

Corporation of London publishes research into EU AML implementation - 21 December 2006

The Corporation of London has published a report by the British Institute of International and Comparative Law (BIICL) which examines the comparative implementation of the EU Second Money Laundering Directive. The report examines the way in which the Directive has been implemented in the United Kingdom, Spain, Italy, Greece, Poland and Lithuania and the arrangements for monitoring and enforcing compliance with the legislation. It is hoped that the findings of the report will help to identify the changes that will be required to implement the Third Money Laundering Directive by December 2007.

To download the 105-page report, [click here](#).

[Back to top of page](#)

Thailand agrees to tighten AML measures - 13 December 2006

Thai authorities have agreed measures to tighten money laundering controls by requiring financial institutions to monitor cash deposits by certain groups of people with overseas bank accounts. Deputy Prime Minister Pridiyathorn Devakula, who also serves as Minister of Finance, presided over a meeting of the Anti-Money Laundering Office (AMLO), and reported that Thai financial institutions will be required to monitor closely the financial circumstances of certain groups of people, such as politicians, high-ranking government officials and traders in antiques and gold. Exact specifics about which groups of people will be covered will be issued at a later date.

[Back to top of page](#)

Dutch airline executives convicted for money laundering - 7 December 2006

A court in Rotterdam has sentenced the former top executives of a Dutch airline to prison sentences for laundering criminal money through their struggling airline. The airline, Air Holland, flew to several Caribbean destinations but went bankrupt in March 2004. The court heard that two brothers, identified only as Piet G and Iwan G, invested drug money in the airline. Piet was sentenced to a year in prison, but is already serving five years for cocaine smuggling. Iwan is currently serving an eight-year sentence in Brazil for attempting to smuggle 50,000 Ecstasy pills.

The court found that Chief Financial Officer Paul Gruythuysen had been the financial brain behind a criminal gang that laundered as much as €35 million [about £24 million] of drug proceeds through the airline; he was given a three-year sentence. He personally delivered large sums of cash to contacts in Europe, including a diplomat from the Dominican Republic. The UK authorities have seized €6 million [about £4 million] in cash from the diplomat, but he claimed diplomatic immunity and has not been prosecuted. Air Holland's former chief executive, Cees van Dormael, who joined the company when it was already in financial trouble in 2001, was found not to have been part of the criminal ring but was judged to have been aware of its existence and was jailed for 18 months.

[Back to top of page](#)

China uncovers largest-ever laundering scheme - 2 December 2006

Shanghai authorities have uncovered a five billion yuan [about £315 million] money laundering scheme - the largest ever in the country's history. The case was exposed accidentally in a probe by the central bank into falsified business registrations. Details are still scarce, but it appears that the scheme involves "underground" banks, or illegal private businesses offering remittance, foreign exchange and other banking services.

Money laundering has been gathering headlines in China. In 2003 the central bank was given the power to handle anti-money laundering investigations, and in October 2006 the authorities passed the country's first anti-money laundering law, which expanded the definition of money laundering to include bribery, and gave the central bank greater power in investigations. China is also applying to join the Financial Action Task Force.

[Back to top of page](#)

Chinese university launches money laundering studies centre - 28 November 2006

Fudan University in Beijing has unveiled the China Anti-money Laundering Monitoring and Analysis Centre - the first of its kind in China. Created within the university's school of economics, the Centre will invite economic, financial and legal experts to identify the latest money laundering methods and developments. Research will be commissioned on how to prevent money laundering, and the findings will be submitted to the People's Bank of China (PBC) and other governmental bodies for reference. PBC employees will also attend money laundering awareness training at the Centre in 2007. "Money laundering has been proved to be an emerging

challenge for the whole world, while China lags behind Western countries in anti-money laundering experience and legislation," said Liu Liange, director of the PBC's money laundering bureau. The Centre aims to provide the professional AML training that is currently lacking in China. "If law enforcement officials aren't equipped with the latest money laundering tactics, how can they identify and crack down on illegal money from smuggling, bribery and even terrorism," said Yan Lixin, the Centre's secretary-general.

China passed its first AML legislation at the end of November, ruling that financial institutions can be fined up to five million yuan [about £325,000] if their malpractice allows money laundering. Financial institutions will also be required to report cash transactions worth more than 200,000 yuan [£13,000] to the central bank, once the law comes into force in January 2007.

China has also applied for membership of the Financial Action Task Force. It will put its case for joining to the FATF at its plenary meeting in June 2007, and the existing member states will then vote on whether China can join.

[Back to top of page](#)

Canadian pleads guilty to large-scale laundering - 16 November 2006

Following on from a story published on 23 January 2006 (see below), Canadian Martin Tremblay has pleaded guilty in New York to agreeing to use his Bahamas investment firm to hide the proceeds of drug trafficking. He initially pleaded not guilty to charges of money laundering when he appeared in a Manhattan court and was charged in January. The offence to which he has now pleaded guilty carries a maximum prison sentence of 20 years and a maximum fine of USD 500,000. Apparently lawyers for both sides have agreed that a sentence of 70-87 months (about five years) would be appropriate, but the final decision lies with the judge, who is due to pass sentence on 13 February 2007.

[Back to top of page](#)

Big win for Assets Recovery Agency - 21 November 2006

The UK's Assets Recovery Agency (ARA) has been granted orders in the High Court in London freezing GBP 1,579,127 worth of property. The property, which ARA alleges has been funded by money laundering, fuel smuggling and mortgage fraud, includes nine residential properties in Manchester belonging to Francis and Judy Murphy of Ballybinaby, County

Louth, Eire, and one property belonging to Julian Dowe of Manchester. The ARA application alleges that the Murphys built their property portfolio on wealth derived from money laundering and fuel smuggling in Ireland. With regard to Dowe, ARA alleges that he obtained his home in Manchester through mortgage fraud.

This action follows searches made throughout the Manchester area in October 2005 in which ARA seized more than 350,000 records. Since then the Agency has executed a large scale forensic exercise, carrying out further searches and a number of interviews in the Manchester area.

[Back to top of page](#)

Cali cartel founders plead guilty to money laundering - 16 November 2006

Gilberto and Miguel Rodriguez Orejuela, co-founders of the once-dominant Cali cartel, have pleaded guilty to drug-related money laundering charges in a Miami court. In September, the brothers agreed to plead guilty to conspiring to smuggle more than 200 tons of cocaine into the US during the past decade. They were once responsible for an estimated 80% of all the cocaine sold in the US, and they laundered millions of dollars through family-controlled businesses, including a Colombian pharmacy chain. Between about March 2002 and January 2003, they transferred about USD 1.5 million in funds controlled by their pharmacy companies through bank accounts in New York. The two men were sentenced to more than seven years' imprisonment for money laundering; these sentences will run concurrently with their sentences of 30 years for cocaine trafficking.

[Back to top of page](#)

Australia finally decides on new money laundering legislation - 15 November 2006

New money laundering legislation has been introduced into the Australian parliament. The aim of the Anti-Money Laundering and Counter-Terrorism Financing Bill 2006 is to bring Australia into line with international best practice to deter money laundering and terrorism financing (following a poor report from the FATF). The date of royal assent is expected to be 1 January 2007, on which date certain parts of the bill will come into effect. Further parts will come into effect 6, 12 and 24 months after that, "to reflect the complexity of, and resources required for, each part of the Bill". The timetable is as follows:

1 January 2007 - records of transactions, records of funds transfer instructions and

various administrative parts

1 July 2007 - reporting obligations of reporting entities, correspondent banking and certain record-keeping requirements

1 January 2008 - identification procedures, AML/CTF programs and other record-keeping requirements

1 January 2009 - other identification procedures and reporting obligations of reporting entities.

There will be a prosecution-free period of 12 months from the date a section becomes active, provided that the business is making best endeavours to comply.

[Back to top of page](#)

Kenya to discuss new money laundering legislation - 11 November 2006

The Kenyan government is to submit a new money laundering law to parliament for its first reading. The Proceeds of Crime and Anti-Money Laundering Bill, 2006 creates the offence of money laundering, and proposes measures for the identification, tracing, freezing, seizure and confiscation of the proceeds of crime. The Bill provides for the establishment of three agencies: a Financial Reporting Centre (to receive reports, disseminate information to investigating authorities and other bodies and ensure compliance with international AML standards); an Anti-Money Laundering Advisory Committee; and an Assets Recovery Agency (a semi-autonomous body under the Attorney-General's Office to undertake the recovery of criminal proceeds). The provision of mutual legal assistance between Kenya and other countries in the investigation of offences or enforcement of orders is also defined by the Bill.

[Back to top of page](#)

Scottish MP's son to stand trial for money laundering - 8 November 2006

Following charges brought against him in April this year, Athif Sanwar, the son of Labour MP for Govan, Mohammed Sarwar, has been scheduled to stand trial for money laundering. His trial is to begin in the week of 16 April 2007, and is expected to last for about six weeks.

Athif Sarwar is managing director of a company called United Wholesale (Scotland) Limited, and he faces laundering charges with his colleague Mansoor Khan. The two men are accused of laundering almost £850,000 through the business, by receiving £845,138 from six companies into their business account and then transferring £564,698 to a person or persons presently unknown and £280,440 to an account in the name of C4Less,

both transfers being in contravention of the Proceeds of Crime Act 2002. Both men have pleaded not guilty.

[Back to top of page](#)

Corruption Perceptions Index 2006 published - 6 November 2006

Transparency International, the global anti-corruption agency, has published its Corruption Perceptions Index 2006. The index is a composite index that draws on multiple expert opinion surveys that poll perceptions of public sector corruption in 163 countries around the world. The 2006 index points to a strong correlation between corruption and poverty, with a concentration of impoverished states at the bottom of the ranking.

“Corruption traps millions in poverty,” said Transparency International Chair Huguette Labelle. “Despite a decade of progress in establishing anti-corruption laws and regulations, today’s results indicate that much remains to be done before we see meaningful improvements in the lives of the world’s poorest citizens.”

The least corrupt countries in the world are perceived to be Finland, Iceland and New Zealand. At the other end of the scale, the most corrupt are perceived to be Haiti, Myanmar, Iraq and Guinea. The UK maintains its ranking at position 11, while the US drops from position 17 last year to position 20 this year.

[Click here](#) to download the full Corruption Perceptions Index 2006.

[Back to top of page](#)

FATF publishes two new reports - 2 November 2006

The Financial Action Task Force has published two more reports in its series on areas of money laundering concern. The first report is on the misuse of corporate vehicles (such as corporations, trusts, foundations and limited liability partnerships) - [click here](#) to download this 71-page report.

The second report is on new payment technologies (such as prepaid cards, Internet payment systems, mobile payments and digital precious metals) - [click here](#) to download this 44-page report.

[Back to top of page](#)

Gibraltar issues consultation paper on guidance notes - 1 November 2006

The Financial Services Commission in Gibraltar has issued a consultation paper on revisions to its AML/CFT *Guidance Notes*. Draft

revised *Guidance Notes* have also been published. Comments should be submitted to the FSC by 31 January 2007.

To download the 18-page consultation paper, [click here](#). And to download the 118-page draft revised *Guidance Notes*, [click here](#).

[Back to top of page](#)

China approves new AML legislation - 1 November 2006

Updated anti-money laundering legislation has been approved by the Standing Committee of the National People's Congress and will come into effect on 1 January 2007. The new legislation extends the list of predicate crimes for money laundering to include corruption and bribe taking, violating financial management regulations and financial fraud. (Previously, the law recognised only drug trafficking, organised crime, terrorist activities and smuggling as predicate crimes.) The law also requires financial (and some non-financial) institutions to maintain customer and transaction records and to report large and suspect transactions. The People's Bank of China (the central bank) and its provincial branch offices are authorised to investigate suspicious transactions. Finally, the law enables China to step up co-operation with other countries to combat global money laundering and to exchange information with overseas anti-money laundering organisations. Zhang Hongwei, director of the anti-money laundering department of the Ministry of Public Security, said the law would facilitate closer co-operation between police departments and financial institutions.

[Back to top of page](#)

UK financial adviser jailed for theft and money laundering - 30 October 2006

Philip Smith, a financial adviser from Manchester, has been jailed for nine years for stealing almost £2 million from his clients. He targeted the elderly and vulnerable, and conned at least fifty victims (including his own brother) out of the money, which he spent mostly on Internet gambling. Smith admitted 49 counts of theft, five of money laundering, two of false accounting and three of forgery. The court heard that he sent the money to offshore bank accounts and lived a lavish lifestyle on the proceeds of his crimes. Handing down a sentence of nine years, Judge Peter Lakin called Smith a "callous, manipulative and thoroughly dishonest man" who conducted "dishonesty on a truly breathtaking scale".

[Back to top of page](#)

David Mills to face corruption charges in Italy - 30 October 2006

British lawyer David Mills (the estranged husband of Culture Secretary Tessa Jowell) is to face corruption charges in an Italian court, alongside Italian ex-Prime Minister Silvio Berlusconi. A judge in Milan has ruled that enough evidence exists for a trial concerning a £325,000 payment to Mr Mills, allegedly paid in exchange for favourable court evidence. Mills and Berlusconi are already scheduled to appear in court in Italy in November to face charges of tax evasion and embezzlement. Mills denies all charges.

[Back to top of page](#)

UK four jailed for a total of 57 years for tax fraud and money laundering - 28 October 2006

Four men have been jailed in the UK for a total of 57 years for running an elaborate VAT (Value Added Tax) fraud that cheated the authorities of £10 million. The scheme involved a Scottish company called Virgini Limited making false VAT claims for mobile phones that were supposedly being imported into the UK and exported to Ukraine – but there was no evidence that the phones ever existed.

Durgesh Mehta, the company's director, was jailed for a total of 33 years after being convicted of cheating the public revenue, money laundering and conspiracy to transfer criminal property under the Proceeds of Crime Act 2002. His sentences will run concurrently. His three accomplices – Gerald Reardon, Matthew Sharman and Peter Ratcliff – each received eight-year prison sentences for laundering the proceeds through offshore companies, primarily one called Gazelle Corporation Limited, controlled by Reardon. All four men were disqualified from being company directors for 10 years.

The scheme was exposed when Reardon asked a security company to deliver bundles of cash adding up to more than £2 million to his home and to a disused airfield in Kent. The security company reported this to HM Revenues and Customs, who swooped when the next delivery was made to Reardon's office in south London and seized just under £1 million. When officers seized containers at Southampton docks said to hold phones, they found that they contained worthless furniture. Judge Adele Williams, sentencing the gang at Canterbury Crown Court, said: "The sheer extent of the lies and dishonesty involved was breathtaking."

[Back to top of page](#)

Further arrests in largest-ever Australian laundering investigation - 28 October 2006

In a follow-up to the case reported below on 10 October, 57 people have now been charged in Australia with the alleged laundering of AUS\$93 million [£37.6 million] and with drug and other offences. Following a 17-month investigation, Task Force Gordian launched raids in Sydney and Melbourne and - as well as the arrests - seized about AUS\$30 million worth of drugs, five guns, nine vehicles, and more than AUS\$2 million in cash.

Task Force Gordian was established by the Australian Crime Commission in March 2005 to investigate the money laundering activities of several crime syndicates with links to countries including Cambodia, Vietnam and Hong Kong. The task force includes Australian Federal Police (AFP), Victoria and NSW Police, NSW Crime Commission, Australian Taxation Office, Australian Customs Service and AUSTRAC (the Australian FIU). Their investigations uncovered one alleged principal money laundering syndicate operating out of four money transfer businesses in Sydney and Melbourne, and used by criminals to send their money overseas and so legitimise their income. This is the largest ever prosecution of money laundering in Australian history.

[Back to top of page](#)

Russian authorities receive 7,000 money laundering reports this year - 26 October 2006

The Russian Interior Ministry has confirmed that over 7,000 crimes related to money laundering have been registered since the beginning of the current year, with 31% involving the financial sector and 20% the consumer market. The figures were revealed at a meeting of law enforcement agencies and state bodies, who were meeting to discuss ways to improve interaction between them. Deputy Interior Minister Andrei Novikov also said that up to 300 billion roubles [about £6 billion] are laundered annually in Russia, and that the Russian Interior Ministry has opened over 60 criminal investigations into money laundering this year.

According to Interior Ministry officials, much work is being done to expose illegal financial transactions, and 49 commercial banks have had their licences revoked this year. Novikov warned that the number of money laundering crimes increased by 350% in 2005; 6,400 criminal cases were taken to court, and the sums involved totalled 163.7 billion roubles. Notably, Novikov stressed that "22 criminal cases have been opened against the heads of commercial banks that laundered money to the tune of over 130 billion roubles".

[Back to top of page](#)

Dutch tycoon arrives in the Netherlands to take part in laundering investigation - 23 October 2006

John Deuss, a Dutch oil tycoon wanted for questioning about money laundering and other illegal activities, has arrived in the Netherlands and should appear in court soon. Deuss was once considered one of the world's most important independent oil traders; he supplied the South African apartheid government with oil in the 1980s and traded in Russian oil both before and after the collapse of the Soviet Union.

Deuss has lived in Bermuda for thirty years, and owns First Curaçao International Bank, which is currently being investigated for money laundering by regulators in the Netherlands and in Curaçao. An arrest warrant was issued for Deuss by the Dutch authorities, who were seeking his extradition for questioning about alleged handling of stolen property, money laundering and belonging to a criminal organisation. He was arrested in Bermuda and then released on US\$10 million bail. Deuss's legal team says that he is innocent and that he has now gone voluntarily to the Netherlands to take part in the investigation.

[Back to top of page](#)

New Zealand government releases AML regime update proposals - 18 October 2006

The New Zealand government has released the final part of a proposed framework to update its approach to tackling money laundering and financial terrorism. Associate Justice Minister, Clayton Cosgrove, said "Our aim is to minimise costs by using existing regulatory arrangements rather than creating a new agency to carry out this vital work. For example it is proposed that the Reserve Bank, the Securities Commission and the Department of Internal Affairs supervise the businesses they already regulate for other purposes."

Banks and casinos will be the first to be covered by the new requirements, followed by lawyers, accountants, real estate agents and jewellers within two years. Further work is proposed to extend requirements to trust and company service providers, who are not currently regulated.

[Back to top of page](#)

US authorities crack sophisticated Black Market Peso Exchange - 18 October 2006

A joint investigation conducted by the FBI, the Drug Enforcement Administration and the New York Police Department has cracked an international money laundering ring and arrested 26 people in Colombia, Florida and New York. The authorities also seized more than US\$10 million [£5.35 million] in drug money and US\$6.5 million of drugs.

The laundering scheme was a Black Market Peso Exchange, involving "peso brokers" who acted as middle men between drug traffickers, who wanted to launder drug profits, and Colombian companies and individuals, who wanted to buy US dollars but avoid paying Colombian taxes, import duties and transaction fees. For example, one of the Colombian brokers transferred drug money to scrap yard owner in New York State, and he would then use US dollars to ship truck parts to Venezuela and Colombia, where the good were sold for pesos. The pesos from those sales would be sent back to the broker.

[Back to top of page](#)

FATF de-lists Myanmar, welcomes Republic of Korea, completes evaluations - 16 October 2006

In a statement issued after its recent plenary meeting in Vancouver, the Financial Action Task Force (FATF) has removed Myanmar from its list of Non-Cooperative Countries and Territories. This means that the NCCT list is now empty. According to the statement, "the FATF has determined that Myanmar has made good progress in implementing its anti-money laundering system. The FATF will continue to monitor Myanmar during the coming year to ensure it makes further progress. In particular the FATF has advised Myanmar to enhance regulation of the financial sector, including the securities industry, and to ensure that dealers in precious metals and precious stones follow anti-money laundering requirements." This follows an FATF visit to Myanmar in late September.

The Republic of Korea has been welcomed by the FATF as an observer - the first rung on the ladder to membership status.

And the FATF has completed AML/CFT evaluations of Portugal and Iceland - the evaluation reports will be published on the FATF website in the coming weeks. Also due to appear on the FATF website are two new reports: one on new payment technologies, and the other on corporate vehicles.

[Back to top of page](#)

Vietnam Airlines implicated in Australian money laundering investigation - 10 October 2006

The operators of four alleged money laundering outlets based in Melbourne and Sydney in Australia have been accused of enlisting international pilots and flight crews to carry more than AUS\$10 million [more than £4 million] to criminals in Vietnam over the past year. Tuong Hoang Manh, a chief pilot with Vietnam Airlines, was arrested in Sydney in June after he was found to be carrying almost AUS\$500,000 out of the country. He had just left one of four money transfer businesses central to a family-operated money laundering conspiracy. Two alleged members of the businesses, Hang Thanh Huynh and her brother Phat Ba Huynh, have now appeared in court and been bailed on strict conditions pending completion of investigations. The Huynhs will appear in court again in July 2007.

A two-year joint operation involving the Australian Crime Commission, federal police and Victoria and NSW police has targeted the overseas transfer of huge sums of money suspected of being the proceeds of crime. Nine members of Vietnamese communities in Sydney and Melbourne have now been arrested.

[Back to top of page](#)

Nigerian government requires banks to install AML software - 9 October 2006

The Nigerian Economic and Financial Crimes Commission (EFCC) has given all Nigerian financial institutions until the end of October to install anti-money laundering software. Those affected include banks, insurance companies, "micro finance institutions" and finance houses. The software is designed to help financial institutions to spot suspicious financial activities, record suspicious transactions in a timely manner and report those transactions to the regulators. Osita Nwajah, Head of Media Affairs at the EFCC, said, "We have had training sessions with banks and other financial institutions on the anti-money laundering war and the need to do everything to money laundering. We are determined to stop money laundering in this country and we expect financial institutions to cooperate with us."

[Back to top of page](#)

Senate committee calls for Canadian AML law to be tightened - 3 October 2006

The Canadian Senate Banking Committee has said that anti-money laundering requirements should be extended. The current law (last amended at the end of 2001) requires banks, accountants, insurance companies and others to report suspicious transactions, as well as any

electronic international transfer of more than \$10,000 [£4,750] and any cash transaction over \$10,000, to FINTRAC (Canada's Financial Intelligence Unit). But police told the committee that because lawyers are exempt from the reporting obligations, they could become a weak link or a target for criminals. The committee heard from over 30 witnesses during its research, and concluded that dealers in precious metals, stones and jewellery, money service firms and certain new types of banking services (such as so-called white label ATM machines, which are not linked to established banks) should also have to report.

Committee chairman Jerry Grafstein said, "We were surprised by the substantial amount of activity that is carried on in the country that has to be more properly supervised. We can't quantify it but we know that it's a substantial part of our daily commerce." In its last annual report, FINTRAC said it had turned over 142 suspicious cases to police agencies or the security service. The cases involved more than C\$2 billion.

Canada is chairing the Financial Action Task Force this year, and Finance Minister Jim Flaherty will host an FATF plenary meeting in Vancouver next week. A bill to improve Canada's AML legislation will be presented to Parliament within the next few days.

[Back to top of page](#)

People trafficking centre opens in Sheffield - 3 October 2006

The UK Human Trafficking Centre (UKHTC) - Europe's first dedicated centre for victims of people-trafficking - is to open in Sheffield. The UKHTC will provide specialist care for the victims - mostly women brought from abroad and forced into prostitution. As well as sex trafficking, the UKHTC will deal with trafficking involving labour exploitation, children and domestic servants. The UKHTC is being run by South Yorkshire Police and will employ specially-trained police officers, lawyers and immigration officials. Training will be offered to law enforcement officers from all over the UK.

Deputy Chief Constable Graham Maxwell called trafficking a "heinous crime" and said the facility would take a "victim-centred approach, so that when a person is discovered who has been trafficked, that first point of contact is a positive one and we have the right support mechanisms in place to look after their welfare".

To read more, [click here](#) to visit the UKHTC website.

[Back to top of page](#)

UK Treasury publishes consultation on MSB regulation - 29 September 2006

HM Treasury has published a paper entitled "The Regulation of Money Service Business: A Consultation". At the launch of the consultation, Economic Secretary to the Treasury, Ed Balls, said, "The vast majority of bureaux de change, cheque cashers and money remitters are honest and important partners in the fight against financial crime. But the scale of the challenge we now face demands we strengthen our current financial controls so that we can root out money laundering and terrorist financing. Our proposals to replace the registration system with a licensing system, take tougher action against non-compliance and demand firms keep better records, build on the controls we introduced five years ago and give us the powers we need. I also want to give firms in the sector better support and guidance and recognise the important contribution they make to our financial system at home and abroad."

The consultation outlines a package of proposals to reduce the harm caused by financial crime and terrorism by combating abuse of money service businesses and by shifting the burden of supervision onto firms that pose the highest risk. The closing date for the consultation period is 6 December 2006.

To download the full 80-page consultation document, [click here](#).

[Back to top of page](#)

WhiteWash™ Online is launched - 29 September 2006

Thinking about Crime Limited has today launched the online version of its popular WhiteWash™ money laundering simulation. To read more, please visit the [WhiteWash Online page](#) of this website.

[Back to top of page](#)

Bank of America pays US\$7.5 million to settle money laundering case - 27 September 2006

Bank of America, the second-largest bank in the US, has agreed to pay US\$7.5 million to settle charges that it failed to prevent money laundering, the Manhattan District Attorney's office has announced. After an investigation lasting three years, it was revealed that Bank of America failed to detect that Brazilian companies were using a money transfer business's bank account to launder money, DA Robert Morgenthau said in a statement. Bank of America admitted that it had failed to take adequate

steps to verify information supplied by some customers in South America. The settlement includes a US\$6 million penalty paid to New York City and state and US\$1.5 million to pay for the cost of the investigation.

Money transfer businesses transmitted an estimated global total of US\$230 billion in 2005, and regulators and prosecutors have been trying to clamp down on the business to prevent money laundering and the transfer of funds for terrorist activities. Morgenthau said that scrutinizing accounts belonging to money transfer businesses is crucial to national security: "The banks and other financial institutions should be our first line of defence against illegal money entering the banking system".

[Back to top of page](#)

India sets up new AML committee - 27 September 2006

The Indian government has set up a 15-member high-level committee to monitor cases of organised crime and suspected money laundering. The committee consists of representatives from all relevant intelligence agencies, including the Directorate of Revenue Intelligence, the Narcotics Control Bureau, the Enforcement Directorate, the Income Tax Department, the Central Bureau of Investigation and the Intelligence Bureau. The committee was created following a host of cases, investigated by several intelligence agencies, revealing a huge amount of money laundered outside India and then brought back into the Indian economy through several channels.

[Back to top of page](#)

China given AML grant - 22 September 2006

The Asian Development Bank (ADB) has given a US\$400,000 grant to China to help it develop its AML framework. China currently does not have a law to define and criminalise money laundering, nor to provide measures to address money laundering. Putting these in place would require the co-ordination of more than two dozen Chinese authorities. The ADB grant will provide technical expertise to help the Chinese government finalise a proposed AML law, establish co-ordination and co-operation between those two dozen agencies, and develop an implementation manual and a comprehensive action plan. The Chinese government will add the equivalent of US\$100,000 to the grant, in the form of staff, facilities and other administrative needs. The project is due for completion at the end of December 2007.

The ADB is based in Manila (in the Philippines) and is dedicated to reducing poverty in the Asia-Pacific region through pro-poor sustainable economic growth, social development and good governance. Established in 1966, it is owned by 64 members - 46 of them from the region. In 2005, it approved loans and grants for projects totalling US\$6.95 billion, and technical assistance amounting to US\$198.8 million.

[Back to top of page](#)

UK IFA fined for systems and controls failings - 21 September 2006

The Financial Services Authority (FSA) has fined Langtons (IFA) Limited £63,000 for "failing to properly apportion roles and responsibilities to its senior management and for not having systems in place to ensure that its advisers were trained and competent". Langtons' failings (which occurred between January 2003 and November 2005) were discovered during an FSA visit to the firm rather than through its own systems and controls.

With regard to anti-money laundering systems and controls, paragraph 4.15 of the FSA *Final Notice* noted that "Langtons had money laundering procedures which were outdated and not customised for its business. In particular, the procedures still contained references to the organisation that produced them. Langtons did not establish and maintain systems for countering the risk of financial crime. Money laundering reports on the effectiveness of its systems and controls were not presented to the Board of Directors and appropriate training was not carried out with staff. As a result, Langtons did not have effective systems and controls to counter the risk of financial crime and also breached SYSC 3.2.6R."

[Click here](#) to read the FSA press release, which has a link to the full *Final Notice*.

[Back to top of page](#)

Pacific anti-money laundering forum launched - 15 September 2006

A Pacific Anti-Money Laundering Programme (PALP) has been established by the Pacific Islands Forum Secretariat. Secretary General Greg Urwin said that PALP is "a major step" in helping the Forum's 14 member countries to comply with international AML standards. PALP has been funded by the US Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INF), and is a joint initiative by the Forum Secretariat, INF and the UN Global Programme Against Money Laundering. The main objectives of PALP are to provide regional technical

assistance and training, supported by three resident mentors providing country guidance and in-house training.

[Back to top of page](#)

Putin admits that Russia has a money laundering problem - 15 September 2006

Russian president, Vladimir Putin, has attended an emergency meeting of Russian bankers and financial regulators and admitted that "the use of banking institutions for criminal ends is, unfortunately, continuing - we are witnessing the laundering of billions of roubles every month as well as transfers of vast funds abroad".

President Putin made his comments following the murder of central banker Andrei Kozlov and his driver on 13 September. It is suspected that Mr Kozlov, a first deputy chairman of the central bank who was a key figure in the fight against corruption, was shot by contract killers. A senior banker and close friend of Kozlov expects the spotlight in the murder investigation to fall on those banks Kozlov had recently shut down or was about to close. "Andrei was out to get the lousy money launderers, the crooks. He was taking them out one after another. I'm sure one of those criminal banks that he took out is behind this." Kozlov's department was notorious for closing banks at the rate of two or three a week, and only last week he had called publicly for much tougher penalties for bankers found guilty of money laundering.

Finance Minister Alexei Kudrin paid tribute to Kozlov: "He was at the cutting edge of the battle against financial crime. He was a very brave and honest man and through his activity he repeatedly encroached on the interests of unprincipled financiers."

[Back to top of page](#)

Another football/laundrying investigation - 15 September 2006

An official report published by prosecutors in Brazil alleges that Media Sports Investment (MSI) is involved in money laundering. MSI is the firm that effectively owned World Cup footballers Carlos Tevez and Javier Mascherano, both of whom recently transferred from Argentine team Corinthians to London team West Ham. According to the report, investigators found that "sufficient indices [exist] to show that the partnership MSI/Corinthians is being used to practise the laundering of money". The report goes on to allege that the money was laundered on behalf of a Russian oligarch, Boris Berezovsky.

The transfer of Tevez and Mascherano was a highly unusual deal, in which the club pays some of the players' wages but no transfer fee to Corinthians. MSI was involved in 2005 in a failed bid to buy West Ham for £75 million, and now its former president, Kia Joorabchian, is involved in further takeover talks. There is additional controversy because Iranian-born entrepreneur Mr Joorabchian refuses to disclose the identity of his backers. He has said that Mr Berezovsky is a friend but that he "has not and will not be investing in any of my current business projects". Mr Joorabchian has vehemently denied the all money laundering allegations.

[Back to top of page](#)

US blacklists one of Iran's largest banks - 10 September 2006

The US has blacklisted Bank Saderat, one of Iran's largest state-owned banks, alleging that it is used to transfer money to radical organisations. Although not licensed to deal directly in the US, the bank had previously been permitted to make transactions via a bank in another country. Stuart Levey, the US Treasury's under-secretary for terrorism and financial intelligence, announced the move during a speech to the American Enterprise Institute. He said the bank had been blacklisted because "this bank, which has approximately 3,400 branch offices, is used by the government of Iran to transfer money to terrorist organisations. We will no longer allow a bank like Saderat to do business in the American financial system, even indirectly." According to Mr Levy, the bank had facilitated the transfer of hundreds of millions of dollars to the Lebanese group, Hizbollah, and what he called other terrorist organisations, every year.

[Back to top of page](#)

FSA writes second letter to JMLSG - 7 September 2006

On 31 August, Philip Robinson (Financial Crime Sector Leader at the Financial Services Authority) send a letter to the Joint Money Laundering Steering Group, as a follow-up to a letter he sent them on 10 April. This second letter deals with the new AML regime that came into force on 1 September, and contains the information that is being circulated to FSA staff on what to look for when assessing regulated firms' AML practices (in particular, stressing that firms should now be acting in a more risk-based way over AML, including in relation to ID).

According to the letter, the main things FSA staff should be on the look-out for are "that firms:

are systematically identifying and managing their ML/TF risks (in ways that are

proportionate to the firms' circumstances);
have strong senior management engagement with AML/CTF;
use the right AML/CTF tools for the job; and
keep their focus on outcomes rather than inputs".

To download the letter in full, [click here](#).

[Back to top of page](#)

FATF evaluation team arrives in Turkey - 5 September 2006

A 12-day Financial Action Task Force evaluation visit to Turkey starts today. The FATF delegation will meet representatives from 37 Turkish institutions during its visit, following up an extensive questionnaire submitted to the jurisdiction. Turkey has been a member of the FATF since 1991, and its last full evaluation took place in 1999 (with a follow-up evaluation in 2000).

[Back to top of page](#)

Conrad Black assets frozen worldwide - 31 August 2006

Media tycoon Lord Conrad Black has had his personal assets frozen worldwide by the Ontario Supreme Court in Canada. The freezing order - still known as a "Mareva injunction" in Canada - covers both his own assets and those of his socialite wife Barbara Amiel Black, grants him C\$20,000 per month to live on and requires him to get court approval for most spending.

The request for the order was brought by Toronto-based Hollinger Inc, a company once controlled by Lord Black, which is suing him on the grounds that he stripped the firm of C\$84 million [£49 million] of key assets by transferring them at below market value to Hollinger International, a US-based group that he and other Hollinger Inc executives also controlled. Hollinger Inc's lawyers were able to convince the court that, as the case is not due to be heard until next year and could drag on for some time, there was a real risk of Lord Black's assets disappearing in the meantime. Lord Black, who is also facing criminal charges of racketeering, money laundering, wire fraud and obstruction of justice in the US, denies all allegations.

[Back to top of page](#)

FSA publishes consultation paper on changes to Approved Persons regime - 31 August 2006

The Financial Services Authority (FSA) has published CP06/15, a consultation paper outlining a new proposal to merge the customer functions in the Approved Persons regime. This paper is in response to feedback from the industry, following the publication of an earlier consultation paper in July 2005. David Kenmir, Managing Director of Regulatory Services at the FSA, said, "Through our Handbook review programme, the FSA is removing regulations whose costs outweigh the benefits they bring. The proposed merger of customer functions offers a further £1 million annual saving for firms."

The consultation paper also:

- sets out the implications of the Markets in Financial Instruments Directive (MiFID) for the Approved Persons regime
- reminds firms that it is their responsibility to carry out appropriate checks on their employees
- clarifies aspects of the FSA's approval process.

To download the 92-page CP06/15 "Reforming the Approved Persons regime", [click here](#). Comments are invited by 9 November 2006 (for the MiFID impact) and 23 November 2006 (for the merging of customer functions). An online response form will be available shortly on the FSA website.

[Back to top of page](#)

Lazarenko jailed for money laundering - 26 August 2006

Former Ukrainian prime minister Pavel Lazarenko has been sentenced to nine years in prison by a US court for money laundering, extortion and wire fraud. Lazarenko, who was also ordered to pay a US\$10 million [£5.29 million] fine, was convicted in June 2004 on 29 counts; he is appealing against his conviction. His trial was held in San Francisco, where he has an 18-acre estate, for which he is said to have paid US\$6.7 million [£3.5 million] in cash.

Lazarenko was Prime Minister of Ukraine from 1996 to 1997. He was originally accused of laundering US\$114 million stolen while in office - indeed, a report published by Transparency International in 2004 ranked him eighth out of the world's 10 most corrupt politicians in the previous two decades. While in office, Lazarenko exercised control over a large swathe of the economy and influenced the privatisation of Ukraine's vast natural gas sector; most of the allegations of embezzlement of state funds and abuse of office against him are related to the fight for gas revenues between rival political and business groupings in Ukraine in the 1990s.

Lazarenko was arrested by immigration authorities at New York's Kennedy airport for visa irregularities in February 1999 after fleeing to the US seeking political asylum, saying he had received death threats in Ukraine. Two months prior to that, he had been detained and then released on bail in Switzerland, after being picked up crossing the border by car from France on a Panamanian passport. Lazarenko admitted moving money to Swiss banks but said he had acquired it legitimately. In June 2000, a court in Geneva found him guilty in absentia of laundering US\$6.6 million [£3.5 million] through Swiss banks; he was given an 18-month suspended sentence and US\$6.5 million [£3.4 million] was confiscated from his Swiss accounts.

[Back to top of page](#)

"Apprentice" questioned over money laundering allegations - 14 August 2006

Syed Ahmed, who was one of the contestants in the BBC television show "The Apprentice", has been arrested in Chingford on suspicion of money laundering. Ahmed was questioned about a £400,000 property loan from Portsmouth Football Club director Terry Brady, who had complained that he was misled into providing the loan to Ahmed's business partner, Aftab Ahmed (no relation). Syed Ahmed has now been released on police bail until 20 October.

[Back to top of page](#)

Republic of Korea to join FATF as an observer country - 10 August 2006

The Republic of Korea is to join the Financial Action Task Force as an observer at its next meeting, which will be held in Vancouver, Canada, in October 2006. The FATF expects that it will take about two years for the Republic of Korea to obtain full membership status, which would provide greater regional balance and strengthen the global fight against money laundering and terrorist financing. Officials in Seoul expect FATF membership to improve the reputation of the country's finance industry by permitting greater transparency.

[Back to top of page](#)

KPMG Fraud Barometer reveals increase in employee fraud - 3 August 2006

The KPMG Fraud Barometer considers major fraud cases being heard in the UK's Crown Courts. The first six months of 2006 has seen 123 cases reaching court, concerning a total of £653 million (compared with 88 cases worth £250 million over the same period last year).

There was an increase in what KPMG calls "insider frauds" – those perpetrated by employees against their own organisations. Management was the biggest perpetrator of frauds, accounting for nearly half of the frauds coming to court. There was a proliferation of cases of insider fraud within banks – most notably the case of the bank manager in Scotland who created £21 million in false loans over a period of five years. Many bank insider frauds were carried out by low level employees, sometimes connected to organised criminal gangs – such as two call centre employees in Yorkshire who were part of a nationwide fraud ring that used customer credit card and bank details to swindle almost £900,000.

To read the KPMG press release, [click here](#). To download the underlying graphs and tables, [click here](#).

[Back to top of page](#)

SOCA publishes UK Threat Assessment 2006/7 - 31 July 2006

The Serious Organised Crime Agency (the UK's FIU) has published the *United Kingdom Threat Assessment of Serious Organised Crime 2006/7*. As explained in the introduction by Director General Bill Hughes, the threat assessment "describes and assesses the threats posed to the UK by serious organised criminals and considers how those threats may develop in future".

From a money laundering point of view, the threat assessment makes these points:

many serious organised criminals make use of financial and legal professionals to handle their financial affairs [paragraph 2.11]

money laundering is common to nearly all criminal groups of any consequence or durability [paragraph 3.12]

laundering methods used by criminal groups include: smuggling cash or assets out of the UK; laundering the money themselves; employing 'gatekeepers', such as solicitors and accountants, with access to financial facilities; corrupting or coercing bank employees; and using professional launderers [paragraph 4.4]

property purchases, cash rich businesses and front companies are the most frequently identified methods for laundering money in the UK - consequently, legal professionals (conveyancing) and accountants (auditing, book-keeping) have a pivotal role in combating money laundering [paragraph 4.9].

To download the full 44-page threat assessment, [click here](#).

[Back to top of page](#)

HM Treasury launches consultation on implementing the Third European Directive - 31 July 2006

HM Treasury is conducting a consultation on the UK government's proposed implementation of the Third Money Laundering Directive. The aim of the Directive was to bring European legislation into line with the Financial Action Task Force's revised recommendations; the Directive was adopted in October 2005 and needs to be implemented into legislation in member states by December 2007.

The purpose of the HMT consultation exercise is to seek views on its proposals for implementation of the Directive into UK legislation. The consultation document sets out those proposals, contains a Partial Regulatory Impact Assessment (PRIA) and poses a number of questions to which interested parties are invited to respond. The consultation period ends on 20 October 2006.

After that, draft new Money Laundering Regulations will be issued and consulted upon by the end of this year.

To download the 132-page consultation document, [click here](#).

[Back to top of page](#)

Edwards and Berlin finally sentenced - 27 July 2006

Lucy Edwards and Peter Berlin have finally been sentenced for their money laundering. The pair have been sentenced to five years' probation - almost six years after they admitted conspiring to use the Bank of New York to launder more than US\$7 billion from Russia. Edwards was a vice-president of the bank and her husband Berlin ran companies with accounts at the bank; they pleaded guilty in February 2000 and agreed to cooperate with prosecutors investigating money laundering. "We had no right to bring the wild habits of the Russian business environment onto American soil," Mr. Berlin told Judge Shirley Wohl Kram in court in Manhattan.

Edwards and Berlin will spend six months in home detention in New Jersey. They must make restitution of US\$685,000 to the Internal Revenue Service and pay fines of US\$20,000 each.

[Back to top of page](#)

FSA's Philip Robinson speaks in Singapore about money laundering - 27 July 2006

Philip Robinson, Financial Crime Sector Leader at the FSA, recently gave a speech entitled "Effective AML - The UK Story" at the Asia-Pacific Financial Crime Conference in Singapore. He concentrated on the UK's risk-based approach to AML: "A well-implemented risk based approach should deliver three key elements to the UK's AML regime: cost effectiveness, flexibility and proportionality. Cost effectiveness not cost control. For all of us involved in the fight against money laundering and terrorist financing, resources are limited. It is therefore essential that we use resources effectively and efficiently. By ensuring that resources are focused on real money laundering risk, the risk based approach can help us to maximise our return investment in fighting money laundering and ensure that we get the best possible bang for our buck. The risk based approach is not an easy option and nor is it necessarily the cheapest. It's all about value for money, making sure that costs that we are all mandated to spend are focussed to deliver the maximum benefits."

To read the full text of the speech, [click here](#).

[Back to top of page](#)

Irish disclosure statistics published - 23 July 2006

An article published in Dublin's Sunday Business Post reveals that 10,735 disclosures were made in 2005 by banks, financial institutions and designated professionals (such as tax advisers and accountants). This compares with 5,491 disclosures in 2004 and just over 2,000 in 2003. More than 10% of the 2006 disclosures led to investigations, while about 5% related to the suspected financing of terrorism.

Since 1995, Irish authorities have brought 60 prosecutions against individuals for money laundering. 39 people have been convicted, while a number of cases are still before the courts. Most of the successful prosecutions have resulted from collaboration between the Garda's money laundering unit and the Criminal Assets Bureau (CAB).

[Back to top of page](#)

French bankers to face money laundering charges - 21 July 2006

A French judge has ordered senior bankers from Société Générale, Barclays France, Société Marseillaise de Crédit (owned by HSBC) and the National Bank of Pakistan to appear in court to face money laundering charges. They are among 138 people, including six rabbis and a former state prosecutor, who have been ordered to answer charges of

"aggravated money laundering" over a dirty cheques ring operated between France and Israel from 1996 to 2001.

The case, dubbed "Sentier II" in France, concerns an alleged fraud scheme by clothing merchants in the Jewish Sentier district of Paris, who are suspected of laundering thousands of stolen or fraudulent cheques in French francs, estimated to have been worth about €70 million [about £48 million]. The cheques were allegedly sent to Israel, where they could be signed over to new beneficiaries and exchanged for local currency, before being returned to France through the international correspondent banking network and cleared by French banks. The bankers are being held responsible for failing to enforce stringent anti-laundering laws.

No date for the trial has been set. Indeed, there is still doubt over whether it will reach court, as in 2004 a previous attempt to charge people was thrown out by state prosecutors on a procedural hitch. However, the case has once again prompted calls for France's 1996 money laundering legislation to be clarified.

[Back to top of page](#)

Revenue and Customs Prosecution Office confiscates £21 million - 18 July 2006

In its first year, the UK's Revenue and Customs Prosecutions Office (RCPO) was responsible for collecting over £21 million in criminal assets confiscated in the last year. Other statistics revealed that:

- over the year, the RCPO completed 1,701 cases involving 2,269 defendants
- 89% of RCPO prosecutions resulted in the conviction of at least one defendant
- 81% of defendants either pleaded guilty or were convicted

These figures are published in RCPO's first annual report, which has been laid before Parliament by the Attorney General. RCPO was launched as a new, specialist and independent prosecuting authority in April 2005. Its work includes income tax and VAT fraud, duty fraud on alcohol tobacco and oils, money laundering, export controls and sanctions violations. It also prosecutes large-scale drug smuggling and associated money laundering for the Serious Organised Crime Agency. A team of specialist lawyers advises investigators on the confiscation of criminal assets.

To read the full 44-page annual report, [click here](#).

[Back to top of page](#)

FATF publishes assessment of the US - 11 July 2006

The Financial Action Task Force (FATF) and the Asia Pacific Group (APG) have jointly published an assessment of the United States' anti-money laundering and counter-terrorist financing (AML/CFT) standards. Among the recommendations of the assessment are:

customer identification requirements apply to most types of financial institutions but these could be strengthened, particularly in relation to the identification of beneficial owners

AML/CFT measures apply to a broad range of financial institutions, but comprehensive AML/CFT measures should also apply to a wider range of non-financial businesses and professions

company formation procedures and reporting requirements are such that the information on beneficial ownership of legal persons may not, in most instances, be adequate, accurate or available on a timely basis.

To download the full 311-page assessment report, [click here](#). To download a 17-page summary of the report, [click here](#).

[Back to top of page](#)

Egmont Group to settle in Canada - 7 July 2006

The Egmont Group of Financial Intelligence Units, established in Belgium in 1995, is to set up its permanent headquarters in Toronto. The secretariat serves 101 FIUs around the world and will be staff by about six administrators and researchers. The Canadian government will provide C\$5 million [about £2.4 million] in start-up funding over five years but eventually the secretariat will be financed by subscriptions from member FIUs.

Canada also holds the chair of the FATF for the period July 2006 - July 2007.

[Back to top of page](#)

Susan launches her blog - 7 July 2006

Flushed with success and creativity, Susan has launched her blog on an experimental basis - if she enjoys writing it and you enjoy reading it, it will carry on.

To take a look at Susan's blog, go to the [Susan's blog page](#).

[Back to top of page](#)

EC announces proposed measures to tighten controls on money transfers - 7 July 2006

The European Parliament has agreed at first reading on the European Commission's proposal for a Regulation to tighten controls on money transfers in order to cut off funding sources for terrorists and other criminals. The proposed Regulation would require that money transfers be accompanied by the identity of the sender including the name, address and account number, which would assist law enforcement authorities in detecting and investigating terrorists and other criminals, and in tracing their assets. This proposal would bring EU policy into line with the recommendations of the Financial Action Task Force (FATF).

In order to ensure the traceability of money transfers, the proposed Regulation introduces obligations for banks and money remitters involved in the payment chain. The requirements apply to transfers of funds in any currency that are sent or received by a payment service provider in the EU - regardless of the amount involved - and require that the name, address and account number of the sender of the transfer always be transmitted together with the funds. This information will only be provided to the competent authorities for the purposes of preventing, investigating, or detecting money laundering or terrorist financing. The Regulation is expected to come into force by 1st January 2007 at the latest.

To download the draft Regulation, [click here](#).

[Back to top of page](#)

Susan's new book hits the shelves - 6 July 2006

Susan's latest book is now on sale. The *Money Laundering Officer's Practical Handbook* (or *MLOPH*) has as its strap-line "Don't tell me what I need to know, tell me what I need to do!", and the intention has been to create as practical a guide as possible. Written since the publication of the new JMLSG Guidance Notes in January 2006, *MLOPH* takes into account the recent changes in emphasis of the UK's AML regime, including a risk-based approach to everything and increased senior management accountability. *MLOPH* features lots of bullet points and checklists, and even has removable, photocopyable resources at the back. If you are an experienced UK MLRO, you can use *MLOPH* to check that your AML regime is still compliant and effective; if you are a newly-appointed MLRO in the UK, *MLOPH* will give you step-by-step guidance on how to implement such a regime.

To read more about *MLOPH*, [click here](#). To download an order form, [click here](#). To order online via the publisher's website, [click here](#). Or you can [email Susan](#) for more information or to order signed copies as Christmas presents....

[Back to top of page](#)

Nigerian governor made subject to a UK forfeiture order - 30 June 2006

According to a press release issued by the Concerted Inter Agency Criminal Finances Action Group, Diepreye Alamiyeseigha, the Executive Governor of Bayelsa State in Nigeria, has been made subject to a forfeiture order in the UK. The order has come about as a result of a financial investigation carried out by the London Regional Asset Recovery Team, part of the Metropolitan Police's Economic and Specialist Crime Unit.

It is believed that Alamiyeseigha stole large amounts of money from his state. On 15 September 2005 he was arrested for money laundering as he arrived at Heathrow on a flight from Germany, and a search of his UK home address resulted in a cash seizure of approximately £1 million. On 27 September 2005 he was further arrested following advice from the Crown Prosecution Service; his home address was again searched and a further £75,000 cash was seized. He was later charged with three offences of money laundering and was given bail, but he fled to Nigeria where he is now on trial. [See [Old News page](#) for entries dated 21 November 2005, 12 December 2005 and 24 December 2005.]

On 26 May 2006 the District Judge sitting at Stratford Magistrates' Court made a forfeiture order for the total £1,075,000. The Judge also stated that the cash should be repatriated to the Nigerian government.

[Back to top of page](#)

Financial Services Authority publishes annual report for 2005/06 - 27 June 2006

The UK's financial regulator, the Financial Services Authority, has published its "Annual Report 2005/06". In the report, mention is made by the FSA of two money laundering cases:

"Investment Services UK Limited (ISUK), whose clients we regarded as having a high-risk money laundering profile, helped its clients to open accounts with a bank so they could participate in bond trades. However, the firm did this without providing the bank with appropriate information about the clients to allow it to assess the risks to which it was exposed. We fined ISUK and its managing director, Mr Ram Melwani. This was the first time we had fined an individual for anti-money laundering failings and emphasises the importance we attach to senior management responsibility in reducing financial crime."

"We took action for the first time against a firm (Capita Financial Administrators Limited) for poor anti-fraud controls. These weaknesses had contributed to a small number of actual and attempted frauds that appear to have been the result of collusion among a small number of staff. We were particularly concerned that the initial instances of fraud were discovered by clients rather than the firm. Had these clients not alerted the firm, there remained a material risk that the firm would not have identified the frauds or taken action to assess and correct its controls."

To download the 136-page annual report, [click here](#).

[Back to top of page](#)

Nigeria removed from the FATF's NCCT list - 23 June 2006

At its recent plenary meeting held in Paris, the Financial Action Task Force removed Nigeria from its list of Non-Cooperative Countries and Territories. In a statement, the FATF said that "this decision recognises the progress that Nigeria has made in implementing anti-money laundering reforms, including establishment of a financial intelligence unit and progress on money laundering investigations, prosecutions and convictions. In addition, Nigeria has taken steps at the highest levels to fight corruption. The FATF will continue to monitor the situation of Nigeria over the next year."

The only NCCT remaining is Myanmar. With regard to this jurisdiction, the FATF said that it is "encouraged by the progress made by Myanmar and will conduct a visit to Myanmar to verify the progress it has made. In the meantime, the FATF continues to urge the country to fully implement its enacted reforms so that it can be removed from the list in the future and continues to call on financial institutions to scrutinise transactions with persons, businesses, or banks in Myanmar, as per Recommendation 21."

[Back to top of page](#)

FATF considering new member jurisdictions - 23 June 2006

At its recent plenary meeting held in Paris, the Financial Action Task Force progressed applications for membership from China, India and the Republic of Korea. The FATF hopes to be able to conduct a mutual evaluation of China, the next step in the membership process, later in 2006. The current FATF President visited India in April and the FATF hopes to take further steps towards membership in the near future. The Republic of Korea has reaffirmed its commitment to becoming a member of the FATF, and the incoming FATF President expects to undertake a formal visit there in June 2007.

[Back to top of page](#)

Bulgaria proposes AML changes in order to qualify for EU membership - 21 June 2006

Bulgaria's parliament has approved an amendment to existing legislation which will grant the finance minister more power to request information in cases involving possible wrongdoing by government institutions and allow him to intercept suspicious money transfers. Also under the amendment to the Measures against Money Laundering Act, banks will be required to know the personal name of a company's proprietor before the company can open an account. For individual accounts, banks will have to request more detailed information about the account holder. Offshore transfers will be closely monitored. Other proposed changes to Bulgaria's AML regime include adding 10 people to the financial intelligence unit so it can ensure that reports under money laundering regulations are filed and improving co-operation among police, their FIU and the prosecution office.

Bulgaria's anti-money-laundering law was adopted in 1998 but has since been criticised for failing to prosecute and obtain sentences for notorious unlawful money transactions. "Intensified enforcement of anti-money-laundering provisions" was identified as a major area of concern in the European Commission's last monitoring report on Bulgaria's preparedness for EU membership in 2007. Bulgaria and its neighbour Romania are in line to join the EU next January 1, but have been warned they must make urgent reforms to avoid a one-year postponement. Corruption and organised crime are among concerns that have been raised by EU inspectors.

[Back to top of page](#)

Major money laundering convictions in Finland - 16 June 2006

A major trial involving the laundering of assets of a bankrupt Finnish businessman, Kari Uoti, has ended with the jailing of seven out of the ten defendants. The case focussed on the transfer of shares in the commercial bank Interbank more than a decade ago.

Uoti was sentenced to five months and ten days for aggravated dishonesty of a debtor, as the court found that he had concealed large amounts of his property from his creditors. A sentence of three years for concealment was given to Timo Lampila, who had acted on Uoti's behalf for several years - Lampila was also ordered to compensate the Uoti estate for the concealed property, to the tune of more than EUR 1.5 million, nearly a million Swiss francs, and 1.6 million US dollars with interest. Also sentenced for concealment were Hannu Halme and Joni Soila (former editor-in-chief of the weekly entertainment magazine Katso). Dr Ari Huhtamäki, a law

professor at the University of Lapland who had been Uoti's legal adviser, was sentenced to a year and ten months, and was stripped of his post at the university. Also convicted was Seppo Sairanen, the main owner of FIM Asset Management, who was given two years and two months for aggravated concealment - aggravating circumstances included Sairanen's legal training, his in-depth financial knowledge, his responsible position in FIM and the approval that he gave for shuffling Uoti's funds. FIM broker Karri Toivonen got a year and eight months for the same act, and FIM was fined EUR 100,000.

The case was unusual in that the verdicts were based on the votes of four lay members of the court - the two legal professionals on the panel would have acquitted many of the defendants. The disagreement was not over the validity of the evidence, but rather whether or not Kari Uoti would have had the right, in connection with his bankruptcy in 1997, not to disclose the fact that he was the beneficiary of several offshore companies that were acquired for the purpose of concealing assets.

[Back to top of page](#)

Assets Recovery Agency publishes Annual Report for 2005-2006 - 14 June 2006

The UK's Assets Recovery Agency has published its Annual Report for 2005-2006 and its Business Plan for 2006-2007.

Jane Earl, Director of the Agency said, "The Proceeds of Crime Act 2002 has been tested in the courts throughout the year and proven to be robust legislation and the Agency has won challenges to its powers. Although we have been frustrated by legal process delays in moving as many existing cases as we had planned through to a conclusion, we have used our resources flexibly and have restrained over £85.7 million of assets in new cases (£15.9 million in NI). Whilst assets are frozen they cannot be used to fund crime - we are confident that we can demonstrate that these assets have been acquired through unlawful activity and that they will be forfeited.

"The Agency also has a statutory duty to expand financial investigation capacity in organisations that can use POCA powers. We have delivered high quality training to 644 new Financial Investigators and have enhanced the skills of 749 existing FIs with the result that there are 2,745 accredited Financial Investigators active throughout law enforcement who are making a difference every single day.

"We accept that our initial predictions for the length of time taken for cases to be completed were over optimistic and, as a consequence, we have not

met all of our targets in full. Working closely with colleagues from the Home Office, the Department of Constitutional Affairs and the Attorney general's Office, legislative changes have been implemented that are designed to speed up case progress. We will continue to use our powers to the full to disrupt criminal enterprises and reduce harm to law-abiding communities."

To download the 97-page joint publication, [click here](#).

[Back to top of page](#)

Hong Kong launches industry AML working group - 14 June 2006

The Hong Kong Monetary Authority (HKMA) has launched an industry working group on Prevention of Money Laundering and Terrorist Financing.

The working group comprises representatives from both the HKMA and the banking industry; a total of 19 authorised institutions were nominated as members of the working group. The mission of the working group is to further strengthen the banking industry's preparedness to meet new challenges in the prevention of money laundering and terrorist financing activities through carrying out the following functions:

- encouraging the sharing of anti-money laundering and counter-terrorist financing experiences and techniques among authorised institutions
- providing industry feedback to the HKMA on the implementation of AML supervisory standards
- promoting the setting of AML industry standards and best practices on specific areas in which the industry may need more guidance
- raising the AML awareness of the industry and the general public (e.g. through organising briefings or seminars).

[Back to top of page](#)

New Zealand to update its money laundering legislation - 7 June 2006

New Zealand's Associate Minister of Justice Clayton Cosgrove has released a discussion document on enhancing measures to counter money laundering and the financing of terrorism. The document proposes regulatory changes to enable New Zealand to comply with the recommendations of the Financial Action Task Force.

Mr Cosgrove said although there is currently no evidence of terrorist financing in New Zealand, it is important to have a system which cannot be exploited by those who wish to move illicit funds around the globe. "New Zealand refuses to be a possible weak target for international criminals and

terrorists," he said. "We propose an overhaul of the Financial Transactions Reporting Act 1996, which pre-dates the current FATF requirements and is deficient in several areas."

Proposals to address deficiencies in the Act include extending coverage of the FATF requirements to groups outside the core financial sector (including lawyers, accountants, estate agents, casinos and jewellers), more stringent checks on customer identity and verification, more detailed record keeping and reporting requirements, and increased monitoring of compliance with the FATF requirements.

[Back to top of page](#)

Hampshire lawyer jailed for money laundering - 6 June 2006

Laurence Peter Ford, a senior legal executive employed by Hampshire law firm Beveridge Gauntlett has been jailed for six years for his role in laundering more than £200 million from the proceeds of a complex VAT fraud. Ford's conviction follows a lengthy investigation by HM Revenue & Customs (HMRC).

Passing sentence at Southwark Crown Court, Justice Rivlin told Ford: "The scheme was deliberately and carefully planned and executed to assist men involved in a massive carousel fraud of between £20-30 million. You set up the means to enable the money to be laundered."

Roy Clark, HMRC Director of Criminal Investigations said: "[This] verdict is clear evidence that HM Revenue & Customs will rigorously pursue not only those directly involved in attacking the VAT system, but also those who help to launder the proceeds of such fraud. Mr Ford abused his position of trust to launder the proceeds of organised crime and as such was as guilty of an attack on the UK's taxation system as those who organised and ran the fraud."

Following suspicious activity, HMRC investigators examined the origin of large sums of money passing through the law firm's bank account. An analysis of the financial records identified deposits totalling over £250 million between May 2002 and March 2003 moving through the Beveridge Gauntlett account and subsequently Ford was arrested on suspicion of money laundering. He received a payment of £40,000 for facilitating the laundering.

[Back to top of page](#)

Japan to extend range of professionals in AML requirements net - 5

June 2006

The Japanese government has announced that it will be updating its AML legislation to require a wider range of professions to report suspicious money transactions, including jewellery dealers, lawyers and estate agents. Such professions will also be obliged to verify the identity of their clients and store records about their activities. The draft legislation will be put before parliament early in 2007.

Another change will move the Japanese financial intelligence unit from the Financial Services Agency to the National Police Agency. The FIU received 98,900 suspicious transaction reports in 2005, up sharply from nine in 1997.

[Back to top of page](#)

Europol publishes its first Organised Crime Threat Assessment - 2

June 2006

Europol's first "Organised Crime Threat Assessment" (OCTA) has been made public during a meeting of EU Ministers of Justice and Home Affairs in Luxembourg.

The main task of the OCTA is to identify and assess emerging threats. Furthermore, it describes the structure of organised crime groups and the way they operate as well as the main types of crime affecting the European Union.

The OCTA replaces the former EU "Organised Crime Report", and differs from it in two main respects. Firstly, the OCTA uses a multi-source approach to capture information from the widest possible area - not only from the law enforcement environment but also from key public and private partners. And secondly, the OCTA looks to the future: Europol is moving away from a mainly retrospective document towards an assessment, which will help decision makers to base their mid-term and, if possible, longer term strategic planning on a sound foundation.

To view the 26-page OCTA, [click here](#).

[Back to top of page](#)

Former Colombian footballer investigated for money laundering - 1

June 2006

Colombian soccer star, Freddy Rincon, is being investigated by authorities in Panama for alleged money laundering on behalf of a major drug trafficker. Rincon, a businessman residing in Sao Paulo, Brazil, says he is innocent and if necessary would travel to Panama to clear his name.

Rincon is accused by Panama's anti-narcotics police of investing in a fishing company, which operated as a shell to launder drug money for cocaine kingpin Pablo Rayo-Montano. Rincon has admitted investing USD200,000 in a fishing company based in Panama, but he said he had no knowledge it was controlled by Rayo-Montano or his organisation. To clear his name, Rincon must prove that the money he invested, wired from a bank account in Miami, was his own and did not come from the sale of drugs.

A former forward, Rincon scored 17 goals in 84 appearances for Colombia's national team, leading it to three World Cups - in 1990, 1994 and 1998.

[Back to top of page](#)

China and Indonesia agree to co-operate on money laundering investigations - 30 May 2006

Indonesia is joining forces with China to fight money laundering, as most dirty money from the former ends up in the latter. Indonesian Financial Transaction Reports Analysis Centre (PPATK) director Yunus Hussein said, after signing an agreement with the China Anti-Money Laundering Monitoring and Analysis Centre (CAMLMAC) that collaboration with China in fighting money laundering was essential to improving investigations into suspicious transactions involving Indonesia and China. "China has a more comprehensive database than we have, and it adopts a much firmer approach to its industry as regards money laundering", he said, adding that Indonesia could learn a lot from China's experiences and expertise. CAMLMAC director Ouyang Weimin said that the two countries would fight money laundering and the financing of terrorism by exchanging financial intelligence information, and assisting each other with staff training and IT development.

Yunus also announced that, following a recommendation from the FATF, the PPATK would expand its list of institutions required to report suspicious financial transactions. He said the agency, together with the government, was drafting amendments to the 2003 Money Laundering Law, which would bring additional types of business into the net. "We will require law firms, accountancy firms, car dealers and jewellery sellers to report suspicious financial transactions," he said, and warned that the FATF could put Indonesia back on its list if the country did not improve the Money Laundering Law.

[Back to top of page](#)

Further delay to updated Australian AML legislation - 29 May 2006

Australian Minister for Justice and Customs, Chris Ellison, has announced that the proposed second period of consultation on the draft anti-money laundering reform package will now be delayed until mid-June. "Following the extensive process of consultation between the Government, industry representatives and other interested parties, the Government has received more than 120 submissions and I have also had the benefit of a report from the Senate Legal and Constitutional Committee Inquiry into the Exposure Draft of the Anti-Money Laundering and Counter-Terrorism Bill 2005," Senator Ellison said.

Senator Ellison released an exposure Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Bill and a set of sample AML/CTF Rules in December 2005 for a four-month consultation period. "I am impressed by industry's willingness to work with the Government to develop a robust AML/CTF regime which will strengthen Australia's AML and CTF laws in line with international standards," he said. "While we are close to an agreed position, a small delay in releasing the revised Bill will help to ensure that we get the balance right."

[Back to top of page](#)

Philippines secures first money laundering conviction - 25 May 2006

A bank manager in the Philippines has been convicted of money laundering for helping to divert to a private account PHP15.9 million [about £198,000] in import duties intended to be paid to the Bureau of Customs (BoC) by Mitsubishi Corporation.

Anti-Money Laundering Council (AMLC) executive director Vicente Aquino announced the conviction of Eric Allagadan, former manager of Union Bank of the Philippines: "He facilitated the crime of money laundering and under the law, that's also a crime of money laundering and he was sentenced to imprisonment of four years minimum to six years maximum." This is the first conviction secured from over 20 cases filed by AMLC since 2002.

On 18 March 2002 Allagadan facilitated the deposit of a Global Bank manager's cheque payable to the BoC; although the cheque was crossed and should have been deposited only to the account of the BoC, the funds were transferred to personal accounts held by Mario Misa in three Union Bank branches. The AMLC was able to freeze over PHP12 million, and the criminal syndicate was able to withdraw only about PHP2 million.

[Back to top of page](#)

Russian minister accused of money laundering - 24 May 2006

LV Finance Group has issued a statement saying that a Swiss business arbitration tribunal has ruled that Russian telecommunications minister Leonid Reiman used money laundering schemes in a bid to purchase a stake in mobile phone network operator OAO Megafon. "The tribunal's decision has confirmed that the only beneficiary of the Bermuda-based IPOC fund and its alleged option over a 25% stake in Megafon is Reiman," said LV, which has been embroiled in a dispute with IPOC over the stake for nearly three years. The Zurich tribunal found that the money used by IPOC to make the down-payments on the stake option payments had been "criminally sourced". The tribunal refused IPOC's claim to 19.05% of shares in Megafon, Russia's third largest mobile provider; IPOC already owns just over 5% of the company.

LV's statement said the Tribunal "also concluded that [Reiman] is the ultimate owner of a number of offshore companies in different jurisdictions involved in IPOC business." LV noted that the Tribunal found Reiman had ruled illegally in granting an operating license to Telecom XXI, "a company in which he is a financial beneficiary". LV added that the ruling "shows that Reiman was in breach of his official responsibilities as Minister of Communications, by abusing his position for personal gain".

Reiman has faced money laundering allegations before: in December 2005, the *Wall Street Journal* reported that German prosecutors suspected he had illegally enriched himself in transactions during Russia's post-Soviet 1990s privatisations. Citing prosecutors' letters, the newspaper said that Reiman took advantage of his position, initially as an executive at a state-owned phone company in St. Petersburg, to help transfer cash and telecommunications assets out of Russia and through a web of shell companies to IPOC. IPOC has consistently argued that it was owned by Danish lawyer Jeffrey Galmond, a long-standing friend of Reiman. However, Galmond's own legal team recently conceded that this position could not be maintained.

[Back to top of page](#)

21 arrested in Spanish laundering investigation - 21 May 2006

Police in Madrid have arrested 21 suspected members of a drug-trafficking and money laundering gang that is believed to have laundered more than 360 million euros [about £245 million] since 2001. Most of those arrested are Spanish or Colombian. The investigation began in March 2005 when police specialising in economic crimes detected large amounts of cash being deposited in bank accounts in the names of non-existent companies.

The money was then transferred to shell companies in China, the United States, South Korea, Germany and countries in Latin America.

[Back to top of page](#)

Internet gamblers charged with money laundering - 19 May 2006

The owners of a gambling website based on the Caribbean island of Antigua have been charged by the US Department of Justice with laundering US\$250 million [about £132 million] in profits, according to charges brought by the US Department of Justice. WWTS (WorldWide Telesports), its former owner William Scott and employee Jessica Davis, and a company called Soulbury Limited have been charged with conspiracy, money laundering and failure to disclose foreign financial accounts. Scott and Davies have been on the run since being charged in a separate federal money laundering case in New York in March 1998.

In January 2003, Scott sold WWTS to Betcorp, a publicly traded company in Melbourne, Australia. According to Betcorp, WWTS still offers Internet, telephone and wireless betting to customers worldwide. According to the charges, American sports fans used the WWTS website and freephone numbers to bet on baseball, basketball, American football, ice hockey and other sports, and between April 1998 and October 2004, WWTS made US\$250 million from those wagers. Scott and Davis are charged with laundering that money through a series of shell corporations and foreign banks, and with violating the Wager Wire Act, which prohibits using the Internet, telephone and US postal service for interstate and foreign gambling.

According to the indictment, Soulbury Limited is a shell corporation used by Scott to hide his illegal profits, including US\$10 million that he allegedly tried to hide in Guernsey. The US, with assistance from the Guernsey authorities, has been able to restrain US\$7 million of this money.

[Back to top of page](#)

Nicaraguan leader charged with money laundering in Panama - 18 May 2006

Panamanian judge Adolfo Mejia has ruled that there is now enough evidence to move ahead with the trial of former Nicaraguan president Arnoldo Aleman on charges of money laundering, and has issued an arrest warrant for Aleman, his wife Maria Flores Fernanda de Aleman, his father-in-law Jose Antonio Flores and the head of his administration's internal revenue service Byron Jerez. Together they are accused of laundering US\$58 million of government funds.

Panama's anti-corruption prosecutor, Mercedes de Leon, said at a preliminary hearing that Aleman - who ruled Nicaragua from 1997 to 2002 - and his associates diverted the money from the Nicaraguan Treasury to accounts in a dozen Panamanian banks, using sixty public companies created in Panama to cover up the transfers. Some of the money was then transferred overseas.

Aleman was convicted in December 2003 and sentenced to 20 years in prison for embezzling tens of millions of dollars of public funds while president. Initially jailed, he was then put under house arrest for reasons of poor health; currently, he enjoys what amounts to probation while he pursues an appeal of his conviction.

[Back to top of page](#)

Gibraltar issues draft money laundering guidance notes for consultation - 10 May 2006

The Gibraltar Financial Services Commission has issued a discussion document on the re-writing of the *Anti-Money Laundering Guidance Notes (AMLGN)*. Comments on the discussion paper are invited by 16 June 2006. To see the discussion paper, [click here](#).

[Back to top of page](#)

Jersey issues draft money laundering law and guidance for consultation - 10 May 2006

The Jersey Financial Services Commission has issued drafts of the Money Laundering (Jersey) Order 200? (to replace the 1999 version) and accompanying *Handbook for the Prevention and Detection of Money Laundering and Terrorist Financing* (again, to replace the 1999 edition).

Comments on drafts of both documents are invited by 16 August 2006. To see the press release with links to the consultation paper (outlining the specific questions on which comments are invited) and the two draft documents, [click here](#) to go to the [JFSC website](#) and then find the link in the purple press releases side bar.

[Back to top of page](#)

David Mills under investigation by the Law Society - 7 May 2006

The Law Society has launched an investigation into David Mills, the former lawyer for Silvio Berlusconi and estranged husband of Tessa Jowell, the Culture Secretary. The investigation was launched after a complaint by regulators in Dubai who rejected Mr Mills's application to practise law there because he did not reveal the charges he was facing in Italy. Mr Mills applied to work as a lawyer in Dubai in October 2005, but financial

regulators rejected his application for six breaches of procedures, saying he was not a "fit and proper" person to practice law in the country.

The Law Society said it is not investigating allegations that Mr Mills had accepted a bribe in Italy but a spokesman confirmed that the society "shared intelligence" with the Serious Fraud Office and would hold a disciplinary tribunal if Mr Mills were found guilty in the Italian court. Next month, an Italian judge will open a hearing to decide whether Mr Berlusconi and Mr Mills should be sent for trial.

[Back to top of page](#)

Son of Scottish MP charged with money laundering - 29 April 2006

Athif Sanwar, the son of Labour MP for Govan, Mohammed Sarwar, is to appear at the High Court in Glasgow later this year charged money laundering under the Proceeds of Crime Act 2002. Athif Sarwar is managing director of a company called United Wholesale (Scotland) Limited, and he faces laundering charges with his colleague Mansoor Khan.

Mohammed Sarwar, who founded UWS in 2002 and remains a director of the company along with his son, said, "I have nothing to do with the day-to-day running of the business, but after discussions with a number of my staff I have absolute faith that, in the due process of law, these allegations will be proved to be untrue and unfounded." The MP is the sixth richest Asian businessman in Scotland, with his wealth estimated to be £16 million.

[Back to top of page](#)

US Olympic gold medal sprinter charged with money laundering - 28 April 2006

American sprinter Tim Montgomery (who won a relay gold medal at the 2000 Olympics) has been arrested in Virginia on charges of being connected to a multimillion-dollar bank fraud and money laundering scheme. The charges accuse Montgomery, his track coach Steven Riddick and twelve other people of being involved in a scheme that deposited US\$5 million in stolen, altered or counterfeit cheques over three years. Some of the money was laundered through two businesses owned by a New York couple accused of being behind the scam.

Montgomery is accused of being a lesser player in a scheme hatched by friends Douglas Shyne and Natasha Singh. Shyne and Singh are accused of setting up sham businesses to take cheques stolen from banks and

either alter them or make counterfeit copies. Most of the cheques involved accounts at large companies that didn't immediately notice the money missing. Montgomery allegedly deposited three bogus cheques worth a total of \$775,000.

[Back to top of page](#)

China widens its AML net - 26 April 2006

The draft AML regulations submitted to China's authorities for approval (see story dated 12 April, below) widen the scope of the proposed law from financial institutions to estate agents, lawyers, accountants and jewellers. The draft law says that both financial and non-financial institutions should shoulder the responsibility for "controlling and monitoring". It stipulates that estate agency, law, accountancy, pawnshop and jewellery businesses should establish mechanisms to combat money laundering and provide professional training to their staff. Such firms - as well as the financial sector - are also required to establish the identities of customers, ascertain the exact source of capital and probe the true purpose of transactions. Large and suspicious transactions have to be reported to the anti-money laundering monitoring centre set up two years ago.

[Back to top of page](#)

Footballer's brother jailed for tax fraud - 24 April 2006

Wayne Lineker, the brother of former England football captain Gary, has been jailed for two and a half years for a £220,000 tax fraud. Wayne admitted conspiracy to defraud the Inland Revenue by using unsuspecting relatives and friends to ferry foreign currency to Britain from his Lineker's sports bars in Spain. On top of the jail sentence, he was ordered to pay a £90,000 confiscation order or face a further two years in prison. Two other men pleaded guilty to taking part in the conspiracy and were jailed for 20 months and 18 months.

The scam worked by sending bundles of pesetas and escudos from bars in Spain, Portugal and the Canary Islands into Britain using the unsuspecting "mules". Once here, the money was laundered into pounds, first through a bureau de change and later using a series of money exchange deals. The "clean" money was then returned to Wayne Lineker. The foreign equivalent of £220,000 is thought to have been smuggled into Britain over three years, with the actual cost to the taxman estimated at £90,000, including interest.

Wayne Lineker lives in a mansion worth £2 million in Essex and owns eight pubs and has franchises on three others. Sentencing the men, Judge Stephen Robbins said that defrauding the Inland Revenue was a "serious offence because it means defrauding the vast majority of honest taxpayers". He compared the fraudsters to "burglars and thieves".

[Back to top of page](#)

Nigeria hopeful about removal from NCCT list - 21 April 2006

The following story has appeared in leading Nigerian newspaper "Nigerian Tribune":

"Nigeria may soon be delisted from the ranks of countries which are not complying with anti-money laundering directives as the International Financial Action Task Force (FATF) has announced its plan to conduct an on-site visit to the country. The visit, scheduled for May 9 through 11 this year, is expected to lead to the delisting of the country from the list of non-cooperating countries during its June plenary in Paris, France. The FATF had, at its February plenary in Cape Town, South Africa, moved Nigeria to the final stage of the delisting process, having been satisfied that the nation had made substantial and sustained progress in the implementation of its anti-money laundering and terrorist financing laws and regulations."

[Back to top of page](#)

SOCA publishes SAR review - 19 April 2006

A review of the way in which Suspicious Activity Reports (SARs) are handled in the UK has been published by Sir Stephen Lander, Chair of the Serious Organised Crime Agency (SOCA). The review is in response to a request made in July 2005 by the Chancellor and the Home Secretary, who asked Sir Stephen Lander to review how the SARs regime could best be managed under SOCA.

Sir Stephen makes 24 recommendations to improve the system, primarily focussing on the role of SOCA as the regime's Financial Intelligence Unit (FIU) responsible for ensuring the effective functioning of the regime. These recommendations include improving the underpinning IT, improving the training and guidance provided by the FIU and facilitating better dialogue between the regime's participants.

To download the 56-page review, [click here](#).

[Back to top of page](#)

China proposes new anti-money laundering regulations - 12 April 2006

Perhaps in response to the shocking rise in incidences of money laundering (see story below dated 6 April), the People's Bank of China (PBC) has proposed new anti-money laundering regulations aimed at the banking, insurance and securities sectors. According to a series of drafts published on the central bank's website, the new regulations would require institutions in the banking and insurance sectors to report "block transactions" to PBC's anti-money laundering centre.

"Block transactions" are defined as cash transactions over 50,000 yuan [about £3,500] in a day. Non-cash transfers between personal accounts and institutional accounts exceeding 200,000 yuan [£14,100] in a day, or transfers between two institutional accounts exceeding one million yuan [£70,900] in a day, will be also treated as block transactions.

Institutions and individuals are invited to provide feedback on the draft regulations before 8 May 2006. The 21st Session of the Standing Committee of the 10th National People's Congress of China will review the draft regulations on 25 April.

[Back to top of page](#)

Scottish laundering pair jailed for a total of 13 years - 11 April 2006

In a follow-up to a story published here on 10 March 2006, Zohaib Assad and Mohammed Ahmad have been jailed for a total of 13 years. Assad was put behind bars for seven years, while Ahmad was jailed for six years. The two were found guilty last month of laundering GBP 2.4 million, in the first successful prosecution under proceeds of crime laws in Scotland. Both denied the charge, but were found guilty by jury of laundering the money through a legitimate money-transfer service at the travel agency they ran in Glasgow.

[Back to top of page](#)

"Godfather of Godfathers" captured in Sicily - 11 April 2006

Bernardo Provenzano, considered to be the head of the Sicilian Mafia, has been arrested after more than four decades on the run. Italian police said 73-year-old Provenzano, deemed the country's most wanted man, was arrested near his home town of Corleone in Sicily. It is believed that he took over command of the Mafia after the 1993 arrest of Salvatore "Totò" Riina. Over the years Provenzano has been sentenced to life in prison for a string of murders, including the 1992 killings of top anti-Mafia judges Giovanni Falcone and Paolo Borsellino.

Mafia informers said Provenzano moved between farmhouses in the Corleone region every two or three nights to evade capture, and never communicated with his friends except by written notes carried by trusted lieutenants. Italy's anti-mafia prosecutor Piero Grasso said police tracked him down by following a package of clean laundry delivered to his hideout. Detectives had found tracing him difficult, as the last photo they had was nearly 50 years old, but they had a breakthrough when they discovered he had received treatment for prostate problems under an assumed name at a clinic in southern France.

[Back to top of page](#)

UK's revenue prosecutors celebrate first birthday - 11 April 2006

The UK's Revenue and Customs Prosecutions Office (RCPO) was founded on 18 April 2005. RCPO is an independent prosecuting authority that reports directly to the Attorney General and is responsible for prosecuting some of the largest drug and fraud cases in the UK. At an event in London to mark its first birthday, RCPO's Director David Green QC announced that in its first year of operation, RCPO had achieved a conviction rate of 89.5% across its caseload of more than 1,700 cases. It also obtained 411 confiscation orders, worth GBP 36,617,204, and has already collected GBP 21,167,236 of this total.

[Back to top of page](#)

China releases money laundering reporting statistics for 2005 - 6 April 2006

Statistics released by the People's Bank of China reveal that 600 financial institutions were fined a total of 56.3 million yuan [about £3.8 million] for money laundering violations in 2005. China has been gradually tightening controls and raising disclosure requirements for banks and other financial institutions, amid estimates that the scope of money laundering has grown to as much as 400 billion yuan a year. The number of institutions suspected of violations rose sharply last year from 2004, when 66 financial institutions paid fines totalling more than 1.7 million yuan.

The Chinese central bank's centre for monitoring and analysing suspected money laundering said it had reviewed suspect transactions worth about £6 billion in 2005. The report detailed a fine of 1.2 million yuan levied on a branch of Bank of Tokyo-Mitsubishi in Shenzhen, which borders Hong Kong, but did not give the names of any of the other financial institutions required to pay fines.

[Back to top of page](#)

SOCA launches website - 3 April 2006

The new Serious Organised Crime Agency has launched its website, from where you can download the Agency's plan for the coming year. To see the website, [click here](#).

[Back to top of page](#)

Mayor of Marbella charged with money laundering - 29 March 2006

Police have arrested the Mayor of Marbella, Marisol Yagüe, and eighteen other city officials on charges of money laundering and corrupt property deals. Police raided the town hall and other offices and seized property worth 2.4 billion euros, including cash, art, thoroughbred horses and a helicopter. They have also ordered the freezing of around a thousand bank accounts connected with the case, following a wire-tap of the city offices which recorded the laundering of up to 250 million euros from drug trafficking conducted outside Spain. Yagüe also faces other charges, including breach of trust, influence peddling and fraudulent price fixing. The investigation, code-named Ballena Blanca (White Whale) gained renewed momentum on 5 March 2006 when Marbella judge, Miguel Angel Torres, authorised the wire-tap after he and other anti-corruption prosecutors had started looking into the matter in autumn 2005.

[Back to top of page](#)

Gaydamak admits to a "technical violation" of laundering law - 23 March 2006

Israeli police have recommended to their State Prosecutor that Russian-Israeli billionaire Arcadi Gaydamak be charged with failing to report the movement of US\$52 million in his accounts. Police are not claiming that Gaydamak actually laundered the money, but his failure to report its movement would violate Israel's AML law. Gaydamak says he can prove the money is not criminally derived and that he has committed only a technical violation of the money-laundering law.

The high-profile Gaydamak owns two leading sports teams and has extensive business dealings. Last year he announced his intention to run in the Israeli election, hoping to gain the support of one million Russian immigrants, but eventually did not stand. He has an international arrest warrant against him involving the alleged smuggling of weapons to Angola

but his Israeli citizenship protects him from extradition. If he is found guilty of this laundering charge, he could face ten years in jail.

[Back to top of page](#)

Increase in reported cases of suspected money laundering in Japan - 19 March 2006

Japanese banks displayed a 3.7% increase in the number of reported suspicions of money laundering in 2005, giving a record high of 98,935 reports. Banks accounted for 86% of the reports, followed by 7% for other financial institutions such as credit co-operatives. Financial institutions are required by Japan's Financial Services Agency to report transactions that may have been used to finance drug deals or offences by criminal gangs or terrorists.

[Back to top of page](#)

India's new FIU opens for business - 16 March 2006

The Financial Intelligence Unit-India (FIU-IND) has opened its office for business. FIU-IND is an independent agency tasked with collecting information about various financial transactions and reporting suspect cases to the relevant regulators and enforcement agencies. However, the unit has a long way to go before it starts receiving a regular flow of information from various reporting agencies. The idea is to gradually enhance the intelligence available with the unit, while the formats for reporting to the agency are being prescribed.

FIU-IND can exchange information with its foreign counterparts on the basis of reciprocity or mutual agreement. It is the central agency responsible for receiving, processing, analysing and disseminating information relating to suspect financial transactions, and will gather and share financial intelligence in association with the regulatory agencies like the Reserve Bank of India, Securities & Exchange Board of India and Insurance Regulatory and Development Authority. FIU-IND reports directly to the Economic Intelligence Council (EIC) headed by the finance minister P Chidambaram.

To visit the website of FIU-IND, [click here](#).

[Back to top of page](#)

Australian banks unhappy with proposed money laundering legislation - 15 March 2006

Australia's Anti-Money Laundering and Counter-Terrorism Financing Bill 2005 proposes a major shake-up of money laundering laws, to bring the country in line with FATF requirements, and wants responses by 13 April. However, key industry groups want more information about the proposed changes and more time to consider them. While the government has released draft legislation for consultation, it has yet to release all the draft rules which will specify just what industry must do to comply. Both the Australian Bankers' Association and the Investment and Financial Services Association said that they needed more time for proper consideration of what were complex and far-reaching changes. Initially the reforms will involve the financial and gambling industries, bullion dealers, lawyers and accountants. The government would then consider extending them to real estate agents, jewellers and others providing financial services.

[Back to top of page](#)

First Scottish conviction for money laundering - 10 March 2006

Zohaib Assad and Mohammed Ahmad have been found guilty of laundering GBP 2.4 million in the first successful prosecution under proceeds of crime laws in Scotland. Both denied the charge, but were found guilty by jury of laundering the money through a legitimate money-transfer service at the travel agents they ran in Glasgow. Undercover customs officers had the premises under surveillance and claimed they observed a customer visiting the shop with holdalls stuffed full of cash between February and September 2003. Investigators recovered the sum of GBP 2,442,318.75 laundered by Assad and Ahmad and deposited in accounts at branches of the National Westminster and Clydesdale banks in Glasgow. The pair were also found guilty of transferring GBP 2.25 million into foreign accounts in Pakistan, the United Arab Emirates and China. The judge granted a request to recommend a deportation order against Assad (a Pakistani national) and to confiscate nearly GBP 400,000 in cash found at the travel shop and at Assad's house. He deferred sentencing until April 11 in Edinburgh and the pair were remanded in custody.

[Back to top of page](#)

Spanish court investigates Benazir Bhutto for money laundering - 8 March 2006

A Spanish investigation has uncovered 4 million euros in bank accounts linked to former Pakistani prime minister Benazir Bhutto, who has been accused of hiding illicit money in several European countries. Vicenta Tolda, a judge based in Valencia, froze accounts in Bancaja Bank which are linked to three companies (Petrolina, Tempo Global and Petrolina SRL)

with connections to Bhutto. Spanish investigators said Bhutto might have laundered money by buying and selling Spanish properties, including a villa in Marbella. The investigation was launched in 2004 at the request of the Pakistani authorities. Judge Tolda has contacted the British judicial authorities to request an interrogation of Bhutto, who currently lives in London.

[Back to top of page](#)

FATF mutual evaluation reports published on Ireland and Sweden - 1 March 2006

The Financial Action Task Force has published summary third round mutual evaluation reports on Ireland and Sweden. The full reports will be published in about four weeks' time.

The main concern expressed about Ireland's AML/CFT regime is that "Trust and Company service providers are not covered by AML/CFT requirements as a separate DNFBP [Designated Non-Financial Businesses and Professions] category despite the presence of specialist providers in Ireland. Casinos, including internet casinos, are illegal. However, it was noted that a number of private gaming clubs operate casino like facilities that create an AML/CFT risk, but which fall outside the scope of the CJA (1994). This lack of AML/CFT requirements for the trust and company service and gaming sectors was a matter of concern for the evaluation team." To read the full summary report on Ireland, [click here](#).

With regard to Sweden, the major concern highlighted is that Sweden "has not implemented full customer due diligence (CDD) requirements. The AML/CFT Acts require the financial institutions to conduct customer identification when: entering into a business relationship, for occasional transactions of 15,000 EUR or more, when there are doubts if the customer is acting on his/her own behalf, or when a financial institution has grounds to suspect that a transaction may constitute money laundering or terrorist financing. However, there are numerous exemptions to the requirements related to customer identification, which appear overly broad. There are insufficient requirements to ascertain the beneficial owner, e.g. no obligation to identify and verify the beneficial owner of a legal person. There are similarly no regulations to conduct ongoing CDD, enhanced CDD, or CDD on existing customers." To read the full summary report on Sweden, [click here](#).

[Back to top of page](#)

News from latest FATF plenary meeting - 17 February 2006

The Financial Action Task Force has concluded its plenary meeting in Cape Town and issued a short statement about the meeting, which was held jointly with the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and attracted 400 delegates.

There are plans to conduct a mutual AML/CFT evaluation of China later this year, as the next step on the road to FATF membership for that country. India has confirmed that it too intends to apply for membership. Third round mutual evaluations have now been completed on Ireland and Sweden, and full reports and summaries of those evaluations will be published soon on the FATF website. The list of NCCTs remains static - only Myanmar and Nigeria are now on the list - and direct FATF monitoring of Indonesia, the Philippines and the Ukraine has been halted thanks to their "continued efforts". Typology studies are underway into the money laundering vulnerabilities of new payment technologies, the misuse of companies and trusts, trade-based money laundering and complex money laundering schemes from a South American perspective. The annual typologies report covering these subjects and more will be published in mid-2006.

[Back to top of page](#)

Russian tax amnesty scheduled for July 2006 - 17 February 2006

Russian government officials are planning a tax amnesty, according to reports in the local press. Details are still sketchy, but in essence, those declaring assets to the authorities under the amnesty will escape prosecution in return for paying 13% tax on previously-hidden assets. However, the amnesty offers immunity only from prosecution for violations of tax law; those who declare assets could still be liable for prosecution under foreign exchange laws or criminal law. The Russian government is hoping to repatriate some of the US\$160 billion that it has estimated has been salted away outside the country, and has warned that penalties for tax crimes uncovered after the amnesty finishes will be "very tough".

[Back to top of page](#)

Macau bank severs links with North Korea - 16 February 2006

Banco Delta Asia, which was accused by the US of being a "willing pawn" for North Korea to channel money through Macau, has agreed to sever all links with the communist state. The US Treasury accused Banco Delta Asia of helping to finance North Korean agencies and front companies over a period of twenty years, and it put intense pressure on the bank - which denied the accusations - to abandon ties with North Korea. It threatened to restrict Banco Delta Asia's business dealings with US banks unless it took prompt action. The scandal weakened Banco Delta's financial position, with customers withdrawing 10% of its total deposits after the allegations surfaced. The Macau authorities stepped in to support the bank, pending an inquiry into its activities, and are now considering the bank's future.

Officials said on 16 February 2006 that the bank would end ties with North Korean clients and tighten its anti-money laundering procedures. They confirmed that the bank would co-operate fully with the authorities and had appointed two firms of independent accountants to monitor its clients.

[Back to top of page](#)

UK's Privy Council approves change to laundering law for accountants - 14 February 2006

A change to the UK's Proceeds of Crime Act 2002 has been approved. The change comes into effect on 21 February 2006 and will give equal treatment, as regards obligations to report money laundering, to external accountants, auditors and tax advisers where they provide services directly comparable to those provided by professional legal advisers. Karen Silcock, chairman of the Money Laundering Working Party of the Institute of Chartered Accountants in England and Wales (ICAEW) said, "In simple terms, [this amendment] allows us to respect the clients' rights of legal privilege as regards reporting to NCIS and so brings much needed clarity to the position of accountants and their clients in the specific circumstances set out in the Order. This is a very specific and very limited change to the qualified accountants' duty to report knowledge or suspicion of money laundering. Nothing in this change alters the need for accountants to remain fully engaged in the fight against financial crime and to ensure that their responsibilities are met in full."

To see the ICAEW guidance on the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 (Amendment) Order 2006 [snappy name!], [click here](#).

[Back to top of page](#)

UK Chancellor mentions money laundering in speech - 13 February 2006

In a speech given at the Royal United Service Institute, Chancellor of the Exchequer Gordon Brown discussed (among other subjects) terrorist financing:

"Second, we need not only to deny a safe haven to terrorists, but ensure there is no hiding place for those who finance terrorism. Money underpins international terrorism. Let me give the example of UK members of Al Qaeda-linked Libyan Islamic fighting group, a group whose assets we froze last week. Our information is that documents and money were transferred from Britain to support training and attacks in Afghanistan and elsewhere

through a sophisticated network including a charity and four UK property companies. And this was a network which under further investigation included an individual found guilty in Morocco of involvement in a suicide attack which killed 41 people. Once again showing the global nature of the terrorist threat. In total I can state that, since 2001, we have frozen assets of terrorists of nearly £80 million - including for over 100 organisations with links to Al Qaeda.

"In 2005 under the British presidency the EU brought in new agreements on international money laundering controls. 2005 also established the Lander review into the system of suspicious activity reports, to be completed in March. I have just returned from the G8 Finance Ministers meeting in Moscow where we reaffirmed that the international community will continue to be vigilant in the future too.

"And today I am announcing, for Britain, new measures. First, preventing terrorist financing, where we will consult on protecting wire transfers and charities from being abused - in the same way that we acted to freeze the bank account at Finsbury Park mosque and prevent Abu Hamza abusing the mosque's legitimate status as a charity. And to ensure continued action internationally, I can confirm that at tomorrow's summit in Cape Town [the FATF plenary meeting], Britain will formally seek the chair of the worldwide Financial Action Task Force.

"Next, identifying suspicious transactions - where I want to work even more closely with the financial sector. So I am today agreeing new guidance to give clearer strategic advice to banks on what to target, so they can fulfil their responsibilities; and am setting up a new forum with them to discuss how we can achieve more together to identify, root out, and prevent the use of financial networks to advance terrorism.

"And then, disrupting terrorist activity - where with new multilateral arrangements to better join-up enforcement we will strengthen our pre-emptive asset freezing regime. And we will review again in a year's time whether we need to go still further either with new legislation or a single asset freezing office."

To read the complete speech, [click here](#).

[Back to top of page](#)

Thousands seized from illegal fireworks sales - 10 February 2006

Assets totalling £53,000 have been seized from two Sunderland women convicted of money laundering offences. Nora Mitchel and her daughter

Linda Mitchel were given jail sentences of 18 months and 12 months respectively, both suspended for two years. The women were arrested during a murder inquiry into the death of a man who had a firework pushed through his door. The pair were charged with money laundering relevant to the sale of cigarettes and fireworks from their home in Witherwack, and supplying fireworks to people under the age of 16.

DS Steve Wade, who led the inquiry, said, "I am very pleased with the sentences given by the court today and the seizure of £53,000. This sends out a clear message to people thinking of selling fireworks, alcohol and cigarettes illegally. There are now financial investigators in each area command and we will be looking very closely at people selling alcohol, cigarettes and fireworks which lead to anti-social behaviour."

[Back to top of page](#)

Florida lawyer convicted of money laundering - 4 February 2006

Samuel Burstyn, an attorney from Miami-Dade county in Florida, has been sentenced to 42 months in prison for scheming to obstruct a federal grand jury's investigation into his clients' drug-trafficking operations. The judge also ordered Burstyn to permanently resign from the Florida Bar and to forfeit US\$230,000. With seven months already served, Burstyn is set to surrender to the Bureau of Prisons on 31 March to spend the remainder of his sentence in a federal facility.

The case against Burstyn went public in March 2005 when agents from the FBI, Internal Revenue Service and local law enforcement roused him from his bed at his home on Miami Beach. Their 12-count indictment included charges of conspiracy, money laundering and obstruction of justice. Prosecutors said he acted as "house counsel" for a group of drug dealers, instructing them to lie or, in one case, flee from justice. According to the government, Burstyn made a loan of \$498,000 to marijuana smugglers Jeffrey Tobin and David Tobin; he then advised them to invest their drug proceeds in diamonds, instructed them to lie to the grand jury and even urged Jeffrey Tobin to flee from justice. Prosecutors made their case against Burstyn by targeting the Tobins, who eventually provided incriminating information about the lawyer in exchange for lenient sentences. The government said Burstyn required the Tobins to put up collateral for the loan. That collateral was cash that came from drug proceeds, according to the government. Central to the government's case was proving that Burstyn knew the origins of the collateral.

[Back to top of page](#)

Footballer's son arrested for money laundering - 2 February 2006

The son of famous Brazilian footballer Pele has been arrested on drug trafficking and money laundering charges. Edson Cholbi Nascimento was detained in the port city of Santos, 45 miles south-east of Sao Paulo. He spent six months in jail last year after being arrested in a sting operation designed to dismantle an alleged drug gang operating in Santos, and had been out of prison since 17 December pending his trial. Nascimento had been initially charged with criminal association with traffickers, but the on-going investigation led to the recent money laundering charges that prompted his re-arrest. Authorities accuse Nascimento of participating in a scheme to launder money for drug traffickers. Nascimento's lawyer contested the arrest and said he was already taking the necessary actions to have the former player released. A trial date has not been scheduled for Nascimento, who faces up to 15 years in prison if convicted.

[Back to top of page](#)

Welsh drug gang jailed for 121 years - 1 February 2006

Twenty people have been sentenced to a total of 121 years in prison for participating in a multi-million pound drugs ring across south Wales. The final gang member was convicted on 1 February, lifting a three-year ban on reporting any details of the police operation. The gang was led by Darren Owen, who made millions selling cocaine, amphetamines and cannabis and is now serving 16 years in jail.

The National Crime Squad (NCS) began investigating Owen in May 2001, and found him to be the front man for a drugs ring stretching across Cardiff, Bridgend, Port Talbot, the south Wales valleys and into the Midlands in England. In total, 22 gang members either pleaded guilty to or were convicted of being involved in a drugs ring and money laundering.

[Back to top of page](#)

JMLSG publishes revised Guidance Notes - 1 February 2006

The Joint Money Laundering Steering Group has published updated Guidance Notes for the UK financial sector on "Prevention of Money Laundering / Combating the Financing of Terrorism". The Guidance Notes are published in two volumes (main text of 152 pages and sectoral guidance of 143 pages) and can be downloaded from the JMLSG website.

To read the JMLSG press release and download the Guidance Notes, [click here](#).

[Back to top of page](#)

Police raid properties in Irish laundering investigation - 1 February 2006

Irish police have confirmed that over a four-day period last week they raided more than 20 properties in Dublin and Neath as part of a Criminal Assets Bureau investigation into suspected money laundering by the IRA. The properties - including a pub and a hotel - are believed to have been purchased with the proceeds of crime. Police also raided the offices of solicitors and accountants, and seized a huge dossier of documents.

[Back to top of page](#)

KPMG Fraud Barometer reveals sharp increase in UK fraud - 30 January 2006

The sixteenth edition of KPMG's "Fraud Barometer" shows that fraud in the UK rocketed in 2005, with a surge in the second half of the year resulting in over £900 million of fraud – up nearly three times from the previous year and the highest recorded level since 1995. Jeremy Outen, partner at KPMG Forensic, said, "There has been a worrying boom in fraud in recent months, although the good news is that we know this because the fraudsters are being successfully brought to book."

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

[Back to top of page](#)

FSA confirms removal of *Money Laundering Sourcebook* - 27 January 2006

The Financial Services Authority has confirmed in a Policy Statement that it will press ahead with streamlining its anti-money laundering requirements for firms as part of its drive to simplify the FSA *Handbook* and remove rules and guidance that are no longer needed. It will remove the existing detailed rules on anti-money laundering controls in their entirety (the *Money Laundering Sourcebook*), replacing them with high-level requirements for firms to have their own risk-based controls on money laundering. This reflects the FSA's wish to provide firms with greater flexibility to meet their anti-money laundering obligations and an increased focus on senior management responsibility to do so. The changes will come into effect at the beginning of March, but firms will have a transitional period until August 2006 to become fully compliant with the new rules.

Philip Robinson, the FSA's Financial Crime Sector Leader, said, "The changes in our *Handbook* do not mean we are going soft on money laundering; they are part of delivering a more proportionate and effective regime to counter money laundering. We believe that firms will increasingly be able to target their resources where they will make the most difference in fighting crime."

To download the full 52-page Policy Statement, [click here](#).

[Back to top of page](#)

Golfer's wife serves time for laundering - 26 January 2006

The wife of professional golfer John Daly has reported to prison for a five-month sentence on a money laundering charge. Sherrie Daly pleaded guilty in November 2004 to a charge of conspiracy to structure a transaction to evade the reporting requirement. Daly will serve an additional five months of house arrest after she is released on 23 June.

Sherrie Daly and her parents, Alvis and Billie Miller, were indicted in Mississippi on charges relating to a drug ring and an illegal gambling operation. Alvis Miller was sentenced to 2.5 years in prison, while his wife also received five months to serve and five months of home supervision. Prosecutors have said the two-time major champion didn't know about his wife's activities, which took place between 1996 and 2002; John Daly met his fourth wife at a tournament in Memphis in 2001 and married her seven weeks later.

[Back to top of page](#)

Billion dollar launderer arrested in New York - 23 January 2006

Martin Tremblay, a Canadian national and President and Managing Director of the Bahamas-based investment firm Dominion Investments Limited, has been arrested and charged with participating in a long-term money laundering scheme. The charges allege that from approximately 1998 to 2005, Tremblay conspired with others to launder US\$1 billion in illegal proceeds for numerous Dominion Investments clients, all in exchange for a substantial commission.

Dominion Investments is an investment services provider and financial advisor incorporated in the Commonwealth of the Bahamas in 1994, licensed by the Securities Commission of the Bahamas, and a member of the Bahamas Financial Services Board. Allegedly, Tremblay used Dominion Investment accounts to receive hundreds of millions of dollars in

the proceeds of international narcotics trafficking, securities fraud scams, income tax evasion, mail and wire fraud schemes and bank fraud, among other crimes. Tremblay then laundered the illicit funds by transferring them into United States bank accounts and offshore bank accounts in Canada, the Bahamas and elsewhere. To further conceal the source and nature of these funds, Tremblay and his co-conspirators apparently created shell companies and fictitious entities.

Tremblay was captured as a result of an undercover sting operation conducted in 2005, during which Tremblay was videotaped agreeing to launder large amounts of money earned from narcotics sales. If convicted on the money laundering charges, Tremblay faces a maximum sentence of 20 years' imprisonment and a fine of twice the value of the laundered narcotics proceeds.

[Back to top of page](#)

Suriname trade minister resigns over money laundering charges - 19 January 2006

The Minister of Trade and Industry of Suriname, Siegfried Gilds, has resigned after being accused of involvement in money laundering and participating in a criminal organisation. [Suriname is a small South American country sandwiched between Guyana and French Guiana.] In the previous government from 2000-2005, Gilds held the position of Minister of Justice and Police. He has strongly supported anti-money laundering activities and championed anti-money laundering laws, which were passed in September 2002.

Gilds said he was resigning in order not to hinder the investigation. He is accused of having facilitated investments in Suriname by a relative who was recently convicted in the Netherlands of drug trafficking, participating in a criminal organisation and money laundering. It is alleged that Gilds helped the relative to buy property in Suriname and start up a business involving hundreds of thousands of euros.

[Back to top of page](#)

MONEYVAL visits Lithuania - 14 January 2006

A delegation of the Council of Europe Committee on the evaluation of anti-money laundering and anti-terrorist financing measures (MONEYVAL) spent the week 9-14 January 2006 in Lithuania in the framework of the Committee's third evaluation round. MONEYVAL experts met with a number of representatives from both the state authorities and the financial

and non-financial private sector. The delegation examined the current level of compliance of Lithuania with the international AML/CFT standards. A full report containing the findings and recommendations to address possible shortcomings will be published later this year by MONEYVAL.

[Back to top of page](#)

US government releases Money Laundering Threat Assessment - 11 January 2006

The US government has released a Money Laundering Threat Assessment (MLTA), the first government-wide analysis of its kind, which investigates money laundering vulnerabilities across a spectrum of techniques used by criminals. Sixteen US bureaus, offices and agencies collaborated on the MLTA, from the Departments of Treasury, Justice, Homeland Security, the Board of Governors of the Federal Reserve System and the United States Postal Service.

Each chapter of the MLTA profiles the characteristics of a specific method of money laundering, outlining the current legal and regulatory landscape and presenting known patterns of abuse, geographical concentrations and real-life case studies. The chapters are:

- banking
- money services businesses
- online payment systems
- informal value transfer systems
- bulk cash smuggling
- trade-based money laundering
- insurance companies
- shell companies and trusts
- casinos

To download the full 81-page MLTA, [click here](#).

[Back to top of page](#)

Alleged loyalist paramilitary charged with laundering - 7 January 2006

Lawrence Kincaid, an alleged loyalist paramilitary, has appeared in Belfast Magistrates Court on charges including money laundering offences. He is charged with 24 offences of entering into an arrangement to acquire criminal property between August 2003 and August 2005. It is alleged that he used laundered criminal proceeds to buy a property, a diamond ring, motorbikes, cars, laptop computers and a holiday in the Maldives. Mr Kincaid was released on his own bail of £5,000, with a surety of £5,000,

and was ordered to surrender his passport and sign in at Ballyclare Police Station three times a week. He is due in court again on 3 February.

[Back to top of page](#)

Gaydamak men in the football headlines - 6 January 2006

Israeli police have been questioning billionaire Russian immigrant Arkady Gaydamak over his alleged connection with money laundering through Israel's largest bank, Bank Hapoalim. Gaydamak has a colourful history: the billionaire industrialist was born in Russia but carries passports from France, Canada, Angola and Israel. He has been tied to illegal arms sales to Angola by the French company, Brenco International, along with Jean-Christophe Mitterrand, son of the former French president. He took refuge in Israel and in August 2005 he bought Betar Jerusalem football club - a move which has made him a media celebrity in Israel.

Perhaps thinking along the same lines, his son Alexandre yesterday paid an estimated GBP 15 million to buy half of Portsmouth football club from owner Milan Mandaric. His father says that Alexandre made the purchase with his own money and without consultation. "I do my business and he does his. We work separately," Arkady was quoted as saying.