

GFSC issues statement on introduced business - 18 December 2003

The Guernsey Financial Services Commission has issued a statement on introduced business, which heralds "the standard which will be adopted in the revised Guidance Notes".

The GFSC has decided to adopt the standard embodied in FATF Recommendation 9. In short, financial services businesses will be required to obtain written confirmation from an introducer that all necessary KYC documents are held by the introducer and that copies will be made available on request without delay. FSBs will also be expected to put in place a programme of testing to ensure that introducers can supply documents without delay.

To view the full GFSC statement, [click here](#).

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Abbey National group fined £2,320,000 by the FSA - 10 December 2003

Abbey National plc has been fined £2 million by the Financial Services Authority for breaches of its money laundering rules. Specifically, according to the FSA, "Abbey National failed to ensure that suspicious activity reports were promptly considered and reported to the National Criminal Intelligence Service and to identify customers adequately".

In addition, Abbey National Asset Managers Limited was fined £320,000 for systems and control breaches.

To view the full FSA press release, [click here](#).

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UK Money Laundering Regulations 2003 laid before Parliament - 28 November 2003

The Money Laundering Regulations 2003 were finally laid before Parliament today. Those affected now have until 1 March 2004 to implement the requirements of the Regulations.

To view the HM Treasury announcement, [click here](#).

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IMF publishes assessments of Guernsey, Jersey and the Isle of Man - 25 November 2003

The International Monetary Fund has published its "Assessment of the Supervision of the Financial Sector" for Guernsey, Jersey and the Isle of Man. All three reports are the result of visits by IMF staff to the three islands about a year ago.

The Guernsey Financial Services Commission has released both [Volume I](#) and [Volume II](#) of the Guernsey assessment.

The Jersey Financial Services Commission has released both volumes of the Jersey report - [click here](#) for the JFSC website and go to the "Latest..." bar on the right for a link to the press release (which will at some point move to the General information/Press releases area of the website).

The Financial Supervision Commission has released both volumes of the Isle of Man report - [click here](#) for the FSC website and go to the "News, Events and Links" page for the press release dated 25 November, which contains links to the report.

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US publishes its "2003 National Money Laundering Strategy" - 18 November 2003

The US Department of the Treasury has published - in the nick of time - its "2003 National Money Laundering Strategy". According to the press release, this document "continues to expand the framework for identifying, disrupting, and dismantling global terrorist financing and money laundering operations....[and] highlights recent achievements in the fight to stop the money".

To view the entire 95-page document, [click here](#).

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Money Laundering Regulations 2003 delayed again - 30 October 2003

Despite a recent announcement by Treasury Secretary Ruth Kelly on 23 October (which suggested that the Regulations were about to be laid before Parliament), a short statement has now been issued by HM Treasury to say that "the Money Laundering Regulations 2003 have been delayed and are currently undergoing internal Government scrutiny". No further information is offered at this point.

To view the HMT announcement, [click here](#).

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TI launches Corruption Perceptions Index 2003 - 7 October 2003

Transparency International, the world anti-corruption body, has published its Corruption Perceptions index 2003. The CPI charts levels of corruption (the misuse of entrusted power for private gain) in 133 countries. It is "a poll of polls, reflecting the perceptions of business people, academics and risk analysts, both resident and non-resident".

The least corrupt countries in the world are Finland, Iceland, Denmark, New Zealand and Singapore, while the most corrupt are Bangladesh, Nigeria, Haiti, Paraguay and Myanmar. The UK is at position 11 and Ireland at position 18.

To download the CPI 2003, [click here](#).

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FSA publishes consultation paper on changes to the *Handbook* - 29 September 2003

The Financial Services Authority has published Consultation Paper 199, entitled "Miscellaneous amendment to the Handbook (No 10)". Chapter 6 of this CP deals with proposed changes to the *Money Laundering Sourcebook*.

Comments on the CP in general are invited by 19 November 2003, although the deadline for comments on Chapter 6 specifically is 18 December 2003.

To download the CP, [click here](#). Chapter 6 covers about ten pages, and you can submit your comments electronically [here](#).

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NCIS publishes annual threat assessment of organised crime - 21 August 2003

The National Criminal Intelligence Service has published its fourth annual "UK Threat Assessment of Serious and Organised Crime", which considers money laundering "a fundamental component of serious and organised crime".

NCIS admits that the actual amount of money laundered through the UK is unknown, although HM Customs & Excise suggests that £25 billion is a "realistic figure". The report goes on to look at the methods of laundering and the UK business sectors at risk.

To read the 78-page report, [click here](#).

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Basel Committee publishes KYC consultation paper - 20 August 2003

The Basel Committee on Banking Supervision has published a consultation paper entitled "Consolidated KYC Risk Management". The paper covers four main topics which it considers to be the "essential elements necessary for a sound KYC programme":

- Customer acceptance policy
- Customer identification
- Monitoring of accounts and transactions, and
- Consolidated risk management and information sharing.

Comments are invited by 30 October 2003.

To read the 8-page paper, [click here](#).

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FSA publishes money laundering Discussion Paper - 19 August 2003

The Financial Services Authority has published DP22, entitled "Reducing money laundering risk - Know Your Customer and anti-money laundering monitoring".

The paper is "aimed at stimulating debate on two important anti-money laundering controls:

- 'Know Your Customer' (KYC) which relates to obtaining and using information about a customer for anti-money laundering purposes; and
- Anti-money laundering monitoring, which looks at how a customer is using a firm's products and services and how this may point to possible money laundering."

To read the 54-page discussion paper, [click here](#).

Comments are invited by 30 January 2004. To make your response electronically, [click here](#).

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FSA fines Northern Bank £1.25 million for "money laundering control failings" - 7 August 2003

The Financial Services Authority has imposed a fine of £1,250,000 on Northern Bank, the largest retail bank in Northern Ireland. According to the Carol Sergeant, MD of the FSA, "the steps Northern Bank took to satisfy itself that its customers, particularly business customers, really were who they claimed to be, were inadequate. Northern Bank had previously identified weaknesses in their customer identification procedures but allowed them to persist. The size of the fine in this case reflects the prevalence of the breaches, Northern Bank's share of the market it operates in and its failure to take prompt and effective remedial action after it had originally identified its own failings."

Northern Bank conducted a review of its own client identification procedures in January 2002 and found high rates of non-compliance. A second internal review in September 2002 showed that non-compliance was still a problem. In November 2002, the FSA instigated its own investigation, which showed that in 35% of the accounts included in the January 2002 review and 18% of the accounts included in the September 2002 review Northern Bank had failed adequately to verify that the client was who he had claimed to be. Northern Bank was thus found to have breached rule 3.1.3 of the FSA *Money Laundering Sourcebook*, and fined accordingly.

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Benazir Bhutto convicted of money laundering - 6 August 2003

Benazir Bhutto, the former prime minister of Pakistan, and her husband Asif Ali Zardari (along with their Swiss lawyer Jens Schlegelmilch) have been convicted by a Swiss court of receiving bribes from two Swiss firms nine years ago, and then laundering the proceeds through two Swiss accounts.

The bribe was accepted by Bhutto to award a pre-shipment customs inspection contract to two Swiss companies - which was deemed by Swiss investigating magistrate Daniel Devaud to show "unfair management of the public interests of Pakistan".

Bhutto is currently in exile in the UK, and Zardari is already in prison in Pakistan on charges of corruption. For these new offences, they have each been given a six-month suspended sentence and fined US\$50,000. They have also been ordered to repay US\$11.9 million to Pakistan and to forfeit a £117,000 necklace that Bhutto bought with the tainted funds in 1997. Their defence lawyer plans to appeal, but the Pakistani government has already earmarked the money - if it is returned - to be spent on helping the victims of recent floods. And investigators have identified a further 61 accounts which have allegedly been used by Bhutto to send funds abroad.

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IMF publishes "handbook" on anti-terrorist financing legislation - 4 August 2003

The Legal Department of the International Monetary Fund has published "Suppressing the Financing of Terrorism: A Handbook for Legislative Drafting".

The handbook is intended to "assist IMF member countries and other jurisdictions in preparing legislation to implement the international obligations and to meet the international standards related to combating the financing of terrorism in a manner most appropriate to their circumstances".

The handbook costs US\$21. To read more about it or order a copy, [click here](#).

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Italian prosecutors confirm that "God's banker" was murdered - 24 July 2003

Italian prosecutors have decided that Roberto Calvi, who was found hanging under Blackfriars Bridge in London in 1982, did not commit suicide (the original verdict) but was murdered. Four Mafia figures have been named as suspects.

Roberto Calvi was president of Banco Ambrosiano, Italy's largest private bank, when it collapsed in a money laundering and corruption scandal involving the Mafia, the Vatican and international freemasonry. Prosecutors now say that they believe Calvi was murdered by the Mafia as a punishment for pocketing money they had given him to launder.

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FSA backs down on requirement for retrospective KYC - 22 July 2003

The Financial Services Authority (the UK's financial regulator) has decided not to require UK financial institutions to conduct a programme of identification checks on customers who have been on their books since before the introduction of relevant legislation. After conducting cost-benefit analysis, the FSA decided that "we could not be satisfied that a mandatory approach would be justified".

However, the FSA does suggest that money laundering risk analysis undertaken by individual institutions may reveal that a programme of retrospective KYC is indeed the best approach, and confirms that it would fully support such an approach.

To read the FSA press release, [click here](#).

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Guernsey issues draft updated AML regulations and guidance notes - 16 July 2003

In response to the recent announcements by the Financial Action Task Force and other current issues, the Guernsey Financial Services Commission has issued draft changes to its Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations and its "Guidance Notes on the Prevention of Money Laundering and Countering the Financing of Terrorism".

Comments on the draft are invited from interested parties by 13 August 2003.

To read the draft document, [click here](#).

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FSA publishes results of International Banking money laundering theme project - June 2003

The Financial Services Authority has published a report into its findings with regard to the vulnerability of the UK's international banking sector to money laundering. The report's findings are grouped under three headings:

- Know Your Customer
- Transaction monitoring
- Other money laundering controls.

A team from the FSA visited about twenty international banks, and found that many exhibited weaknesses in account opening procedures, correspondent banking relationship controls and staff training (particularly with regard to the changes brought in by the Proceeds of Crime Act 2002).

To read the FSA report, [click here](#).

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Swiss money laundering suspicion reports increased by 56% in 2002 - 26 June 2003

The 2002 annual report for the Swiss Money Laundering Reporting Office (MROS) has revealed that the number of reports on suspicious money transactions received in 2002 increased by 56% compared to 2001. And for the first time since MROS was established in 1998, the majority of reports originated from the non-banking sector.

To read the MROS 2002 annual report, [click here](#).

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UK government launches public anti-money laundering education campaign - 24 June 2003

The UK government - specifically HM Treasury, the National Criminal Intelligence Service and the Financial Services Authority - have launched a campaign designed to tell customers why they need to prove their identity to financial services companies.

According to Paul Boateng, Chief Secretary to the Treasury, "customers should be in no doubt that when they are asked by financial companies to provide personal details it is done to make it as hard as possible for criminals and terrorists to abuse the system".

A [leaflet](#) and a [poster](#) have been produced for financial services companies to distribute to customers and display in their branches.

To read the FSA press release, [click here](#).

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FATF issues updated 40 Recommendations - 20 June 2003

The Financial Action Task Force has issued the new version of its well-known 40 Recommendations to combat money laundering.

The major changes that have been adopted include:

- specifying a list of crimes that must underpin the money laundering offence
- the expansion of the customer due diligence process for financial institutions
- enhanced measures for higher risk customers and transactions, including correspondent banking and politically exposed persons
- the extension of anti-money laundering measures to designated non-financial businesses and professions (casinos; real estate agents; dealers of precious metals/stones; accountants; lawyers, notaries and independent legal professions; trust and company service providers)
- the inclusion of key institutional measures, notably regarding international co-operation
- the improvement of transparency requirements through adequate and timely information on the beneficial ownership of legal persons such as companies, or arrangements such as trusts
- the extension of many anti-money laundering requirements to cover terrorist financing
- the prohibition of shell banks.

To download the revised 40 Recommendations, please [click here](#).

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FATF grants membership to South Africa and Russia and a reprieve to St Vincent and the Grenadines - 20 June 2003

At its plenary meeting in Berlin last week, the Financial Action Task Force granted full memberships status to South Africa and the Russian Federation, following "a positive outcome to the first mutual evaluations - which assessed their systems for combating money laundering and terrorist financing".

At the same meeting, the FATF updated its list of non-cooperative countries and territories (NCCTs) by removing St Vincent and the Grenadines from the list. According to its press release, the FATF "will continue to monitor closely the implementation of the anti-money laundering system in this jurisdiction". The updated list of NCCTs is: the Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines and the Ukraine.

To download the FATF's "Annual Review of Non-Cooperative Countries or Territories 2003", please [click here](#).

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Transparency International publishes critical UK research paper - June 2003

Transparency International, the world anti-corruption body, has published a policy research paper entitled "Clean Money, Dirty Money: Corruption and Money Laundering in the UK". This generally damning paper comes up with 18 recommendations of ways in which the UK can improve its stance against money laundering in general, and the laundering of the proceeds of corruption in particular.

To download the paper, please [click here](#).

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JMLSG delays publication of new *Guidance Notes* - 7 May 2003

Following the recent announcement by HM Treasury that the Money Laundering Regulations 2003 have been delayed, the Joint Money Laundering Steering Group has confirmed that it is therefore delaying the publication of the 2003 edition of its *Guidance Notes for the Financial Sector*.

To find out more, please read the [JMLSG press release](#).

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IMF creates new department to oversee AML work - 1 May 2003

Departmental reorganisation within the International Monetary Fund has led to the creation of a Monetary and Financial Systems Department. One of the main roles of this new department will be the development of a new Financial Sector Assessment Programme to assess anti-money laundering and the combating of the financing of terrorism by IMF member countries and to provide technical assistance to them.

Such assessments are currently the responsibility of the Financial Action Task Force, but the word on the street is that responsibility will soon shift to the IMF, with the collaboration of the World Bank and the (reluctant) agreement of the FATF.

To find out more, please read the [IMF press release](#).

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UK will miss deadline for introducing new Regulations - 29 April 2003

HM Treasury today announced that the Money Laundering Regulations 2003 would not be put to Parliament until 15 June at the earliest, which means that the 15 June deadline for implementation will certainly be missed. Given that a three-month grace period is allowed for compliance with new legislation, the very, very earliest by which the new requirements will come into force is now 15 September 2003.

In its statement, HMT also commented on the responses it had received during the consultation period on the new legislation.

To find out more, please read the [HMT statement](#).

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Thinking about Crime to run a new sort of anti-money laundering workshop in Guernsey - 22 April 2003

Susan Grossey will be running a new and refreshing style of anti-money laundering workshop in Guernsey in the autumn. The workshop - aimed at MLROs and other senior compliance staff - will be interactive and co-operative in nature, based largely on group work and exercises designed by Susan to highlight important money laundering issues while reawakening interest in - and enthusiasm for - the subject. Just the tonic for the jaded MLRO!

The workshop will be held at Les Cotils on Thursday 20 November 2003. If you would like to know more, please [contact Susan](#).

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Serious Fraud Offices appoints new Director - 21 April 2003

Robert Wardle takes over the mantle at the Serious Fraud Office on Monday 21 April. He succeeds Ros Wright, who was Director for six years. Mr Wardle is a solicitor who has been with the SFO since its inception in 1988.

The SFO is an independent government department that investigates and prosecutes serious or complex fraud. According to the figures published in its *Annual Report* of July 2002, the SFO had prosecuted 237 cases involving 516 defendants of whom 366 (71%) were convicted.

To find out more about the structure, functions and achievements of the SFO, please visit their [website](#).

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Law Society publishes consultation paper on preventing the use of client accounts for money laundering - March 2003

The Regulation Review Working Party of the UK Law Society has published a consultation paper on the need for a new rule to deal with the proper use of client accounts. Specifically, according to the consultation

paper, "the mischief which the new rule would seek to prevent is the use of solicitors' client accounts for money laundering and other illegal purposes".

The consultation paper contains a questionnaire, which can be completed by anyone with an interest in this issue (not just solicitors), and responses are required by 1 July 2003.

The consultation paper can be downloaded from the [Law Society website](#).

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IMF publishes interim report on its anti-money laundering role - 31 March 2003

The International Monetary Fund has published a report outlining the progress made in its programme of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) assessments. This is the latest salvo in the battle between the IMF and the Financial Action Task Force for title of "world anti-money laundering body". The twelve-month pilot programme will finish in October 2003, and a final report will be published after that.

The paper - known as a "Joint Interim Progress Report of the Work of the IMF and the World Bank" - can be downloaded from the [IMF website](#).

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Jersey launches consultation on applying AML procedures to "money services businesses" - 20 March 2003

The Jersey Financial Services Commission has published a consultation paper which looks at the possibility of requiring "money services businesses" (i.e. bureaux de change, money transmitters and cheque-cashers) to put in place anti-money laundering policies and procedures.

Much money services business is undertaken by banks and so is already covered by existing legislation and regulated by the JFSC. However, there are some independent money services businesses which do not come under this umbrella, and the JFSC is also looking at the financial services provided by hotels and travel agents.

The paper - "Consultation Paper 2003-01: Money Services Business" - can be downloaded from the [JFSC website](#). Comments should be submitted to the JFSC by 30 June 2003.

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IMF publishes progress report on its Offshore Financial Center Program - 14 March 2003

The International Monetary Fund has a progress report on the status of its ongoing Offshore Financial Center (OFC) Program. The OFC program was initiated by the IMF in 2000 to address potential vulnerabilities in the global financial system. It has been designed to provide information on the status of financial regulation and supervision in 44 offshore jurisdictions, as well as a substantial understanding of their arrangements for anti-money laundering and combating the financing of terrorism.

The report can be downloaded from the [IMF website](#).

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US government publishes International Narcotics Control Strategy Report 2003 - 3 March 2003

The US has just released the latest version of its annual International Narcotics Control Strategy Report (INCSR). Within the INCSR is a 311-page section entitled "Money Laundering and Financial Crimes". The INCSR is a joint effort by many US government agencies, and the lead agency in this particular section is FinCEN, with contributions from other agencies within the Treasury and Justice departments.

The section on "Money Laundering and Financial Crimes" covers such topics as:

- money laundering and terrorist financing
- the US response
- money laundering trends and typologies
- mechanisms for information exchange
- Offshore Financial Centres.

It then goes on to assess the money laundering situation in every country in the world.

The "Money Laundering and Financial Crimes" section of the INCSR 2003 can be viewed [here](#).

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INCB publishes annual report for 2002 - 26 February 2003

The International Narcotics Control Board (INCB) has published its annual report for 2002, in which it examines the issues of:

- illicit drugs and economic development
- operation of the international drug control system
- analysis of the world situation.

The INCB is the independent and quasi-judicial control organ for the implementation of the United Nations drug conventions, established in 1968 by the Single Convention on Narcotic Drugs of 1961. It is independent of governments as well as of the United Nations, and its thirteen members serve in their personal capacity.

The annual reports for 2002 and earlier years can be downloaded from the [INCB website](#).

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Financial Services Authority publishes latest findings - 25 February 2003

The FSA has published its latest "UK government and Financial Action Task Force findings", outlining the updated list of NCCTs and what action should be taken by regulated firms.

This document can be viewed on the [FSA website](#).

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UK Assets Recovery Agency opens its doors - 24 February 2003

One requirement of the Proceeds of Crime Act 2002 was the creation of an Assets Recovery Agency (ARA), modelled on the highly successful Criminal Assets Bureau in Eire. Under its director, Jane Earl, the ARA has a staff of about 100, recruited from the police, HM Customs & Excise and the Inland Revenue.

From today, the ARA is empowered to take on cases referred to it by UK police forces, HM Customs & Excise, the Inland Revenue, the National Crime Squad and the Serious Fraud Office. Its aim is to disrupt the activities of criminals and gangsters by stripping them of their financial assets. The money seized will be given to HM Treasury, although some will go into a Recovered Assets Fund designed to finance anti-crime projects.

You can find out more at the [Assets Recovery Agency website](#).

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FATF updates list of NCCTs - 14 February 2003

The Financial Action Task Force today announced an update to its list of non-cooperative countries and territories (NCCT) initiative.

Grenada has implemented "significant reforms to its anti-money laundering system" and so has been removed from the list. The Ukraine has also enacted "comprehensive anti-money laundering legislation" and so counter-measures against it are withdrawn, although it remains on the list. Finally, the FATF has warned that unless the Philippines enacts legislation to "address previously identified deficiencies in their anti-money laundering regime" by 15 March, counter-measures will be imposed from that date.

There are now ten NCCTs: the Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, the Philippines, St Vincent and the Grenadines and the Ukraine.

The list will next be reviewed at the FATF's plenary meeting on 18-20 June 2003.

Further information about the NCCT initiative can be found on the [FATF website](#).

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US Comptroller of Currency issues new money laundering guidance for bankers - 17 January 2003

The Office of the Comptroller of the Currency (part of the US Treasury Department) has issued an updated version of its 1993 booklet "Money Laundering: A Banker's Guide to Avoiding Problems". The 35-page booklet discusses how bankers can identify and manage the risks associated with money laundering and terrorist financing. The revision was prompted by the growing sophistication of money launderers, a strengthening international response to money laundering, changes to US anti-money laundering laws and the introduction of new US anti-terrorist financing legislation.

Please [click here](#) to download the booklet from the OCC website.

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Swiss banking regulator issues updated money laundering regulations - 17 January 2003

The Swiss Federal Banking Commission has issued a new Ordinance Concerning the Prevention of Money Laundering. In the words of the Commission's press release, the Ordinance "contains more stringent due diligence requirements for banks and securities dealers".

In particular (and among other things), the Ordinance requires financial intermediaries to:

- undertake additional investigations when operating higher risk business relationships
- refer decisions about whether to take on politically exposed persons as clients to senior management
- apply anti-money laundering measures to the prevention of the financing of terrorism
- use computerised systems to monitor transactions (except in the case of smaller institutions)
- include full remitter details in all cross-border wire transfers.

The Ordinance - dated 18 December 2002 - replaces the 1998 Swiss money laundering guidelines and will come into effect on 1 July 2003.

Please [click here](#) to download an English translation of the Ordinance.

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NCIS appoints new DG - 15 January 2003

Peter Hampson QPM, currently Chief Constable of West Mercia, has been appointed the new Director General of NCIS. He succeeds John Abbott, who will retire in March 2003 following five and half years' service.

Please [click here](#) to read more about Peter Hampson.