



**The Asia/Pacific Group on Money Laundering Information Quarterly**

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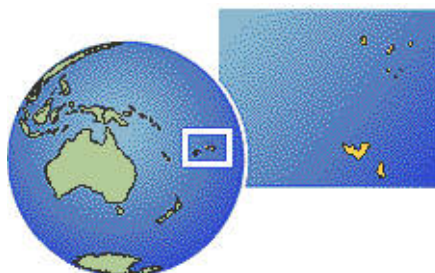
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**TONGA JOINS THE APG**

A meeting of the APG Co-Chairs, Mr Kawakami and Commissioner Keelty, in Japan on 13 May 2005 formally approved the admission of Tonga as the 29<sup>th</sup> member of the APG, following unanimous support by APG members. The APG Terms of Reference and Explanatory Note on Membership provide for the admission of new members 'out of session' if an application for membership is received at least three months prior to the APG Annual Meeting.

The Co-Chairs warmly welcomed Tonga as a new member and looked forward to working closely with Tonga in the future. Tonga will now be able to participate in the forthcoming FATF/APG Joint Plenary session as well as the 2005 Annual Meeting in Cairns.



**WELCOME**  
**Rick McDonell, Head of Secretariat**

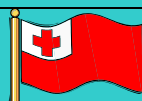
First of all, I would like extend a warm welcome to Tonga as the newest member of the APG.

The Secretariat is entering its busiest period of the year at the moment with the lead up not only to the APG Annual Meeting in July but also the FATF/APG Joint Plenary Session being held in Singapore in June.

Since the last edition of APG iQ, the on-site visits for the APG Mutual Evaluation of India and the joint FATF/APG Mutual Evaluation of Australia have been completed and both were extremely productive. The draft Mutual Evaluation Report for India is expected to be circulated to members in mid-June.

*(Continued third column page 5)*

**TONGA FACT FILE**



There are 169 islands which make up the archipelago of the Kingdom of Tonga, of which only 36 are inhabited.

'Tonga' is the Polynesian word for 'South'

Tonga, formerly known as "The Friendly Islands" was united into a Polynesian kingdom in 1845. It became a constitutional monarchy in 1875 and a British protectorate in 1900. Tonga acquired its independence in 1970 and became a member of the Commonwealth of Nations. It remains the only monarchy in the Pacific.

The capital of Tonga is Nuku'Alofa, which is situated on the Tongatapu Group of islands in the southern part of the archipelago.

Tonga has a population of 129, 422. A third of the population live outside Tonga, the greatest majority residing in New Zealand, followed by the US.

<p style="text-align: center;"><b>APG SECRETARIAT ON THE MOVE</b></p>	<p style="text-align: center;"><b>MUTUAL EVALUATION OF INDIA</b></p>	<p style="text-align: center;"><b>JOINT MUTUAL EVALUATION OF AUSTRALIA</b></p>
<p>The APG Secretariat has moved!</p> <p>At the close of business 06 May 2005 the Secretariat moved from its current premises to a new location. The move reflects a change in the Secretariat's host Australian government agency from the Australian Crime Commission to the Australian Federal Police. The Secretariat's new contact details are:</p> <p>Address: 110 Goulburn Street, Sydney NSW 2000, Australia  Postal: Locked Bag A3000, Sydney South NSW 1232, Australia  Telephone: +61 2 9286 4383  Facsimile: +61 2 9286 4393</p> <p>Email and website addresses remain the same:  Email: <a href="mailto:mail@apgml.org">mail@apgml.org</a>  Website: <a href="http://www.apgml.org">www.apgml.org</a></p>  <p style="text-align: center;"><i>Above: the entrance to the new APG offices</i></p> 	<p>An APG Evaluation Team visited India from 14 March – 25 March 2005. The Evaluation Team consisted of:</p> <ul style="list-style-type: none"> <li>a) <i>Legal Expert:</i> Ms Nicola Rivers, Legal Officer, Funding and Assets of Crime Section, Attorney General's Department, Australia</li> <li>b) <i>Financial/regulatory experts:</i> Mr Richard Chalmers, Advisor on Offshore Financial Centres, Financial Services Authority, United Kingdom and Amit Sharma, Policy Advisor, US Treasury, United States;</li> <li>c) <i>Law Enforcement Expert:</i> Philip Tsang, Senior Inspector of Police, Hong Kong Police Force, Hong Kong, China; and</li> <li>d) <i>APG Secretariat:</i> Rick McDonnell, Head of Secretariat and Arun Kendall, Executive Officer.</li> </ul> <p>The Team met the Finance Minister for India, Mr Chidambaram as well as senior representatives from a wide range of key agencies within government departments including the Department of Finance, the Ministry of Home Affairs and the Ministry of External Affairs. The Team also met with a number of regulatory bodies including the Reserve Bank of India as well as some private sector organisations and professional bodies.</p> <p>The Indian authorities provided the highest level of cooperation to the Team during the visit, despite the demands of their normal duties. The APG expresses its thanks to the Ministry of Finance and in particular to Mr Rakesh Singh, Ms Anuja Sarangi and their staff from the Department of Revenue and Mr R. N. Das, Mr Lawande and Mr S. K. Panda and their staff from the Directorate of Enforcement for their patience and assistance during the course of the evaluation.</p>  <p style="text-align: center;"><i>The Indian Mutual Evaluation Team: (L to R) Richard Chalmers, Nicola Rivers, Rick McDonnell, Anuja Sarangi (India), Amit Sharma, Arun Kendall and Philip Tsang</i></p>	<p>For its third round of mutual evaluations of its members, the FATF has decided that where an FATF member is also a member of a FATF-style regional body (FSRB) such as the APG, then the evaluation should be conducted jointly with the FSRB. The APG currently has six members which are also members of the FATF, including Australia, and this is the second evaluation conducted jointly by the FATF and the APG (New Zealand was evaluated in late 2003).</p> <p>A joint FATF/APG Evaluation Team therefore visited Australia from 10 – 23 March 2005. The Evaluation Team consisted of:</p> <ul style="list-style-type: none"> <li>a) <i>Legal Expert:</i> Mr. Lee Radek, Senior Counsel, U.S. Department of Justice, Asset Forfeiture and Money Laundering Section, United States;</li> <li>b) <i>Financial Expert (FATF):</i> Mr. Christopher Malan, Senior Manager, Compliance and Prevention, Financial Intelligence Centre, National Treasury, South Africa</li> <li>c) <i>Financial Expert (APG):</i> Mr. Syed Mansoor Ali, Member- Financial Crimes Investigation Wing, National Accountability Bureau, Pakistan</li> <li>d) <i>Law Enforcement Expert:</i> Mr. John Sullivan, Detective Inspector, OIC Operational Support, RCMP Proceeds of Crime Branch, Canada;</li> <li>e) <i>FATF Secretariat:</i> Mr. John Carlson, Principal Administrator and Mr. Kevin Vandergrift, Administrator;</li> <li>f) <i>APG Secretariat:</i> Mr. Eliot Kennedy, Executive Officer</li> </ul> <p>Meetings took place with a wide range of Australian Federal and State Government agencies in Canberra and Sydney, as well as a number of private sector representatives. The size and complexity of the Australian economy and Australia's federal system of government required the Evaluation Team to meet with many interested parties and to take into account a very large amount of information. This task was made considerably easier by the high level of cooperation displayed by the Australian authorities, in particular by the Australian Treasury which made all the necessary arrangements. The team would like to thank Ms Susan Bultitude from the Treasury for her excellent work in coordinating the visit.</p> <p>The joint evaluation is proving to be a very beneficial experience for the APG, especially as it involves use of the 2004 Assessment Methodology, which has only been used for APG evaluations since the beginning of 2005.</p>

## NEWS BRIEFS

## OCEANIA CUSTOMS ORGANISATION ANNUAL MEETING

By Marc Jannier, Head of OCO Secretariat

Myanmar has stated that it will introduce a plan to fight money laundering in the country and the draft of the plan to be finalised by the end of March 2005. Once the plan is approved by the Central Control Board, it will be submitted in May to the Financial Action Task Force (FATF) which had listed Myanmar as among non-cooperative countries and territories in dealing with money laundering, a high-ranking police official was quoted as saying. Myanmar signed the UN Convention Against Transnational Organized Crime in April 2004.

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Anti-money laundering is becoming a global task according to a KPMG survey. With businesses becoming global, ignoring the need for an international facet in the anti-money laundering (AML) agenda was not an option, says a report on the survey. Among the respondents to a questionnaire put out by KPMG were public and private banks, insurance firms and other financial institutions that faced significant risk from customers using them for nefarious purposes. Regulators across the globe are constantly monitoring institutions with international operations. Around 58 per cent of the respondents categorised overseas regulators to be exercising ever increasing scrutiny, the survey found. Some 86 per cent of the respondents said international firms had a greater need now than before to adopt the best practices recommended by public bodies like the World Bank, International Monetary Fund (IMF), Financial Action Task Force (FATF) and the Basel committee and industry bodies such as the Wolfsberg Group and British Bankers' Association.

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AUSTRAC's AML eLearning application was formally launched in May by the Australian Minister for Justice and Customs, the Honourable Christopher Ellison. The eLearning application has been designed to assist reporting entities, industry associations, members of the public and other stakeholders to understanding the reporting and know your customer obligations within the Australian legislation, the Financial Transaction Reports Act 1988 (FTRA). See AUSTRAC's website at <http://www.austrac.gov.au/> for further details.

The 2005 Oceania Customs Organisation (OCO) 7th Annual Conference was held in Guam from 7 - 11 March 2005. Ten regional organisations and twenty OCO Member delegations participated in the sessions.

Bill Gain from New Zealand Customs represented the APG and gave a presentation on the work of the APG in AML/CFT in the region.

The meeting was dedicated in a large part to the revision of the structure of the organisation and its operations.

The following decisions were taken by the OCO delegates:

The organisation created a Steering Committee tasked to provide strategic guidance and advice to the Annual Conference,

Three revived Technical Committees were established, responsible for each focus area of the OCO Work Plan, namely Trade Facilitation, Law Enforcement and Capacity Building. These have been set up in order to ensure that the OCO is able to provide regional leadership in Customs matters,

The OCO Secretariat, presently hosted by New Caledonia Customs, will be relocated in early 2006 to a Pacific Island country to be selected in the coming weeks.

The Conference decided also to strengthen the OCO Secretariat through the appointment of a programme manager tasked to implement the Customs component of the Regional Trade.

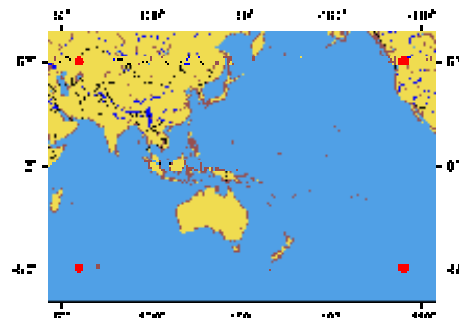
Facilitation Programme (RTFP), a comprehensive modernisation programme for the Pacific Island Customs administrations.

The 7th OCO Annual Conference confirmed also the willingness of the OCO Members to strengthen the relationship between the OCO and the World Customs Organisation (WCO).

The draft WCO Framework on the Security and Facilitation of Supply Chain Security was outlined by US Customs from a US perspective. As the protection of the economies and trade of the Pacific region is a priority for the OCO, the 7th Annual Conference set to the organisation the objective to follow up the global process and to adapt the global standards to the Pacific region.

The threats posed to the OCO region from transnational criminal activities including terrorism, drug trafficking, money laundering, firearms, identity fraud, illegal trade in endangered species, and the regional issues associated with people smuggling and trafficking have been emphasised. They reinforce the continued need for communication and cooperation between law enforcement agencies and for adequate funding and training for law enforcement organisations in the Pacific.

The new OCO Chair, Ricardo C. Blas, Director of Guam Customs and Quarantine Agency officially signed the MOU with United Nations Environment Programme Division of Technology, Industry and Economics Energy (UNEP-DTIE) which aims to develop a concrete training co-operation in order to fight against the illegal trade of Ozone Depleting Substances (ODS). Fiji will host the 8th OCO Annual Conference from 13 to 17 March 2006.





**APG ANNUAL MEETING**  
Cairns, 11 to 15 July 2005

The APG Annual Meeting will be held in Cairns, Australia from 11 to 15 July, 2005. This promises to be the one of the largest Annual Meeting held by the APG and will include consideration of a record seven Mutual Evaluation Reports.

Members will be receiving all relevant documentation during the next couple of weeks, and these will also be found in the members' area of the APG website.



**FATF PLENARY AND JOINT  
FATF/APG PLENARY SESSION**  
Singapore 06 to 10 June 2005

The FATF will be holding its Plenary in Singapore from 06 June to 10 June 2005. To mark this occasion, there will be a joint Plenary session with the APG on 8 June, and APG members will be able to participate in FATF Working Group meetings. Topics for discussion on the agenda include:

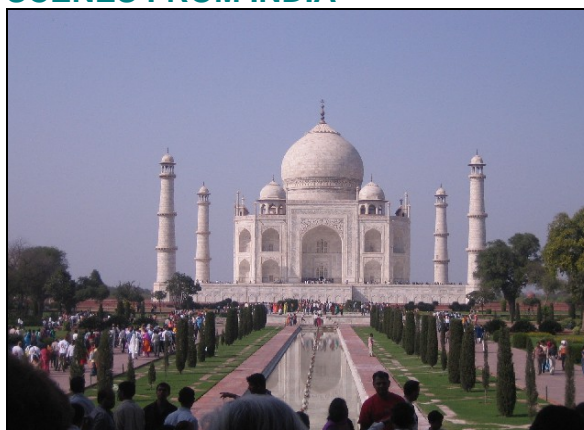
1. SR VI – Alternative Remittance Systems: Typologies and implementation challenges;
2. SR IX – Cash Couriers: Experience and implementation challenges;
3. Corruption and the effectiveness of AML/CFT regimes;
4. Review of the NCCT Exercise: Feedback from the Asia/Pacific region; and
5. Implementation challenges of the revised FATF 40 Recommendations and 9 Special Recommendations

This is a valuable opportunity for all APG members to participate in such a unique occasion and be able to engage in dialogue and discussion with the FATF on issues relevant to the Asia/Pacific region.

**APG PHOTO CORNER: SCENES FROM INDIA**



*Above: Rick McDonnell, Head of the APG Secretariat, meets the Indian Finance Minister, Mr Chidambaram during the Mutual Evaluation of India*



*Above: A view of the Taj Mahal in India (taken by Arun Kendall)*



*Presidential Buildings in New Delhi, India (taken by Arun Kendall)*



*Transporting the family in New Delhi, India (taken by Arun Kendall)*

## ALTERNATIVE REMITTANCE SYSTEMS – NEW STUDIES

Use of Alternative Remittance and Underground Banking (ARS) for money laundering and terrorist financing remains a significant issue in the Asia/Pacific region. A number of new resources on ARS and its regulation have recently been published or will soon be published.

The World Bank has recently published a detailed study on the Canada-Vietnam remittance corridor: lessons on shifting from informal to formal transfer systems.

[http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/04/26/000090341\\_20050426100319/Rendered/PDF/32179.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/04/26/000090341_20050426100319/Rendered/PDF/32179.pdf)

The IMF has recently published a paper titled 'Approaches to a Regulatory Framework for Formal and Informal Remittance Systems: Experiences and Lessons', which was prepared in collaboration with the World Bank.

<http://www.imf.org/external/np/pp/eng/2005/021705.pdf>

The IMF has also developed a paper from the proceedings of the Second International Conference on Hawala (April 2004) to promote outreach and to provide a survey of regulatory practices and an overview of experiences in different countries.

<http://www.imf.org/external/pubs/nft/2005/hawala/hawala.pdf>

The third International Conference on Hawala (April 2005) was hosted by the Central Bank of the United Arab Emirates. The presentations and papers from the conference are available online via:

<http://www.cbuae.gov.ae/Hawala/HAWALA.htm>

It is anticipated that the FATF will publish an updated global typologies study of ARS in June 2005 as part of the FATF Annual Typologies report. The publication is expected to be available via the FATF website at that time. <http://www.fatf-gafi.org>

## CALENDAR 2004-05

The APG continues to have a busy work program for 2004 – 2005. Some of the major APG and related events taking place over the next six months are listed below.

### Mutual Evaluations:

- There are no mutual evaluations scheduled prior to the Annual Meeting, but there will be 2-3 scheduled before the end of the calendar year (to be advised).

### Major Events:

- 6-10 June 2005: FATF Plenary and joint FATF/APG Plenary Session, Singapore. Members will have by now received invitations
- 11-15 July 2005: APG Annual Meeting, Cairns, Australia.
- 19-23 Sept (TBC): APG Training on AML/CFT revised methodology

### Other Events:

- 13 -17 June: Forum Regional Security Committee, Auckland NZ
- June 2005 TBC: GAFISUD Plenary Meeting, Argentina
- 27 June-1 July 2005: Egmont Plenary and Working Groups, Washington
- TBC July 2005: Council of Europe Moneyval Committee Plenary Meeting
- 30 June – 01 July: OGBS Annual Meeting, Cayman Islands
- TBC 18 August 2005: ESAAMLG Annual General Meeting
- 4-11 September, 23rd Cambridge International Symposium on Economic Crime
- TBC October 2005 CFATF Plenary Meeting

**The APG iQ is a quarterly publication of the APG. The deadline for the next publication will be 30 July 2005 and every three months after that.**

**Editor: Arun Kendall**

**All contributions are welcome!**

**Please send to: [mail@apgml.org](mailto:mail@apgml.org)  
Visit our website at:  
[www.apgml.org](http://www.apgml.org)**

## Welcome

**Rick McDonell, Head of Secretariat**

*(Continued from page 1)*

The APG Secretariat has now finalised its move to new offices within the Australian Federal Police building in Sydney (see details in this newsletter) and we appreciate your patience during the changeover period. Our thanks go to both the Australian Crime Commission (our previous hosts) and the Australian Federal Police for their generous assistance in facilitating the move, which went very smoothly.

Finally, keep an eye out for the new look APG website which will start operating very shortly. The website address will remain the same, but the site will be much more user-friendly. We will officially launch the new website at the Annual Meeting in July.



*Rick McDonell, Head APG Secretariat*

## BRIEF GUIDE TO COMMON ACRONYMS

ADB	Asian Development Bank
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FSRB	FATF-style Regional Bodies
IMF	International Monetary Fund
NCCT	Non-Cooperating Countries and Territories
NPO	Non-Profit Organisations