

Summary of relevant output on Money Laundering and Financial Crime for the Period: 01/4/2008 to 30/6/2008

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

BBC

Bear Stearns ex-managers charged

Two former managers at investment bank Bear Stearns have been charged with fraud related to two hedge funds which collapsed in June last year.

<http://news.bbc.co.uk/1/hi/business/7463713.stm>

FSA targets insider trading deals

The Financial Service Authority (FSA) has more than doubled the size of its team devoted to targeting illegal practices such as insider trading. The same report, commissioned by the Treasury, said that less than half of the authority's supervisory staff were confident in addressing financial crime.

<http://news.bbc.co.uk/1/hi/business/7385470.stm>

Call for bank action on ID theft

Financial services companies need to do more to stem the rise in identity fraud, the Financial Services Authority (FSA) has said. Companies underestimate the risk of data loss and fraud to their businesses, especially their customers, it said.

<http://news.bbc.co.uk/1/hi/business/7364232.stm>

FATF

Best Practices Paper on Trade Based Money Laundering

The Paper sets basic principles, listed in paragraphs 13 and 14, for banks' policies that can effectively prevent money laundering and terrorist financing through the trade system.

<http://www.fatf-gafi.org/dataoecd/9/28/40936081.pdf>

Third Mutual Evaluation Report of Hong Kong on Anti-Money Laundering and Combating the Financing of Terrorism

Hong Kong has a good legal structure to combat money laundering (ML) and terrorist financing (TF). The ML offence, established in 1989 and expanded in 1994, is broad and almost fully meets the FATF requirements.

<http://www.fatf-gafi.org/dataoecd/34/60/40918857.pdf>

FSA

An update from the Financial Crime Sector Team Issue No.11 – May 2008

Philip Robinson, Director of the Financial Crime and Intelligence Division, introduces an update on FSA's financial crime work on the following subjects:

- Data security: poor data security is a serious and widespread problem in the financial services industry.
- Risk-based approach to anti-money laundering: findings included observations of good practice adopted by firms, as well as some examples of poor practice.
- APACS fraud data: the report shows that total card fraud losses rose by 25% in the past year.
- Scale and impact project for the assessment of the effectiveness of policies and regulation against financial crime.

http://www.fsa.gov.uk/pubs/newsletters/fc_newsletter11.pdf

FSA seeks to close down UK's largest illegal 'landbanking' scheme

The FSA has asked the High Court to wind up the UK's largest 'landbanking' company, UKLI Limited (UKLI), for operating as an illegal 'collective investment scheme' (CIS) and denying its investors protection for their money. UKLI's business was illegal because it operated as a CIS and should have been authorised by the FSA. The FSA does not regulate land as an investment but collective investment schemes including those concerning land are subject to regulation.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/052.shtml>

Report on Data security in the financial services (April 2008)

Financial crime includes money laundering, market abuse and fraud or other dishonest practices. The risk of data loss and subsequent fraud is relevant to all four of FSA's objectives for the following reasons:

- The reduction of financial crime. Poor controls over customer data present opportunities for thieves and fraudsters to steal data and commit identity fraud and other financial crime.
- Consumer protection. Data loss, especially on a large scale, could cause significant detriment to individuals.
- Market confidence could be affected by large data loss which causes consumers to question the integrity or safety of the financial sector or service delivery channels, such as online banking.

- Consumer awareness is important, as people should take responsibility for keeping their own personal data safe.

http://www.fsa.gov.uk/pubs/other/data_security.pdf

Do more to protect customers' personal details, warns FSA

Examples of good practice:

- Encrypting laptops and transferring data via secure internet links to third parties;
- Masking financial details where they are not necessary for staff to do their jobs;
- Appointing a senior manager with overall responsibility for data security.

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2008/034.shtml>

HM Treasury

Statement on equivalence of AML/CFT systems to the EU

Member states participating in the EU Committee on the Prevention of Money Laundering and Terrorist Financing have agreed a list of equivalent third countries, for the purposes of the relevant parts of the Third Money Laundering Directive.

http://www.hm-treasury.gov.uk/documents/financial_services/money/fin_crime_equivalence.cfm

Reuters

Dubai bank probe sparks calls for compliance

A police investigation into irregularities at Dubai Islamic Bank DISB.DU and a probe into the bank's affiliate Deyaar DEYR.DU, have led to calls for better compliance and transparency in banks in the region.

<http://uk.reuters.com/article/rbssFinancialServicesAndRealEstateNews/idUKL2328169720080623>

Financial watchdog targets bosses in war on market abuse

The Financial Services Authority will increase its focus on high-profile managers and bosses in the battle against market abuse, even if it means cases may take longer to conclude. Long accused of not doing enough to tackle financial crime, the FSA will be following the example of its U.S. counterparts.

<http://uk.reuters.com/article/businessNews/idUKL1844330320080618>