the NGO sector, whether that regulator is a part of the government, a joint arrangement between the government and the sector or a product of the sector itself.

Whilst the workshop may not have always provided simple answers, it identified many of the key questions and issues that regulators face. Improving regulation is a continuing process. The workshop provided an opportunity for regulators across the region to compare challenges, practices and solutions. Examples were given from all participating countries, and all participants were encouraged to continue dialogue (for example through www.ngoregnet.org).

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COMBATING MONEY LAUNDERING AND TERRORISM FINANCING

Strategies adopted by Malaysia

(Continued from page 1)

The second strategy is to establish appropriate enforcement framework that defines the mechanism to sanction reporting institutions for AMLA non-compliance. One of the strategic thrust of the enforcement framework is to give appropriate time to reporting institutions to take corrective actions before the supervisory authority takes punitive actions. The cost and burden of compliance to these new AML/CFT measures are given cognisance, particularly to institutions that are less developed in terms of instituting compliance programmes. In addition, continuous awareness programme is implemented to educate reporting institutions on AML/CFT requirements and their obligations under the AMLA.

The third strategy is to strengthen the investigative and prosecutorial capabilities. Perpetrators of crime must be brought to Court so as to send the message that crime does not pay. If financial investigators were tardy and ineffective, then those who took efforts to comply with the AMLA safeguards would eventually lose their zeal. The confidence of the stakeholders in the AML/CFT regime is not sustainable if criminals continue to enjoy the proceeds of crime. Malaysia has embarked on an accreditation programme for financial investigators that enhances the skills of investigators in AMLA investigations and paves the way for building a pool of professional financial investigators that is recognised by the Court.



ADB/OECD ANTI-CORRUPTION INITIATIVE

Arun Kendall from the APG Secretariat attended a meeting of the Steering Group of the ADB/OECD Anti-Corruption Initiative for Asia/Pacific, held in Manila, the Philippines from 16 – 19 May 2006. During the course of this meeting, discussions were held with Frederic Wehrle from the ADB/OECD Initiative Secretariat and members of the Initiative's Advisory Group about future cooperation between the two organisations in relation to the links between corruption, money laundering and terrorist financing.

The Steering Group Meeting heard country reports from the Initiative's 27 members and endorsed a Strategic Plan for the 2007-09 period.

PHOTO GALLERY



Rick McDonnell, former Head of the APG Secretariat greets Datuk Zamani Abdul Ghani, Deputy Governor of the Bank Negara Malaysia (the Central Bank for Malaysia) and Malaysia's representative on the APG Steering Group during his visit to the APG Secretariat offices



Beach front in Vanuatu



Elephants socialising in Pinnewala Elephant Orphanage near Kandy, Sri Lanka, as seen by the Mutual Evaluation team.



Yasushi Kanzaki, JAFIO; Eliot Kennedy, APG Secretariat; Tomonori Nakamura, JAFIO; and Arun Kendall, APG Secretariat, meet in the margins of the FATF Plenary in Cape Town.

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All contributions are welcome!

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BRIEF GUIDE TO COMMON ACRONYMS	
AML/CFT	Anti-Money Laundering/ Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
EAG	The Eurasian Group on Money Laundering
ESSAMLG	The Eastern and Southern African Money Laundering Group
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF-style Regional Body
IMF	International Monetary Fund
MENAFATF	The Middle East and North Africa Financial Action Task Force
NCCT	Non-Cooperating Countries and Territories
NPO	Non-Profit Organisations
OGBS	Off-shore Group of Banking Supervisors

CALENDAR 2005-06
<p>The APG continues to have a busy work program for 2006 – 2007. Some of the major APG and related events taking place over the next six months are listed below.</p> <p>Major Events:</p> <ul style="list-style-type: none"> 3 – 7 July 2006: APG Annual Meeting, Manila, the Philippines. <p>Other Events:</p> <ul style="list-style-type: none"> 12-16 June 2006: Egmont Plenary Meeting, Limassol, Cyprus 19-20 June 2006: Forum Regional Security Council Meeting, Nadi, Fiji 19-23 June 2006: FATF Plenary & WG Mtgs, Paris, France 9-13 October 2006: FATF Plenary & WG Mtgs, Vancouver, Canada