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Counteracting Money Laundering
and Financing of Terrorism




**20th OSCE Economic and
Environmental Forum**

**“promoting security and
stability through good
governance”**


J.S.Ringguth
Executive Secretary to MONEYVAL
and the Conference of the Parties



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Council of Europe and OSCE working together

- COE engagement with AML for more than 30 years
- R(80)10

**The 2005 Declaration on Co-operation
between CoE and OSCE**

- to foster co-ordination and co-operation in areas of common interest, to ensure effective co-ordinated responses to the threats and challenges of the 21st century



- MONEYVAL – independent AML/CFT monitoring mechanism
- A leading Associate Member of the FATF in the global network of AML/CFT assessment bodies
- Pre-eminence of the global FATF AML/CFT standards
- Key role for other stakeholders in promoting the global AML/CFT standards and other relevant international AML/CFT standards including Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism



OSCE participating States – political commitment to AML/CFT standards

MONEYVAL

Albania
Andorra
Armenia
Azerbaijan
Bosnia and Herzegovina
Bulgaria
Croatia
Cyprus
Czech Republic
Estonia
Georgia
Hungary
Latvia
Liechtenstein
Lithuania
Malta
Moldova
Monaco
Montenegro

Poland
Romania
Russian Federation
San Marino
Serbia
Slovak Republic
Slovenia
"The former Yugoslav
Republic of Macedonia"
Ukraine
Israel
Holy See

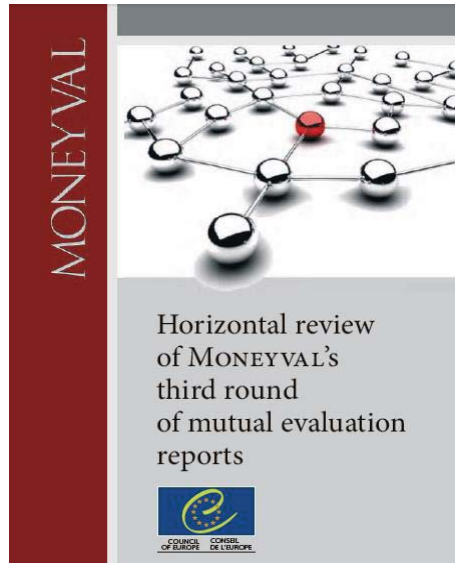
FATF

Austria
Belgium
Canada
Finland
Germany
Italy
Luxembourg
Norway
Spain
United States
Denmark
France
Greece
Iceland
Sweden
Ireland
Netherlands
Portugal
Switzerland
Turkey
United
Kingdom

EAG

Belarus
Kazakhstan
Kyrgyzstan
Russian Federation
Tajikstan
Turkmenistan
Uzbekistan

All but 2 states are members of Egmont Group



Steps being taken to increase the effectiveness of AML/CFT regimes in MONEYVAL states

- All now have broadly comprehensive legislation which formally cover CDD and record keeping standards and identification and verification of beneficial owners
- Little evidence in 3rd round of national risk assessments of ML threats faced by the jurisdictions
- The "risk based" approach to AML/CFT prevention was new particularly to countries out of "rules based" systems (and thus limited to examples drawn from FATF Methodology – non face-to-face, correspondent banking PEPs)
- Few countries had identified other areas where there might be a presumption of higher risk in their systems, so much discretion left to FIUs
- Most countries had enhanced their legislation in line with FATF and EU standards on identification and verification of real beneficial owners but effectiveness concerns
- Record keeping most effectively enforced FATF Preventative Rec (66% LC/C)
- Compliance in the banking and financial sector stronger than in non financial sector
- Banks and bigger financial institutions remained the largest reporting entities by far



DNFBP and NPOs

- Apart from, to some extent, casinos and notaries there is little or no compliance by DNFBP with the reporting obligation (100% ratings NC or PC)
- The performance of real estate agents, dealers in precious metals and stones, trust and company service providers was also very low to negligible
- Risks of TF in the NPO sector not properly understood – SR.VIII one of the lowest rated Recommendations

Need far more outreach, training and general promotion of AML/CFT standards



Percentage of Intelligence Reports against numbers of STRs received

% of received reports sent to law enforcement	<10%	10-20%	20-30%	30-40%	40-50%	>70%
FIUs	14	4	5	2	2	2



Criminalisation of ML and Confiscation

- a disconnect between the predicate offences in the money laundering cases being brought and the major proceeds-generating offences identified by the country (very few cases with the corruption predicate)
- not much evidence of autonomous / 3rd party laundering by professional launderers on behalf of organised crime – evidential difficulties
- preponderance of tax related money laundering offences
- still largely self laundering
- insufficient focus by law enforcement on the financial aspects of major proceeds-generating cases – the number of parallel financial investigations in major proceeds-generating cases was still quite small
- while there was evidence of assets being frozen, little evidence of effective use of available confiscation provisions and few examples of deterrent confiscation orders which caught the indirect proceeds of crime – the villas, yachts etc



Statistics and COE/OSCE collaboration

- internal inconsistency between authorities – often between law enforcement and FIU
- only 1 country structured its statistics in such a way as to differentiate between 3rd party laundering / self laundering and to specify the number of stand alone money laundering cases
- few countries could routinely provide information on underlying predicate criminality
- good data necessary to demonstrate effectiveness and for national risk assessments (where we have successfully collaborated with OSCE and World Bank)
- other areas where CoE and OCSE have collaborated



Importance of the Warsaw Convention for international co-operation on AML/CFT

- powers to provide information on whether subjects of criminal investigations abroad hold or control bank accounts
- powers to provide international assistance on (historic) financial information held in jurisdictions
- powers to provide international assistance on requests for prospective monitoring of banking transactions between countries
- the obligation to co-operate in the confiscation of property *to the widest extent possible* is extended to non-conviction based confiscation
- postponement of transactions on behalf of foreign FIUs



More work to do

- **Capacity building and outreach**
 - DNFBP and NPOs
 - improving states' capacities in modern financial investigation techniques (necessary for new FATF R.30)
 - networking and sharing best practices on asset recovery
 - creating enabling legal structures to support fast freezing and confiscation of assets
 - training prosecutors on evidential issues for successful prosecutions of significant autonomous ML cases and to treat as a priority the confiscation of proceeds
- **More private sector dialogue and engagement with AML/CFT authorities**
- **More success by law enforcement and prosecution would better complement the resources put into AML/CFT by the private sector**