

# Laundering News

## APG Annual Meeting a great success



The APG's Fifth Annual Meeting was held in the Brisbane Convention Centre, Australia from 4 – 7 June 2002. The very productive four-day meeting was hosted by the Government of Australia and held in collaboration with the Asian Development Bank. The meeting was opened by Senator the Honourable Christopher Ellison, Minister for Justice and Customs, of the Australian Government.

Over 220 participants representing 25 APG member jurisdictions, 15 observer jurisdictions and 13 international and regional organisations attended the meeting, which provided an opportunity to discuss practical issues associated with the implementation of money laundering measures in the region.

The meeting was very successful in terms of the level of attendance, the level and breadth of discussion, and the concrete outcomes achieved', said Rick McDonell, Head of the APG Secretariat. 'A number of important issues were discussed, including changes to the APG's Terms of Reference to include a formal commitment to combat terrorist financing'.

The major outcomes and highlights of the Fifth Annual Meeting of the APG included:

- a welcome to Nepal, the Republic of Palau and the Republic of the Marshall Islands as new members to the APG, taking total membership to 25 jurisdictions;
- presentation of a significant new study on the *Negative Effects of Money Laundering on Economic Development* by Mr Brent Bartlett, a consultant to the Asian Development Bank, as part of the ADB's Regional Technical Assistance Project 'Countering Money Laundering in the Asian and Pacific Region'. A copy of this important study can be found on the APG's website ([www.apgml.org](http://www.apgml.org));
- a detailed presentation on and discussion of the current review of the FATF 40 Recommendations and the opportunity for the APG's further input into that process;
- adoption of reports by the APG Working Groups on Information Sharing and on Underground Banking and Alternative Remittance Systems and endorsement of their proposed work over the next 6 – 12 months;
- discussion of implementation issues and a decision to begin the development of a comprehensive Best Practice Guide to assist jurisdictions with the practical implementation of the anti-money laundering standards;
- a Special Forum on Technical Assistance and Training which included discussion of the technical assistance needs in each jurisdiction and presentations on significant regional technical assistance projects;
- discussion and adoption of five mutual evaluation reports of member jurisdictions – Malaysia, Cook Islands, Fiji Islands, Indonesia and Thailand; and
- decisions in relation to the Revised APG Terms of Reference; revisions to the APG Strategic Plan 2001 – 04; a Business Plan for 2002 – 03; and APG Co-Chair arrangements, in particular welcoming the Republic of Korea as the new APG Co-Chair from 1 July 2002 for a two year term (see story on page 3 for further details)

*Continued on page 2.....*

## WELCOME



**Rick McDonell,  
Head, APG Secretariat**

Welcome to the second edition of *Laundering News*, the newsletter of the Asia/Pacific Group on Money Laundering, for 2002.

Since the first edition in February this year, the APG has been fully engaged in delivering an ever-expanding program of events and activities. The regional demand for information and education programs continues to grow, as does the need for compliance assessments of APG members through mutual evaluations and a self-assessment process. The APG is also an important provider of advice and assistance and much of this exchange and coordination takes place through the APG's major events, the Annual Meeting and the Typologies Workshop.

This year's Annual Meeting in Brisbane was the APG's largest ever. A Special Forum on Technical Assistance and Training was also held in conjunction with it. The stories on pages 4 and 5 cover the Special Forum.

*Continued on page 3.....*



## Farewell from Gary Crooke QC

**Gary Crooke QC's term as the Australian Co-Chair of the APG ended on Tuesday 17 September. Here are his reflections on his time with the APG.**

With the three year appointment as Chairman of the (Australian) National Crime Authority, which carried with it the responsibility of Co-chairmanship of the APG, my involvement was for this limited period. It has passed very quickly.

In the course of my duties as Co-chair, I have had occasion to visit the history of the APG from its beginnings in 1997.

We have now arrived at the situation where all members contribute pro rata by way of subscription and

participation is enthusiastic and a palpable spirit of co-operation prevails.

Momentum seems to be gaining and the organisation is progressing from strength to strength.

The APG is no more and no less than the aggregation of the goodwill and efforts of its member jurisdictions. When my term commenced, membership numbers were fewer and financing was essentially through the good grace of a small number of larger member jurisdictions.

In no small measure, this has been due to the dedicated efforts of our Secretariat and its head, Rick McDonell, but I would also like to acknowledge the work done by my Co-chairs during my term of office and, more particularly, the great contribution made by Dato' Huang of Malaysia, whose term finished in June this year.

It has been a pleasure to experience the goodwill, co-operation and devotion to a common cause, which permeates all APG dealings.



I wish all of those of you continuing and those who come afresh to the organisation every success for the future.

**GARY CROOKE QC**

### CONT'D FROM PAGE 1...

Members also expressed their appreciation for Malaysia's dedicated efforts as Co-Chair for the past two years and noted that this would be both Dato' Huang Sin Cheng's and Mr Gary Crooke's last annual meeting as Co-Chairs. Members thanked both Co-Chairs and wished them well for the future.

A fuller summary of the outcomes of the meeting can be found on the APG's website at:

[http://www.apgml.org/Index\\_files/fifth\\_annual\\_meeting.pdf](http://www.apgml.org/Index_files/fifth_annual_meeting.pdf).



*APG Co-Chair Gary Crooke QC and the Honourable Christopher Ellison, Minister for Justice and Customs, speak to the media at the APG 2002 Annual Meeting.*

The publication of the second issue of *Laundering News* for 2002 has been somewhat delayed. However, a final edition for 2002 will be published in early December, in which we will update you on the outcomes of the recent FATF Plenary, the FATF Typologies Workshop and other important developments.

We are also keen to expand the range of articles and contributions from APG members and other readers, and we will be doing our best to encourage input from our member jurisdictions in particular. So, please consider providing us with stories, photos, letters etc and don't be surprised if you receive a request from the Secretariat for the next edition! The deadline for contributions for the November/December issue is 29 November 2002.

*Laundering News* is published 3 - 4 times per year

Editor: Eliot Kennedy  
Deadline for contributions for December issue: 29 November 2002

All contributions are welcome! Send to [mail@apgml.org](mailto:mail@apgml.org)

## Korea takes on APG Co-Chair role

The Republic of Korea assumed the rotating APG Co-Chair position for a two-year period on 1 July 2002, when Malaysia's two-year term as Co-Chair came to an end. Initially, the Co-Chair position was occupied by Mr Dong-Kyu Shin, Commissioner of the Korea Financial Intelligence Unit (KOFIU). Soon after taking on this role, Mr Shin was appointed Deputy Minister for Finance and indicated that, regretfully, he would be unable to continue as APG Co-Chair.

The Co-Chair position has now been taken up by the new Commissioner of KOFIU, Mr Gyu-Bok Kim. Mr Kim (pictured, right) has recently held various senior positions in Korea's Ministry of Finance and Economy and was Head of the FIU (Financial Intelligence Unit) Task Force, which worked towards the establishment of KOFIU, from May 2000 to April 2001. He has previously held senior positions in the Central Officials Training Institute, the National Statistical Office and the Ministry of Finance.

Mr Kim, who is 51 years old, has a Masters of Business Administration from the University of Pennsylvania in the United States and an MA in Public Administration and BA in Law from Seoul National University.



*Mr Gyu Bok-Kim  
Commissioner, KoFIU*

### *Welcome from Rick McDonell continued from page 1...*

At the time of writing, the APG Typologies Workshop was due to be held shortly and promised to be a busy, informative and constructive two days. You can find details on the Workshop on page 6.

Globally, the scope and depth of AML/CFT issues has been a significant challenge for APG members and the APG Secretariat. A few of the more important issues exercising the minds of officials and experts around the region and the globe include:

- the promulgation by the FATF of Eight Special Recommendations on Terrorist Financing;
- the FATF's review of its Forty Recommendations;
- work on the development of a comprehensive assessment methodology for AML/CFT compliance; and
- global initiatives to better coordinate the provision of technical assistance and training.

Despite, or perhaps because of this heavy workload, the APG Secretariat will endeavour to publish *Laundering News* at three to four times per year in order to keep members and other interested persons informed, as part of the APG's Communication Strategy. As ever, your contributions to and feedback on the newsletter would be most welcome.

## CALENDAR OF EVENTS 2002-03

The APG has a busy work program for 2002 – 03. Some of the major APG and related events taking place over the next six months are listed below.

*19 – 21 November 2002*

FATF Typologies Workshop, Rome, Italy

*12 - 14 February 2003*

FATF Plenary Meeting, Paris, France

*17 – 21 February 2003*

APG Mutual Evaluation of the Philippines

*March 2003*

APG Mutual Evaluation of Palau (TBC)

*26 – 30 May 2003*

APG Annual Meeting, Manila, the Philippines

*15 – 20 June 2003*

FATF Plenary Meeting, Berlin, Germany

## *APG Secretariat Changes and Expansion*

The APG Secretariat has expanded to welcome new faces and talents. Ms Helen Newell joined the Secretariat in May this year as Administrator and looks forward to her exciting new role in the Secretariat. Ms Bronwyn Somerville has also joined the APG Secretariat team as a consultant (see page 5 for more information). Ms Anastasia Petropoulos will be taking leave from the Secretariat for 12 months from January 2003 to travel overseas.



# Developments in Technical Assistance and Training

Technical assistance and training has been a major focus of the APG since its inception in 1997 and as the pressure for compliance with international anti-money laundering standards grows, so too does the demand for support to implement those standards.

## Growing Demand

Membership of the APG has expanded over the last two years to encompass 25 member and 15 observer jurisdictions. It is expected that interest in membership will continue to grow.

The pressure to comply with international AML standards is becoming very real for some APG member and observer jurisdictions. This is most noticeable through the influential FATF Non Co-operative Countries and Territories (NCCT) process. This pressure has, in turn, intensified the demand for technical assistance and training across the Asia/Pacific region. This is only likely to continue with the shift in focus to encompass the FATF Special Recommendations on combating the financing of terrorism.

## Regional role for APG

The role of the APG Secretariat in co-ordinating a technical assistance and training program, on behalf of the APG members, was endorsed at a meeting of anti-money laundering bodies and various donor and provider organisations, which was held in April this year in Washington, DC.

The Washington meeting was jointly hosted by the World Bank and the IMF and reached consensus that the immediate AML/CFT needs of jurisdictions should be identified and that models and mechanisms for co-ordination of technical assistance to meet those needs should be organised on a regional basis through the Financial Action Task Force (FATF)-style regional bodies (FSRBs).

The APG Secretariat is the FSRB for the Asia/Pacific region.

## APG Special Forum on Technical Assistance and Training

Following on from the Washington meeting, the APG Secretariat considered that the best way to progress the issue of co-ordinating the increasing demand with the effective delivery assistance would be to convene a forum as part of the APG Annual Meeting.

The Forum was held in Brisbane on 6 June 2002 and was attended by 28 APG member and observer jurisdictions and nine international and regional organisations. The day-long forum was spread across two sessions.

The first session, which was chaired by Mr Rick McDonell, Head of the APG Secretariat, aimed to identify the member and observer jurisdictions' technical assistance and training needs.

It also provided an opportunity for exchange of contact information between jurisdictions and donor and provider organisations.

The second session was co-chaired by Mr McDonell and Mr Richard Zechter, Senior Financial Sector Specialist, The World Bank. This session was the first meeting of the APG Donors and Providers Group on Technical Assistance and Training and focused on the need to improve co-ordination to avoid duplication and to maximise the effective use of resources.

"The Forum provided a unique opportunity for APG members and observers to identify their technical assistance and training needs and open up a dialogue with key international and regional donors and providers", Mr McDonell said.

## Outcomes from the Forum

Consensus was reached at both sessions on the requirement for co-ordination. The value in jurisdictions, donors and providers adopting a sequential approach in developing and implementing AML/CFT systems and in requesting and providing assistance and training was also endorsed. This acknowledged the need, for example, for a jurisdiction to have AML legislation in place before attempting to train law enforcement

personnel in specialist investigation and prosecution procedures.

Following on from the Special Forum, the APG Secretariat compiled a matrix of the technical assistance and training needs of individual APG member and observer jurisdictions. This information has been circulated to donors and providers as a planning guide.

To strengthen the co-ordination process, the donors and providers that attended the Forum have agreed to provide information to the APG Secretariat on what assistance is currently being delivered; what might be available; what has been requested; and what has been approved, but is not yet under way. This will be an important ingredient in identifying the gaps and how they might best be filled.

## Coordination must add value

In stepping up to the challenge for the Secretariat, Mr McDonell, emphasised that "for co-ordination to be successful, it has to be voluntary and it must not add costs". The individual mandates and processes of the organisations involved must be respected and, most importantly, the Secretariat must not act as a 'buffer zone' between jurisdictions and the donors and

*Continued on page 5.....*

# New Addition to the APG Secretariat

As noted in the previous story, technical assistance and training is a priority for the APG in response to demand from its members. The APG Secretariat's current capacity to play a role in facilitating and co-ordinating technical assistance and training across the region has been significantly enhanced with the recent arrival of Ms Bronwyn Somerville as a consultant to the Secretariat.

A former Senior Advisor in the New Zealand Department of the Prime Minister and Cabinet, Chair of the New Zealand Interagency Group on Money Laundering and Director of both the New Zealand Crime Prevention Unit and the New South

Wales Crime Prevention Division, Ms Somerville will be with the Sydney-based Secretariat for two years. The assignment is funded by the Commonwealth Secretariat under the Commonwealth Fund for Technical Assistance.

The primary purpose of the assignment is to assist with improving, expanding and supervising the APG's technical assistance and training strategy. This will include providing support to improve the co-ordinated delivery of assistance and training, in collaboration with international donor and provider organisations and jurisdictions.

Ms Somerville has been with the Secretariat since the beginning of July.

"Following on from the APG Special Forum on Technical Assistance and Training held in June, the immediate priority has been to identify the needs of the APG members and observers and provide this information to the donor and provider organisations", Ms Somerville said.

Ms Somerville's work has also included working on designing methods for co-ordinating what assistance is needed with what is available and where the opportunities for co-operation and collaboration might lie.

She commented "this a really important part of the process if we are to ensure that the very limited resources that exist in this

region are not wasted through duplication and inefficiency. The challenge is to be able to engage technical assistance and training donors and providers in a very real way, in a co-ordination process that is, in essence, voluntary. I look forward to this challenge and to seeing the practical results for the APG members".



## Developments in Technical Assistance and Training

*Continued from Page 5*

providers. "The Secretariat must add value to the co-ordination process at every stage", he said.

As part of a comprehensive approach, APG member and observer jurisdictions will be encouraged to establish national inter-agency co-ordination mechanisms to consider requests for technical assistance and training and to provide a contact and liaison network within the region. One of the benefits will be to improve the confidence of donor organisations that the requests being received have the support of the relevant agencies at the local level. It is hoped that

this will prevent duplication and the submission of requests that are 'out of sequence' with respect to the development of the local AML/CFT systems and measures.

The APG also intends to pursue the development of sub-regional co-ordination mechanisms similar to the Pacific Islands Forum Secretariat's (PIFS) co-ordination group. As a first step toward achieving this, the APG Secretariat will explore opportunities for strengthening the information exchange and technical assistance links with, for example, the ASEAN, APEC and SAARC secretariats.

### Need for Sustainable Assistance

The Forum participants made a strong call for donors and providers to move away from short-term, short impact 'academic' assistance toward sponsorship for, and provision of, longer-term, practitioner-focused secondments and mentorships with adequate follow-up. This was identified as a fundamental requirement if there is to be any hope of building sustainable AML/CFT capacity in the region.

The Special Forum was endorsed by all participants and it is anticipated that it

will become an annual event, running alongside the APG Annual Meeting.

"The next stage, of turning information exchange into program delivery, is crucial, if the rhetoric of co-ordination is not to overwhelm the reality", Mr McDonnell said. "I am hoping to see some exciting projects and co-operation emerge over the next few months. The Special Forum has provided us with a solid foundation for the way ahead."



## APG Typologies Workshop, October 2002

The fifth Typologies Workshop of the Asia/Pacific Group on Money Laundering (APG) was held in Vancouver, Canada, 29-30 October 2002, to discuss and further efforts to improve money laundering countermeasures and regional cooperation.

The Workshop was attended by more than 120 law enforcement and regulatory experts from 28 jurisdictions and seven international and regional organisations.

The APG is a regional anti-money laundering group committed to fighting money laundering and terrorist financing in the Asia/Pacific region. The Workshop focussed on current money laundering methods and trends in the region. Special attention was given to:

- the use of underground banking and alternative remittance systems to launder money; and
- tracing the proceeds of crime and terrorist financing; and
- information sharing.

Deputy Commissioner Bev Busson of the Royal Canadian Mounted Police (RCMP) delivered the opening address to the workshop.

Major highlights of the workshop included:

- special presentations on underground banking and alternative remittance systems by representatives of the RCMP, the US Financial Crimes Enforcement Network (FinCEN) and The World Bank;
- special presentations on information sharing by representatives of Interpol, The Egmont Group of Financial Intelligence Units and the Anti-Money Laundering Office of Thailand;
- breakout sessions to discuss in depth issues relating to alternative remittance systems and information sharing as they relate to money laundering and terrorist financing;
- special presentations on tracing the proceeds of terrorist financing and money laundering by representatives of the Financial Action Task Force (FATF) Secretariat, the RCMP, and the US Federal Bureau of Investigation;
- development of a clearer picture of current money laundering methods and trends in the region; and
- agreement that further intensive work continue so as to improve information sharing between countries.

“In an ever smaller world it is easier to transfer criminal money between countries. Therefore, greater practical cooperation is the only way for countries to protect themselves from money laundering and terrorist financing. This Workshop is one concrete step in that direction”, said Rick McDonnell, Head of the APG Secretariat. The Workshop concluded with agreement on the need for a continuing and increased understanding of money laundering and terrorist financing methods in the region and renewed commitment to effectively counteracting these methods.

The participants in the Workshop extended their gratitude to Canada, and in particular to the Royal Canadian Mounted Police, for the arrangements they made in hosting the Workshop.

