

Summary of relevant output on Money Laundering and Financial Crime for the Period: 01/10/2007 to 31/12/2007

Sites Reviewed

British Bankers' Association (BBA) www.bba.org.uk
BBC News www.bbc.co.uk/news
Committee of European Securities Regulators (CESR) www.cesr-eu.org
Commodities Futures Trading Commission (CFTC) www.cftc.gov
Financial Action Task Force (FATF) www.fatf-gafi.org
Financial Services Authority (FSA) www.fsa.gov.uk
HM Treasury (HMT) www.hm-treasury.gov.uk
Joint Money Laundering Steering Group (JMLSG) www.jmlsg.org.uk
Reuters <http://www.reuters.com/>
Serious Organised Crime Agency (SOCA) www.soca.gov.uk
Transparency International (TI) www.transparency.org.uk

FATF

FATF STATEMENT ON IRAN

The Financial Action Task Force is concerned that the Islamic Republic of Iran's lack of a comprehensive anti-money laundering/combating the financing of terrorism regime represents a significant vulnerability within the international financial system. FATF has called upon Iran to address on an urgent basis these AML/CFT deficiencies. FATF members are advising their financial institutions to take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence.

<http://www.fatf-gafi.org/dataoecd/1/2/39481684.pdf>

FATF MUTUAL EVALUATION FINLAND

The Financial Action Task Force has completed an assessment of the implementation of anti-money laundering and counter-terrorist financing (AML/CFT) standards in Finland. Some of the key findings of this review are as follows:

- Finland has a good legal structure to combat money laundering and terrorist financing.
- The money laundering offence established in 2003 is broad, as is the terrorist financing offence.
- There have been few convictions for money laundering and none for terrorist financing.
- Overall, the Finnish FIU – the Money Laundering Clearing House – is effective as it is the focal point for Finnish AML/CFT efforts.
- The preventive system does not incorporate customer due diligence requirements with respect to beneficial ownership or legal arrangements and

no provisions have been implemented with respect to politically exposed persons or correspondent banking relationships.

- Finland is currently in the process of amending the primary AML/CFT legislation and regulations to further strengthen its AML/CFT system.

http://www.fatf-gafi.org/document/58/0,3343,en_32250379_32235720_39535482_1_1_1_1,00.html

BBA

BANKS CALL FOR MORE SUPPORT FOR BANKS ON FRAUD PREVENTION

The British Bankers Association has backed the call for more to be done in the fight against fraud and defeat money laundering. They have also supported the assertion that banks need increasing support from the Home Office to put financial crime at the top of the agenda.

BBA Chief Executive Angela Knight:

"We are not crime fighters but we do fight crime regularly and effectively. By cutting off the funding of organised crime by stopping large-scale frauds and money laundering schemes, we prevent major crimes at the very first stages of their development."

FSA

TWO MEN ARRESTED IN FSA'S FIRST CRIMINAL INVESTIGATION INTO BOILER ROOMS

"This is the first time we have taken this action and it shows that we will not hesitate to use our powers to protect consumers..."

The (FSA), assisted by four police forces, on Wednesday 31 October 2007 arrested two men in connection with an investigation into "Universal Management Services" (UMS) which it believes has been helping illegal overseas boiler rooms. These arrests are part of the FSA's first criminal investigation into boiler room activities and highlight the serious nature of the actions of these firms.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2007/112.shtml>

FSA FINES NORWICH UNION LIFE £1.26 MILLION

The FSA fined Norwich Union for not having effective systems and controls in place to protect customers' confidential information and manage its financial crime responsibilities.

JMLSG

REVISED GUIDANCE OF THE UK AML REGIME

The JMLSG Board approved revisions to its Guidance to reflect changes in the UK AML regime to be introduced by the Money Laundering Regulations 2007. This revised Guidance takes account of the comments received on the Consultation draft that was published on 29 June 2007.

The new Guidance differs in a number of ways from the 2006 Guidance, although much of the detailed guidance remains the same. In particular:

- Following a risk-based approach is now a legal requirement.
- New terminology/definition:
 - 'Customer' replaces 'applicant for business'
 - 'Customer Due Diligence' replaces 'Know Your Customer'
 - Beneficial owners of non personal business are defined.
- Simplified Due Diligence, and Enhanced Due Diligence, measures are to be applied in specific relevant situations.
- There must legally be appropriate and effective systems and procedures in place that allow firms to successfully identify PEPs, and effectively monitor customer activity.

The main areas where the June Consultation text has been amended in light of comments received include:

- Changes developing as a result of the final structure and content of the Regulations:
 - Monitoring is no longer part of CDD measures to apply even when simplified due diligence is used.
 - The transfer of responsibility for the UK sanctions regime from Bank of England to HM Treasury.
 - The use of source of funds is now an exception from standard CDD.
 - Increased treatment of CDD measures on executors, personal representatives, Court of Protection appointments, and attorneys.
 - Expanding material on beneficial owners of non personal customers expanded, and moved from the general text into the text on relevant non personal entities.
 - Greater consistency in presentation of standard CDD measures on non personal customers.

SOCA

GOOD PROGRESS IN THE REGIME TO TACKLE CRIMINAL AND TERRORIST FINANCING

The first Annual Report on the Suspicious Activity Reports (SARs) regime, published On the 28th November 2007 highlights substantial progress since March 2006

Highlights of the report include that:

- The UK Financial Intelligence Unit (UKFIU), end users, and reporters – have addressed all 24 recommendations contained in the review;
- The UKFIU is performing well, both in regards to its bureau functions such as processing international requests and consent and terrorism SARs, and in regards to dialogue and intelligence activities;
- The quality of SARs submitted by reporters has improved;

- The number of breaches of the confidentiality of SARs by law enforcement has been reassuringly low; and
- There are some examples of good and systematic use of SARs by law enforcement.

Reuters

WORLD FACES CYBER COLD WAR THREAT

A "cyber cold war" waged over the world's computers threatens to become one of the biggest threats to security in the next decade, according to a report published on Thursday. About 120 countries are developing ways to use the Internet as a weapon to target financial markets, government computer systems and utilities, Internet security company McAfee said in an annual report. Intelligence agencies already routinely test other states' networks looking for weaknesses and their techniques are growing more sophisticated every year, it said.

<http://www.reuters.com/article/topNews/idUSL2932083320071129>

BBC news

POLICE WANT MORE MONEY CRIME LAWS

Jersey's police service has set out its priorities for the New Year, including getting new legislation to fight financial crime. The Policing Plan for 2007 says the island does not have the laws in place to stop all such crime. According to the plan, this year the force will be focusing on lobbying the States for new legislation. The document also includes plans for a new website and online facility to make it easier for people to report crimes.

<http://news.bbc.co.uk/1/hi/world/europe/jersey/6227827.stm>