

ANNEX D: Summaries of mutual evaluation reports adopted in 2001 – 2002¹

Mutual Evaluation of Malaysia

The Evaluation Team visited Kuala Lumpur, Malaysia, from 9 to 12 July 2001.

Conclusions

Now that it has come into force, the new Anti-Money Laundering Act 2001 should significantly enhance Malaysia's anti-money laundering regime. This regime was further enhanced by the recent passage of the Mutual Assistance in Criminal Matters Act 2002. An assessment that Malaysia fully complies with the 40 FATF Recommendations is contingent upon passage, enactment and implementation of these pieces of legislation.

While money laundering in Malaysia appears to relate to drug and corruption offences, a better picture of the money laundering threat in Malaysia needs to be developed.

The Evaluation Team has made a number of recommendations which, if adopted, would further strengthen Malaysia's anti-money laundering system. However, the Evaluation Team wishes to conclude by recognizing the many important measures Malaysian authorities have taken to ensure that the risk of money laundering is minimised.

The Evaluation Team also wishes to acknowledge the very professional and co-operative attitude of the Malaysian authorities with whom it dealt in the course of this mutual evaluation.

Recommendations

In order to address the issues identified during the mutual evaluation, the Evaluation Team recommends that Malaysia take steps to implement the following recommendations. Some of these matters were already in train at the time of the Evaluation Team's on-site visit in July 2001 and further progress has been made since that time. Where work is underway or a recommendation has already been addressed, this is noted. Some of the recommendations include:

- Malaysia should specify when the Anti-Money Laundering Act will become effective. [Actioned on 15 January 2002];
- Malaysia should pass the Mutual Assistance in Criminal Matters Bill as soon as possible. [Actioned 22 April 2002];
- Malaysia should expand the scope of predicate offences in the new Anti-Money Laundering Act to include the crimes of smuggling illegal immigrants, trafficking in women and children and child pornography. [Work in progress];
- As soon as the opportunity arises, Malaysia should harmonise various relevant laws in relation to record-keeping requirements (eg the Money-Changing Act, the Securities Industry (Central Depository) Act, the Futures Industry Act Regulations) so that they are complementary to the Anti-Money Laundering Act;
- Malaysia should expand the list of reporting entities to include accountants, lawyers, casinos, pawnbrokers, trustee companies, bookmakers, pension and provident funds and the Pilgrims Fund Board;

¹ Extract from *Asia/Pacific Group on Money Laundering Annual Report 2001-2002*.

- Malaysia should ensure that reporting entities understand the distinction between the requirement to report suspicious transactions and the requirement to report all transactions above the set threshold;
- The supervision regime for money-changers should be tightened to ensure they meet the requirements of the AMLA;
- Relevant Malaysian agencies should conduct more research on the different methods of money laundering so as to improve their capacity to investigate and take counter-measures against money laundering;
- Relevant Malaysian agencies should establish a law enforcement co-ordination body in collaboration with the Malaysian FIU or appoint or second officers to work in the FIU so as to enhance the ability to analyse and investigate suspicious transactions;
- The relevant enforcement agencies should clearly define their respective roles within the new anti-money laundering regime and ensure that sufficient and appropriate resources including training of staff are provided to effectively fulfill those roles;
- The Competent Authority (FIU) should be provided with sufficient and appropriate resources in terms of personnel, technology and training in order for it to effectively carry out its vital function within the anti-money laundering regime;
- Malaysia should provide training for prosecutors and judges in the application of the Anti-Money Laundering Act;
- Guidelines for the financial sector in relation to anti-money laundering systems and procedures should be developed and all reporting institution, regulatory and enforcement staff involved in the anti-money laundering system should also be provided with guidelines and training in this area;
- Malaysia should ensure that the mutual legal assistance process is expanded to include all serious offences, not just drug offences;
- Malaysia should ensure that the channels and procedures be streamlined by the establishment of a central authority for mutual legal assistance and extradition matters.

At the APG's 2002 Annual Meeting, members heard a response to the report from Malaysia, noting Malaysia's strong commitment to international anti-money laundering measures and that work had already begun to address many of the issues identified in the report, including the passage of comprehensive anti-money laundering legislation, the establishment of an FIU, extensive training and awareness raising and the recent passage of mutual assistance legislation.

Mutual Evaluation of the Cook Islands

The Cook Islands was the subject of a joint mutual evaluation by the APG and the Offshore Group of Banking Supervisors (OGBS). The Evaluation Team visited the Cook Islands from 29 October to 1 November 2001.

Conclusions

The Cook Islands does not have a major drug or organised crime problem. The extent of money laundering relating to overseas proceeds is unknown. Whilst no cases of suspected money laundering have been identified or investigated, the Cook Islands has the potential to be used for money laundering purposes: it is a tax haven, has no foreign exchange regulations and has efficient domestic and offshore banking systems.

The Cook Islands does not at this time meet all the anti-money laundering standards set out in the Financial Action Task Force's Forty Recommendations. The Cook Islands has however expressed an intention to comply with international anti-money laundering standards and has already taken some important steps to meet these standards. If that intention is put into practice, the Cook Islands should be able to reach the international standards within a reasonable time frame. Although there is a legislative platform in place, there is need for further steps to be taken to amend the law if the Cook Islands is to meet international standards.

There is also a need to ensure that regulators, law enforcement agencies and prosecutors have the skills and resources to effectively identify, investigate and prosecute money laundering offences. The basis for a professional and co-ordinated law enforcement system exists; however, the police and other law enforcement agencies have very limited capacity and experience in the area of financial crime generally. Additional resources and further training of relevant personnel will be required to enable them to effectively carry out their responsibilities both at the domestic level and within the offshore centre.

The Evaluation Team has made a number of recommendations, which, if adopted, would strengthen the Cook Islands' anti-money laundering system. The Evaluation Team recognises however the important initial steps that Cook Islands authorities have already taken to combat money laundering in their jurisdiction.

The Evaluation Team concludes by acknowledging the co-operative, frank and helpful attitude of the Cook Islands authorities with whom it dealt in the course of this mutual evaluation.

Recommendations

In order to address the deficiencies identified, the Evaluation Team recommends that Cook Islands take early steps to implement the following recommendations. Several of the matters identified within the recommendations are already being addressed by the relevant authorities. In such instances, the efforts already undertaken have been recognised by the wording "work in progress." Recommendations include:

- The Cook Islands should establish an officials committee (eg National Anti-Money Laundering Officials Committee) involving all stakeholders – including heads of Police, Customs, Solicitor General, Immigration, Inland Revenue, Commissioner of Offshore Banking, Head of FIU, to develop and maintain cross-agency protocols:

- (i) for operational intelligence, information sharing, investigation and prosecution of significant financial crime/money laundering matters

between CIP, MLA/FIU, Customs, Immigration, Inland Revenue, Solicitor-General's office; and

- (ii) to ensure a better balanced, whole-of-government approach to considerations of money laundering issues
- The Cook Islands should ensure that sufficient skills and expertise are identified to effectively carry out the responsibilities assigned to the MLA and the Commissioner of Offshore Financial Services, noting that this may involve:
 - (i) full utilisation of existing resources;
 - (ii) increased budgetary resources;
 - (iii) assistance from international and regional bodies.
- The Money Laundering Authority should engage with other jurisdictions with a view to raising the profile and capacity of anti-money laundering within the Cook Islands. This engagement could include short and long term on-shore or offshore training of Cook Islands personnel and attachments of personnel from other jurisdictions and organisations.
- Cook Islands should consider reviewing the Money Laundering Prevention Act in terms of the:
 - (i) definition of money laundering and the mental element required ('knowingly');
 - (ii) definition of 'unlawful activity' (including dual criminality issues);
 - (iii) section 4 and section 5 of the Act;
 - (iv) the standard of proof for establishing the offences in Court (normally beyond reasonable doubt but because of nature of offences standard of 'balance of probabilities' (civil standard) may be considered or burden of proof passed on to the accused);
 - (v) the penalties for money laundering and distinguish between the various persons (eg director, bank manager, supervisor, teller) and also natural persons and corporate bodies be reflected in penalties.
- The Cook Islands should enact legislation dealing with Proceeds of Crime, comprehensive mutual assistance in criminal matters and Extradition and remove those provisions from the MLPA;
- Consideration should be given to the introduction of civil forfeiture (ie. non-conviction-based confiscation) laws.
- The Cook Islands should re-activate the supervision scheme for onshore banks, not only for the purpose of money laundering prevention but also for prudential considerations. The scheme should include a licensing mechanism with effective "fit and proper" test as well as the scheme to assess banks' financial soundness either through on-site or off-site examination.
- The *Offshore Banking Act 1981* and the *Offshore Insurance Act 1981-1982* should be amended to clearly require that the relevant offshore banking and insurance transactions are carried out in the Cook Islands.
- The MLPA should be amended so as to give the MLA the power to conduct on-site inspection of financial institutions to check their compliance with anti-money laundering regulations. In order to carry out this on-site inspection, the MLA

should be provided with permanent staff, the expense of which should be funded out of the fees paid by the offshore financial institutions.

- The MLPA should be amended to require onshore and offshore financial institutions to keep all transaction records with respect to customers with continuous business relationship.
- Regulations under the MLPA should require financial institutions to identify existing customers within a reasonable period. In this process, those accounts where the holder is not identified or numbered or held in false or fictitious names should be closed by all financial institutions.
- Under the direction of the MLA, the FIU should be responsible for training and awareness on money laundering and money laundering compliance issues with emphasis on customer identification procedure, record keeping and suspicious transaction reporting with judicial, law enforcement as well as onshore and offshore financial institutions.
- The Cook Island Police in particular should continue to develop expertise to deal with economic crime in order to assist in building capacity with respect to money laundering and proceeds of crime matters. The remaining elements of the Cook island law enforcement capacity – including Customs, Immigration and the Solicitor-General's office – also need a degree of further development.

At the APG's 2002 Annual Meeting, members heard a response from the Cook Islands. The Cook Islands also placed in record its thanks to New Zealand for funding an FIU technical adviser for the Cook Islands. The Cook Islands also indicated that it agreed with all 19 recommendations contained in the draft report, except for recommendation 17 (which related to passing of suspicious transaction reports to the Solicitor General) and recommendations 4(ii) (which relates to dual criminality) and 4(iv) (which relates to the standard of proof). The Cook Islands also outlined measures taken since the on-site visit in October 2001 and highlighted its need for technical assistance and training to assist it to meet the international standards.

Mutual Evaluation of Indonesia

The Evaluation Team visited Indonesia from 4 to 8 February 2002.

Conclusions

The precise extent of money laundering in Indonesia is not known. Whilst few cases of suspected money laundering have been investigated, Indonesia has the potential to be used for money laundering purposes. Drug crime and corruption are thought to be the two most significant sources of proceeds of crime.

Indonesia does not at this time meet all the anti-money laundering standards set out in the Financial Action Task Force's Forty Recommendations. Indonesia has however expressed an intention to comply with international anti-money laundering standards and has already taken many important steps to meet these standards. If that intention is put into practice, Indonesia should be able to reach the international standards within a reasonable time frame. Although there is a new and significantly enhanced legislative platform in place, there is need for further steps to be taken to amend the law if Indonesia is to fully meet international standards.

There is also a need to ensure that regulators, law enforcement agencies and prosecutors have the skills and resources to effectively identify, investigate and prosecute money laundering offences. The basis for a professional and co-ordinated law enforcement system exists; however, the police and other law enforcement agencies have very limited capacity and experience in the area of financial crime generally. Additional resources and further training of relevant personnel will be required to enable them to effectively carry out their responsibilities.

The Evaluation Team has made a number of recommendations, which, if adopted, would strengthen Indonesia's anti-money laundering system. The Evaluation Team recognises however the important initial steps that Indonesian authorities have already taken to combat money laundering in their jurisdiction. The Evaluation Team concludes by acknowledging the very co-operative and helpful attitude of the Indonesian authorities with whom it dealt in the course of this mutual evaluation.

Recommendations

In order to address the deficiencies identified, the Evaluation Team recommends that Indonesia takes early steps to implement the following recommendations. Several of the matters identified within the recommendations are already being addressed by the relevant authorities. In such instances, the efforts already undertaken have been recognised by the wording "work in progress." Some of the recommendations include:

- It is recommended that the monetary threshold in the definition of "proceeds of crime" in Article 2 be removed and the list of predicate offences in Article 3 be extended to include a broader range of serious offences than the law currently contains, in compliance with FATF Recommendations 1 and 4;
- In order to comply with FATF Recommendation 7 the law should permit the freezing and confiscation of all property which is derived from the predicate offences not just that which has a value of 500 million rupiah as seems to be required by the definition of proceeds of crime;
- In order to fully comply with FATF Recommendation 15, the definition of "suspicious transaction" should be extended to cover funds stemming from any criminal activity and the reporting period should be significantly reduced;

- In order to fully comply with FATF Recommendation 17, the law should be amended to require that financial institutions be prevented from warning their customers that information is being reported;
- The authorities may wish to review the legislative framework for combating money laundering to ensure there are effective mechanisms to cover issues such as: Protection of staff of The Centre for Financial Transaction Reporting and Analysis (PPATK) from liability for actions taken in good faith in the course of their employment; Mutual Legal Assistance in Criminal Matters, and Extradition, and to consider the sharing of assets/property confiscated under civil or criminal proceedings where another country also has claim to part or all of the proceeds;
- The Bank Indonesia (BI) KYC requirements currently apply to commercial banks only. Article 45 of the Money Laundering Law provides for transitional arrangements to ensure the BI KYC and STR framework for banks remains in effect until the establishment of the PPATK. It is recommended that:
 - the KYC/STR framework should be applied to rural banks, by BI, as soon as possible.
 - BI's STR requirements for banks should be revised to incorporate a definition of suspicious transactions that covers transactions which may involve money laundering or the proceeds of crime as defined in the Money Laundering Law, so that STRs can be related to specific crimes in future.
 - for administrative simplicity, the KYC/STR framework to be established for non-bank financial services providers under the Money Laundering Law should be as consistent as possible with the framework to be applied to banks
- Under the BI KYC guidelines, the onus is placed on the banks to appropriately identify their customers. That requirement is replicated in Article 17 (4) of the Money Laundering Law, in accordance with the provisions of laws and regulations. However, for other providers of financial services, it appears that the proposed customer identification responsibility under the Money Laundering Law is placed on the customer, not the financial institution (Article 17(1)), which is inconsistent with FATF Recommendation 10. Consideration should be given to placing some clear obligation on the non-bank providers of financial services to conduct appropriate KYC procedures, or otherwise to have some penalty imposed on them for failure to conduct proper KYC procedures;
- The duties and functions of The Centre for Financial Transaction Reporting and Analysis (PPATK) are those of an FIU (Financial Intelligence Unit) only. Consequently, the conduct of investigations will depend largely on the police. However, the police and other law enforcement agencies have very limited capacity and experience in the area of financial crime generally. The Evaluation Team recommends therefore that:
 - additional resources and further training of relevant personnel be provided to enable them to effectively carry out their increased responsibilities; and
 - an adequately resourced specialist unit to investigate money laundering offences be established within the police; and
 - if they do not exist already in Indonesian law, consideration be given to granting the police investigative powers for financial/money laundering investigations, such as telecommunications interception and other coercive powers.

- Consideration should be given to the introduction of an electronic reporting system for threshold financial reports as well as suspicious transaction reports made by the Providers of Financial Services to the PPATK. The necessary hardware and software for receipt and analysis of transaction reports, particularly software for suspicious transaction analysis, should ideally be in place at the time the law comes into force.

At the APG's 2002 Annual Meeting, members heard a response from Indonesia, which noted that the report provided a comprehensive assessment of Indonesia's anti-money laundering regime and would be a useful tool for the Government as it seeks to progress its current implementation plan. Indonesia also outlined recent progress it had made since the on-site visit in February 2002, the most significant being passage of anti-money laundering Law No. 15 in April 2002 with the FIU to be formally established 12 months after the law was passed. Progress made by banks in implementing new KYC requirements was also outlined. Indonesia outlined in general terms its responses to the recommendations made by the Evaluation Team and its compliance with the 40 FATF Recommendations and advised that a detailed document outlining Indonesia's compliance had been submitted to the APG.

Mutual Evaluation of Fiji

The evaluators visited Fiji from 11 to 15 February 2002.

Conclusions

Indications are that Fiji does not have a major drug or organised crime problem, though it may be being used as a drug transshipment point. Whilst no cases of suspected money laundering have been prosecuted, Fiji has the potential to be used for money laundering purposes. Fijian law enforcement agencies indicate the growing threats posed by local cannabis cultivation and people smuggling activities. There have recently also been several large fraud 'scams' on the government involving many millions of dollars. Taken together, these illegal activities already constitute quite a significant threat of money laundering to Fiji which will only grow unless appropriate counter-measures – a number of which have already been taken or are planned – are put in place by the Fijian authorities.

Fiji does not at this time meet all the anti-money laundering standards set out in the Financial Action Task Force's 40 Recommendations. However, Fiji has expressed an intention to comply with international anti-money laundering standards. If that intention is put into practice, Fiji should be able to reach the international standards within a reasonable time frame. Although there is already a sound legislative platform in place, there is need for further steps to be taken to amend the law if Fiji is to fully meet international standards.

There is also a need to ensure that regulators, law enforcement agencies and prosecutors have the skills and resources to effectively identify, investigate and prosecute money laundering offences. The basis for a professional and well managed law enforcement system in relation to money laundering exists and good co-ordination mechanisms are already in place. However, the police and customs service have limited capacity and experience in the area of financial crime generally. Additional resources and further training of relevant personnel will be required to enable them to effectively carry out their responsibilities.

The Evaluation Team concludes by recognising the important steps that Fijian authorities have already taken to combat money laundering in their jurisdiction. It also wishes to acknowledge the competence, professionalism and hospitality of the officials it met, and Fiji's expressed willingness to meet the international standards within a reasonable time frame.

Recommendations

In order to address the deficiencies identified, the Evaluation Team recommends that Fiji takes early steps to implement the following recommendations. Several of the matters identified within the recommendations are already being addressed by the relevant authorities. In such instances, the efforts already undertaken have been recognised by the wording "work in progress." Recommendations include:

- Fiji should ensure that sufficient skills and expertise are identified to effectively carry out the responsibilities assigned to the various agencies involved in combating money laundering, noting that this may involve:
 - (i) full utilisation of existing resources;
 - (ii) increased budgetary resources;
 - (iii) assistance from international and regional bodies.

- Consideration should be given to broadening the membership of the Anti-Money Laundering Officials Committee to include all agencies with an interest in the

issue. Specifically, consideration should be given to inviting the Ministry of Finance, the Fiji Trade and Investment Bureau and the Capital Markets Development Authority to some or all of the Committee's meetings.

- The Financial Intelligence Unit should be established as soon as possible. The Evaluation Team notes that this is already planned and that advice as to the location, structure and functions of the FIU is being provided by an IMF consultant. The Evaluation Team believes that, at least initially, the FIU might best be placed in the Reserve Bank of Fiji, but believes that the primary concern is to establish an effective operational FIU as quickly as possible (work in progress).
- It is recommended that Fiji:
 - ratifies the UN Convention on Illicit Drugs and Psychotropic Substances as soon as possible and make the necessary legislative changes to facilitate the ratifying of this Convention; and
 - considers signing the UN Convention on Transnational Organised Crime.
- Fiji should introduce a legislative framework, either by way of amendments to existing legislation or enacting a new legislation, to address the following:
 - the establishment of a Financial Intelligence Unit that would be vested with the powers to receive, analyse and disseminate information relation to money laundering activity, including the ability to receive suspicious transactions and other information as set out in paragraph 9 below;
 - customer identification, record keeping, record retention and internal controls. These provisions are currently provided for in the Guidelines issued by the Reserve Bank of Fiji.
- Fiji should consider extending the prohibition against “tipping off” in section 61(3) to cover any person who knows that a suspicious transaction has been made.
- Money laundering should be made an extraditable offence.
- A more comprehensive regulatory and supervisory framework for foreign exchange dealers, money changers and money remitters and other non-bank financial institutions should be developed. The relevant provisions should include the power to license, powers to approve controllers and directors, powers to stipulate other safety and soundness requirements like minimum paid up capital, permissible activities, prohibited activities, powers to inspect for ensuring compliance and power to impose sanctions if there is non-compliance.
- Consideration should be given to implementing on-site safety and soundness inspections for all licensed insurance companies and brokers to ensure compliance with customer identification requirements, record retention policies and suspicious transaction reporting.
- Consideration should be given to implementing a currency reporting system that runs parallel with the suspicious transaction reporting system once the FIU is up and running to better identify unusual currency flow trends.
- Fiji should establish an appropriate framework for inspections of non-bank financial institutions to ensure compliance with anti-money laundering standards by proper government authorities once the definition of “financial institution” in the POC Act is expanded.
- Fiji should develop ‘Fit and Proper’ guidelines for directors, shareholders, and officers of financial institutions (work in progress).

- Fiji Police acknowledge that money laundering is likely to be present in Fiji and have taken positive steps towards identifying and investigating this. Each law enforcement agency, including Police, the Customs Service, and the DPP, is keen to improve its ability to confront the issue of money laundering in Fiji and the Evaluation Team recommends that they do so as a matter of priority.
- Formal training will enhance the capability of law enforcement agencies, but there is potential to build confidence and skills in money laundering prosecutions, and proceeds of crime proceedings, by actually going to court with a suitable case. The Evaluation Team believes that there is sufficient knowledge and ability for this to occur, and suitable material upon which to construct a case.
- A lack of resources is an issue for Fiji. This impacts, in particular, on the ability to attract and retain qualified staff. Alternative approaches need to be considered, which may include, for example, offering short-term contract work to the commercial accounting sector.
- Suspicious transaction reports are an important component of the fight against money laundering. However, the Money Laundering Unit should expand its focus to work more closely with CID investigators. This will enhance the ability of Police to identify suitable cases for proceeds of crime proceedings.

At the 2002 Annual Meeting, members heard a response from the Fiji Islands, in which it was emphasised that the report was a joint and collaborative effort of the Evaluation Team and the Fijian authorities and represents a broad consensus on the situation in Fiji. Fiji indicated that it would respond positively to the recommendations in the report and that it was committed to implement appropriate counter-measures, a number of which were already being actively considered, in a reasonable time. Fiji also noted that additional resources and technical assistance would be required to enhance its anti-money laundering system.

Mutual Evaluation of Thailand

The Evaluation Team visited Thailand from 4–7 March 2002.

Conclusions

Thailand has embarked on a package of financial sector reforms after the 1997 financial crisis with a view to strengthening regulatory oversight so as to better safeguard financial stability and public interest. The enactment of the AMLA with its creation of AMLO in 1999 was in fact a separate development. Nevertheless, as money laundering also poses a significant threat to a country's financial stability, the upgrading of financial sector supervision in Thailand and the enhancement of Thailand's anti-money laundering regime have one objective in common. This would seem to be an opportune moment, while some of the reforms are still in progress, to introduce whatever additional financial and supervisory measures are necessary to bring Thailand's anti-money regime up to the FATF standards in all respects.

The Evaluation Team has made a number of recommendations which, if adopted, would further strengthen Thailand's anti-money laundering system. However, the Evaluation Team wishes to conclude by recognising the important measures Thai authorities have taken to reduce the risk of money laundering.

The Evaluation Team also wishes to acknowledge the professional and co-operative attitude of the Thai authorities with whom it dealt in the course of this mutual evaluation.

Recommendations

In order to address the deficiencies identified, the Evaluation Team recommends that Thailand take early steps to implement the following recommendations. Several of the matters identified within the recommendations are already being addressed by the relevant authorities. In such instances, the efforts already undertaken have been recognised by the wording "work in progress." Recommendations include:

- The Anti-Money Laundering Act is limited to seven predicate offences. Money laundering related to other criminal activities is not considered an offence under the Act. The range of predicate offences should be expanded to include all serious offences, including terrorist activity, or the proceeds of all criminal activity [Work in progress];
- Thailand has not ratified the Vienna Convention and is currently drafting new laws and amending the existing laws to fully implement the Vienna Convention. The Evaluation team supports this and recommends that Thailand ratifies the Vienna Convention as quickly as possible [Work in progress];
- The law should be amended to include "Structuring" or "Smurfing" as an offence;
- Several jurisdictions fund certain anti-money laundering activities by using the forfeited money laundering assets, i.e., through a forfeiture fund. Though the ONCB has adopted the establishment of an "Assets Forfeiture Fund", there is no similar mechanism in the AMLA. Consistent with FATF Recommendation 38, consideration should be given to the creation of an "assets forfeiture fund" into which confiscated funds are deposited, and to restrict the funds to certain uses, such as for law enforcement;
- Regulators should establish sector-specific guidelines which will assist financial institutions under their purview respectively to fulfil all applicable requirements of the AMLA and to develop appropriate programs against money laundering. Such guidelines should cover customer identification, record-keeping and suspicious transactions detection requirements which are on a par with FATF standards, and

include employee training and internal control with respect to money laundering in their remit. AMLO as the dedicated anti-money laundering agency should exercise appropriate oversight of such process and provide any necessary input and support to the regulators to secure an adequate outcome. The regulators should check for compliance with such guidelines in their on-site examinations;

- Besides a reward system which is currently envisaged by AMLO, other initiatives to encourage reporting compliance by financial institutions should also be considered. AMLO and/or the relevant regulator could organise regular “user groups” meetings with compliance officers or other responsible officers of financial institutions to engage in a dialogue with them to ensure that they understand their reporting obligations, and to identify any obstacles to the discharge of such obligations. Consideration could also be given to releasing “feedback reports” to the financial institutions to raise awareness of specific indicators of suspicious transactions and money laundering activities;
- Although no firm statistics were provided, there appear to be a relatively low number of money laundering prosecutions and convictions. The Evaluation Team believes that investigation and prosecution efforts must be enhanced among law enforcement agencies, AMLO and the Office of Attorney General;
- Thailand should take measures to detect or monitor the physical cross-border transportation of cash and bearer negotiable instruments in addition to Thailand’s baht. Currently Thailand requires reporting of baht into the country and restricts the amount of baht leaving the country; there are no reporting requirements or restrictions on the importation/exportation of any other country’s currency;
- There is a need for increased communication between the Bank of Thailand (Thailand’s competent authority for the supervision of financial institutions) and law enforcement. The Bank of Thailand could lend expertise and provide co-operation in Thailand’s money laundering investigations and prosecutions. Ensuring that Thailand’s financial institutions do not become conduits of money laundering is a shared responsibility;
- The Evaluation Team was advised that there is no official analysis or research with regard to money laundering issues, for instance what methods that are frequently used to launder money and so on. Such analysis and research are essential in the fight against money laundering. The Evaluation Team recommends that Thailand undertake such analysis and research in order to combat money laundering activities more effectively.

At the 2002 Annual Meeting, members heard a response from Thailand, in which it was noted that the Team’s on-site visit coincided with a high level of media and public interest in anti-money laundering efforts and which allowed the team to witness first hand some of the difficulties in enforcing the anti-money laundering law in Thailand. Thailand also indicated that the evaluation report would be a very useful resource for Thai authorities to improve Thailand’s anti-money laundering system.