



United States Department of State  
*Bureau for International Narcotics and Law  
Enforcement Affairs*

# **International Narcotics Control Strategy Report**

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Volume II  
Money Laundering  
and Financial Crimes

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# Table of Contents

## Volume II

<b>Legislative Basis for the INCSR</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>4</b>
<b>Bilateral Activities</b> .....	<b>9</b>
<i>Training and Technical Assistance</i> .....	<b>9</b>
<i>Department of State</i> .....	<b>9</b>
International Law Enforcement Academies (ILEAs) .....	10
<i>Board of Governors of the Federal Reserve System (FRB)</i> .....	<b>13</b>
<i>Drug Enforcement Administration (DEA), Department of Justice</i> .....	<b>13</b>
<i>Federal Bureau of Investigation (FBI), Department of Justice</i> .....	<b>14</b>
<i>Federal Deposit Insurance Corporation (FDIC)</i> .....	<b>14</b>
<i>Financial Crimes Enforcement Network (FinCEN), Department of Treasury</i> .....	<b>15</b>
<i>Immigration and Customs Enforcement, Department of Homeland Security (DHS)</i> .....	<b>17</b>
<i>Internal Revenue Service (IRS), Criminal Investigative Division (CID) Department of Treasury</i> .....	<b>17</b>
<i>Office of the Comptroller of the Currency (OCC), Department of Treasury</i> .....	<b>19</b>
<i>Office of Overseas Prosecutorial Development, Assistance and Training, the Asset Forfeiture and Money Laundering Section, &amp; Counterterrorism Section (OPDAT, AFMLS, and CTS)), Department of Justice</i> .....	<b>20</b>
Training and Technical Assistance.....	20
Money Laundering/Asset Forfeiture .....	21
Organized Crime.....	23
Fraud/Anticorruption .....	24
Terrorism/Terrorist Financing .....	24
Justice Sector Reform .....	27
<i>Office of Technical Assistance (OTA), Treasury Department</i> .....	<b>28</b>
Assessing Training and Technical Assistance Needs .....	28
Anti-Money Laundering and Antiterrorism Financing Training .....	28
Support for Financial Intelligence Units .....	29
Casino Gaming .....	29
Money Services Businesses .....	30
Insurance.....	30
Regional and Resident Advisors .....	30
<b>Treaties and Agreements</b> .....	<b>31</b>
<i>Treaties</i> .....	<b>31</b>
<i>Agreements</i> .....	<b>31</b>
<b>Multi-Lateral Organizations &amp; Programs</b> .....	<b>32</b>
<i>The Financial Action Task Force (FATF) and FATF-Style Regional Bodies(FSRBs)</i> .....	<b>32</b>
<i>The Egmont Group of Financial Intelligence Units</i> .....	<b>33</b>
<i>The Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD) Group of Experts to Control Money Laundering</i> .....	<b>35</b>
Training and Technical Assistance.....	35
Other Activities.....	36

<b><i>Pacific Anti-Money Laundering Program (PALP)</i></b> .....	<b>36</b>
<b><i>United Nations Global Programme Against Money Laundering</i></b> .....	<b>37</b>
The Mentoring Programme .....	38
Mentoring & Financial Intelligence Units .....	39
Computer Based Training .....	39
Other GPML Initiatives .....	39
<b>Major Money Laundering Countries</b> .....	<b>40</b>
<b><i>Vulnerability Factors</i></b> .....	<b>41</b>
<b><i>Changes in INCSR Priorities for 2006</i></b> .....	<b>43</b>
<b><i>Comparative Table</i></b> .....	<b>47</b>
<b>Country Reports</b> .....	<b>56</b>
Afghanistan .....	56
Albania .....	59
Algeria .....	62
Angola .....	64
Antigua and Barbuda .....	65
Argentina .....	68
Aruba .....	72
Australia .....	74
Austria .....	78
Bahamas .....	82
Bahrain .....	84
Bangladesh .....	87
Barbados .....	90
Belarus .....	92
Belgium .....	96
Belize .....	101
Bolivia .....	104
Bosnia and Herzegovina .....	107
Brazil .....	110
British Virgin Islands .....	114
Bulgaria .....	116
Burma .....	119
Cambodia .....	121
Canada .....	124
Cayman Islands .....	126
Chile .....	128
China, People's Republic of .....	132
Colombia .....	136
Comoros .....	141
Cook Islands .....	143
Costa Rica .....	146
Côte d'Ivoire .....	148
Cyprus .....	151
Czech Republic .....	158
Dominica .....	163
Dominican Republic .....	165
Ecuador .....	167
Egypt, The Arab Republic of .....	170
El Salvador .....	174
France .....	176
Germany .....	178
Gibraltar .....	181

## Table of Contents

---

Greece .....	182
Grenada.....	187
Guatemala.....	189
Guernsey.....	193
Guyana .....	196
Haiti.....	198
Honduras.....	200
Hong Kong .....	203
Hungary .....	208
India .....	212
Indonesia.....	216
Iran.....	220
Iraq.....	222
Ireland.....	224
Isle of Man.....	227
Israel.....	230
Italy .....	233
Jamaica .....	237
Japan.....	239
Jersey.....	242
Jordan.....	245
Kenya.....	246
Korea, Democratic Peoples Republic of.....	250
Korea, Republic of.....	250
Kuwait.....	254
Laos .....	257
Latvia .....	259
Lebanon.....	263
Libya .....	267
Liechtenstein .....	269
Luxembourg .....	272
Macau .....	277
Malaysia .....	281
Mexico .....	285
Moldova.....	289
Monaco.....	291
Montenegro.....	293
Morocco.....	295
The Netherlands .....	297
Netherlands Antilles.....	302
Nicaragua .....	305
Nigeria .....	308
Pakistan.....	312
Palau.....	315
Panama .....	317
Paraguay.....	320
Peru .....	325
Philippines.....	329
Poland .....	333
Portugal .....	337
Qatar.....	340
Romania .....	342
Russia.....	346
Samoa .....	352
Saudi Arabia.....	354
Senegal .....	357

Serbia .....	358
Seychelles .....	362
Sierra Leone .....	364
Singapore .....	365
Slovak Republic .....	370
South Africa .....	375
Spain .....	377
St. Kitts and Nevis .....	382
St. Lucia .....	384
St. Vincent and the Grenadines .....	387
Switzerland .....	389
Syria .....	394
Taiwan .....	397
Tanzania .....	401
Thailand .....	403
Turkey .....	408
Turks and Caicos .....	411
Ukraine .....	413
United Arab Emirates .....	417
United Kingdom .....	423
Uruguay .....	426
Uzbekistan .....	429
Vanuatu .....	434
Venezuela .....	437
Vietnam .....	440
Yemen .....	442
Zimbabwe .....	444

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# Common Abbreviations

AML	Anti-Money Laundering
APG	Asia/Pacific Group on Money Laundering
ARS	Alternative Remittance System
CFATF	Caribbean Financial Action Task Force
CTF	Counter-Terrorist Financing
CTR	Currency Transaction Report
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DOJ	Department of Justice
DOS	Department of State
EAG	Eurasian Group to Combat Money Laundering and Terrorist Financing
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EU	European Union
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
FinCEN	Financial Crimes Enforcement Network
FIU	Financial Intelligence Unit
GAFISUD	Financial Action Task Force Against Money Laundering In South America
GIABA	Inter-Governmental Action Group against Money Laundering
IBC	International Business Company
IFI	International Financial Institution
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INL	Bureau for International Narcotics and Law Enforcement Affairs
IRS	Internal Revenue Service
IRS-CID	Internal Revenue Service, Criminal Investigative Division
MENAFATF	Middle Eastern and Northern African Financial Action Task Force
MLAT	Mutual Legal Assistance Treaty
MOU	Memorandum of Understanding
NCCT	Non-Cooperative Countries or Territories
OAS	Organization of American States
OAS/CICAD	OAS Inter-American Drug Abuse Control Commission
OFC	Offshore Financial Center
PIF	Pacific Islands Forum
SAR	Suspicious Activity Report
STR	Suspicious Transaction Report
UN Drug Convention	1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
UNGPMML	United Nations Global Programme against Money Laundering
UNODC	United Nations Office for Drug Control and Crime Prevention
UNSCR	United Nations Security Council Resolution
USAID	Agency for International Development
USG	United States Government





# **MONEY LAUNDERING AND FINANCIAL CRIMES**



## Legislative Basis for the INCSR

The Money Laundering and Financial Crimes section of the Department of State's International Narcotics Control Strategy Report (INCSR) has been prepared in accordance with section 489 of the Foreign Assistance Act of 1961, as amended (the "FAA," 22 U.S.C. § 2291). The 2007 INCSR is the 24th annual report prepared pursuant to the FAA.

The FAA requires a report on the extent to which each country or entity that received assistance under chapter 8 of Part I of the Foreign Assistance Act in the past two fiscal years has "met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances" (the "1988 UN Drug Convention"). FAA § 489(a)(1)(A).

Although the Convention does not contain a list of goals and objectives, it does set forth a number of obligations that the parties agree to undertake. Generally speaking, it requires the parties to take legal measures to outlaw and punish all forms of illicit drug production, trafficking, and drug money laundering, to control chemicals that can be used to process illicit drugs, and to cooperate in international efforts to these ends. The statute lists action by foreign countries on the following issues as relevant to evaluating performance under the 1988 UN Drug Convention: illicit cultivation, production, distribution, sale, transport and financing, and money laundering, asset seizure, extradition, mutual legal assistance, law enforcement and transit cooperation, precursor chemical control, and demand reduction.

In attempting to evaluate whether countries and certain entities are meeting the goals and objectives of the 1988 UN Drug Convention, the Department has used the best information it has available. The 2007 INCSR covers countries that range from major drug producing and drug-transit countries, where drug control is a critical element of national policy, to small countries or entities where drug issues or the capacity to deal with them are minimal. In addition to identifying countries as major sources of precursor chemicals used in the production of illicit narcotics, the INCSR is mandated to identify major money laundering countries (FAA §489(a)(3)(C)). The INCSR is also required to report findings on each country's adoption of laws and regulations to prevent narcotics-related money laundering (FAA §489(a)(7)(C)). This report is that section of the INCSR that reports on money laundering and financial crimes.

A major money laundering country is defined by statute as one "whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking" (FAA § 481(e)(7)). However, the complex nature of money laundering transactions today makes it difficult in many cases to distinguish the proceeds of narcotics trafficking from the proceeds of other serious crime. Moreover, financial institutions engaging in transactions involving significant

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The 2007 report on Money Laundering and Financial Crimes is a legislatively mandated section of the U.S. Department of State's annual International Narcotics Control Strategy Report. This 2007 report on Money Laundering and Financial Crimes is based upon the contributions of numerous U.S. Government agencies and international sources. A principal contributor is the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN), which, as a member of the international Egmont Group of Financial Intelligence Units, has unique strategic and tactical perspective on international anti-money laundering developments. FinCEN is the primary contributor to the individual country reports. Another key contributor is the U.S. Department of Justice's Asset Forfeiture and Money Laundering Section (AFMLS) of Justice's Criminal Division, which plays a central role in constructing the Money Laundering and Financial Crimes Comparative Table and provides international training. Many other agencies also provided information on international training as well as technical and other assistance, including the following: Department of Homeland Security's Bureau of Immigration and Customs Enforcement; Department of Justice's Drug Enforcement Administration, Federal Bureau of Investigation, and Office for Overseas Prosecutorial Development Assistance; and Treasury's Internal Revenue Service, the Office of the Comptroller of the Currency, and the Office of Technical Assistance. Also providing information on training and technical assistance are the independent regulatory agencies, Federal Deposit Insurance Corporation, and the Federal Reserve Board.

amounts of proceeds of other serious crime are vulnerable to narcotics-related money laundering. This year's list of major money laundering countries recognizes this relationship by including all countries and other jurisdictions, whose financial institutions engage in transactions involving significant amounts of proceeds from all serious crime. The following countries/jurisdictions have been identified this year in this category:

**Major Money Laundering Countries in 2006**

**Afghanistan, Antigua and Barbuda, Australia, Austria, Bahamas, Belize, Bosnia and Herzegovina, Brazil, Burma, Cambodia, Canada, Cayman Islands, China, Colombia, Costa Rica, Cyprus, Dominican Republic, France, Germany, Greece, Guatemala, Guernsey, Haiti, Hong Kong, India, Indonesia, Iran, Isle of Man, Israel, Italy, Japan, Jersey, Kenya, Latvia, Lebanon, Liechtenstein, Luxembourg, Macau, Mexico, Netherlands, Nigeria, Pakistan, Panama, Paraguay, Philippines, Russia, Singapore, Spain, St. Kitts and Nevis, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, and Venezuela.**

The Money Laundering and Financial Crimes section provides further information on these countries/entities and United States money laundering policies, as required by section 489 of the FAA.

## **Introduction**

The January 2007 seizure of a staggering \$80 million worth of drug trafficking cash and gold in one law enforcement operation in Colombia points to much of what remains dangerous about the global drug and crime trades as well as improving international efforts to combat them. In an age where much of the world's anti-money laundering effort has understandably become focused on countering the terrorist financing threat, this seizure underscores the enormity of funds and profits wrapped up in transnational crime and the potential power that crime syndicates have with this money to inflict substantial political, economic, and social damage on governments and societies around the world. This \$80 million seems to be the product of an extraordinarily complex international criminal enterprise. Now that the money and gold are in the hands of the Government of Colombia, it also shows how vulnerable crime syndicates are becoming to global anti-money laundering measures, improved international cooperation, and better law enforcement operations. This success is due in significant part to years of training, technical assistance, and experience.

This case—like any criminal money laundering or terrorist financing seizure—should not, however, stop with the confiscation. Indeed, the confiscation itself should provide valuable intelligence and clues for identifying the individuals most responsible for this trade and enhancing the wherewithal of authorities to find, prosecute, convict, and incarcerate them. Establishing international anti-money laundering and counterterrorist financing norms and standards do much to impede these crimes, but making the masterminds of these operations pay with their freedom is a powerful deterrent for stopping them. The seizure of the money also takes away the primary motivation of these criminal groups—greed.

The Colombian National Police, in this instance, are believed to have made the largest cash seizure ever from a narcotics case. The seizure consisted of U.S. currency, euros, and gold. The money belonged to one criminal organization and was seized at five different locations during one enforcement operation. The Colombian National Police carried out the raids with intelligence and some operational planning assistance from the U.S. Drug Enforcement Administration. Reportedly, no suspects were apprehended at the time of the raids, but several were known ahead of time, and several more have been identified as a result of intelligence gleaned from the seizure.

An \$80 million seizure attracts serious attention. In the hands of the Colombian traffickers, it represents the proceeds of criminal operations on a massive scale. It could reflect the wholesale proceeds of exporting more than five metric tons of cocaine to the United States or Europe. This much money in the hands of Asian or Latin America traffickers could also represent the profits from smuggling approximately 1,600 Chinese into the United States or 32,000 illegal aliens from Mexico or Central America across our southwestern border. The circulation of massive amounts of drug money on this scale can create huge, adverse distortions in a weak or small economy.

There is no social or economic “Robin Hood” effect when criminals are in possession of such sums. Their investments tend to be conspicuous, not productive. Moreover, dirty money crowds out legitimate economic activity, creates unfair competition for legitimate businesses, erodes good business practices and ethics, and interferes with the development of sound economic policies. It is almost a bottomless reservoir for corruption that can impede enforcement efforts from front line police officers, to swaying legislators, judges, regulators, or senior executives charged with writing, enforcing, and upholding laws in a rule of law society. \$80 million dollars in the hands of terrorists could have funded countless attacks in the United States and around the world. The 9/11 Commission reported that al-Qaida likely spent some \$400,000-\$500,000 to carry out its 2001 attacks on the United States. While the Colombian seizure is a record amount, it may not be uncharacteristic of similarly large amounts of crime profits lying about in criminal safe havens in the Middle East, Africa, South or Southeast Asia, or Europe.

Dollars, euros, and gold—the three instruments seized in this raid—constitute the face of modern day crime transactions and further highlight the complexity of the money laundering challenge. It suggests large-scale criminal proceeds in the U.S. and European markets, as well as nearly anywhere else in the world. In this respect, the seizure epitomizes the transnational nature of the trade and the dark side of globalization, where national boundaries are no barrier to criminal enterprises, and where most instruments to blur these boundaries—such as rapid and far reaching cyber communications or internationally-recognized currencies—work as much to the benefit of crime syndicates, by easing associations and transfers and providing rapid movement, as they do for legitimate enterprises. The seized gold is especially telling. Historically, the largest value money laundering investigations have involved gold. Gold is both a commodity and a de facto bearer instrument. The form of gold can be readily altered. There is a large cultural demand for gold in Colombian society and elsewhere around the world. Moreover, gold is immune from traditional financial transparency reporting requirements.

The seizure also underscores a likely growing worldwide reluctance of syndicates to place their money in banks where it is increasingly likely to be detected—owing to the steadily improving scrutiny and tracking abilities of the formal financial system. Authorities discovered the dollars, euros, and gold in private residences and businesses, buried in the ground, stashed in private safes, or hidden elsewhere. For any law-abiding entity, this would be an extraordinarily risky way to safeguard and account for such sums. But this example shows how formal financial institutions have become such a significant threat to the operations of crime syndicates and terrorist financiers—that they are willing to take high risks to avoid them.

Since the G-7 created the Financial Action Task Force (FATF) nearly two decades ago in 1989, the international community has been working determinedly to develop the procedures and practices necessary to expose criminal proceeds and take them out of the hands of the syndicates. Since its original seven-country membership (the U.S., Canada, the UK, France, Germany, Italy, and Japan), FATF has grown to include 31 countries and two multilateral organizations (the European Commission and the Gulf Cooperation Council). Its “40 recommendations” to guard against money laundering and nine additional “special recommendations” on terrorist financing contain several provisions aimed specifically at identifying “suspicious transactions,” the true owner of such transactions or abnormally large deposits, and tracking them through the system of banks and nonbank financial institutions—such as brokerage houses, money exchangers, or money service businesses. The

provisions include “whistle-blower” type protection for tellers, bankers, and others who are on the front lines of receiving and detecting such deposits to help guard against corruption, intimidation, or retaliation.

FATF “recommendations” carry significant international clout. Both the 2001 UN Convention against Transnational Organized Crime and the 2005 UN Convention against Corruption contain extensive anti-money laundering provisions that are drawn from the FATF recommendations. In addition, recent UN Security Council Resolutions, which member states must abide by, have incorporated the FATF recommendations by direct reference. For instance, in July 2005, UN Security Resolution 1617 “strongly urges all Member States to implement the comprehensive international standards enacted in the FATF Forty recommendations and the Nine Special Recommendations on terrorist financing.” This resolution further reinforces the commitment of the 169 members of FATF and the nine FATF-style regional bodies (FSRBs) to criminalize the financing of terrorism and enumerates actions that all UN Member States are legally bound to undertake by virtue of being a party to the UN International Convention for the Suppression of the Financing of Terrorism. It is against this background of growing international acceptance of these norms and standards, and hard work and investment by financial institutions and their compliance officers, that criminals and terrorist financiers, much like these Colombian traffickers, increasingly realize the growing risks they run of having their large or suspicious transactions recorded by banks, shared with the police, and their criminal activities exposed.

A willingness to codify the FATF recommendations into laws and regulations means little if a country is unable, through lack of resources or skill, or unwilling, through lack of political commitment, to implement them. FATF has backed or imposed a wide-ranging set of measures to assist and motivate countries to adopt the “40+9” recommendations. This has included conducting mutual evaluations among its own members to assess their compliance with the recommendations and suggest actions to remedy identified shortfalls. FATF, with bilateral assistance from the U.S. and other donors, has fostered the creation of FATF-style regional bodies around the world so jurisdictions that do not belong to FATF can join and form regionally-tailored organizations to accomplish FATF’s objectives. Currently, 138 countries and territories belong to nine such organizations around the world. FATF—and the cooperating donors—have sponsored seminars and provided training and technical experts to help start and sustain these FSRBs. They too have a major responsibility to conduct mutual evaluations among their members.

FATF has also acted in a united, multilateral front to deal with the most incorrigible states, and ones whose weak anti-money laundering regimes or lack of international cooperation pose the most serious risk to anti-money laundering efforts. FATF works internally to identify those countries and will approach them to elicit improvements and better cooperation. If quiet diplomacy fails, FATF can—and has in 23 cases—“named and shamed” noncooperating jurisdictions to focus international attention on them. When FATF identifies problematic countries, it expects its members to respond by invoking any number of countermeasures ranging from issuing advisories that warn their financial institutions about the risks associated with dealing with such jurisdictions, to more drastic measures, such as those taken under Section 311 of the USA PATRIOT Act, to prohibit financial transactions with banks in these countries—or even with the countries themselves.

Many countries come into compliance with global norms and standards and avoid the risk of countermeasures by passing the laws and writing the regulations called for in the FATF recommendations. The laws and regulations, however, need credible enforcement to be dissuasive and effective. This is a tough assignment for many countries, often requiring them to seek and/or accept training and technical assistance from foreign donors. U.S.-provided assistance in this regard can be valuable as the performance by the Colombian National Police in this \$80 million seizure attests. The U.S. has provided substantial anti-money laundering assistance to Colombia over the years, making our program there a model for what we are achieving in strategic countries elsewhere. With regard to

the \$80 million seizure, the Colombian National Police, who have directly benefited from U.S. assistance, performed with initiative and professionalism. Indeed, aspects of the Colombia program are so strong that today Colombian anti-money laundering experts and officials are sought to provide advice, training, and assistance elsewhere in the region.

The State Department's anti-money laundering/counterterrorist financing training and technical assistance goal is to strengthen regional anti-money laundering organizations and build comprehensive anti-money laundering regimes, with no weak links, in strategic countries. We seek to maximize the institution-building benefits of our assistance by delivering it in both sequential and parallel steps. The steps, while tailored to each country's unique needs as determined by needs and threat assessments, include help in the following areas:

- Drafting and enacting comprehensive anti-money laundering and terrorist financing laws that have measures to enable states to freeze and seize assets as well as comply with the FATF's "40+9" recommendations on money laundering and terrorist financing;
- Establishing a regulatory regime to oversee the financial sector, including to guard against corruption and intimidation;
- Training law enforcement agencies, prosecutors, and judges so that they have the skills to successfully investigate and prosecute financial crimes; and
- Creating and equipping financial intelligence units (FIUs) so that they can collect, analyze, and disseminate suspicious transactions reports and other forms of financial intelligence to both help develop cases domestically and share information internationally through FIUs in other countries as part of transnational investigations.

The crowning achievements in money laundering cases, however, reach beyond the asset seizures and forfeitures. Authorities can, and must, glean from pre-and post-raid intelligence strong evidence to indict the financial and operational masterminds and foot soldiers behind these operations. The international community is underachieving on this front. Despite now nearly unanimous compliance with the FATF recommendation to criminalize money laundering, and acceptance of various UN conventions and Security Council resolutions that make this mandatory, few criminals are being prosecuted or convicted for money laundering. The United Arab Emirates, where the threats of money laundering and terrorist finance are particularly acute, is one example of many strategic countries that are on the right track, but still need to get over this hurdle. The UAE has worked hard, particularly since 9/11, to establish anti-money laundering and counterterrorist finance regimes and countermeasures that adhere to current world standards, yet it is still working to achieve its first money laundering or terrorist financing conviction. The UAE is not alone in this regard as a review of this year's INCSR country reports reveals a similar, unfortunate lack of implementation and enforcement around the world, including even in a number of the most advanced and developed economies on six continents.

The Colombia seizure highlights other key anti-money laundering challenges ahead: the use of cash couriers and trade based money laundering. The cash courier threat is also linked with the misuse of charities to finance terrorism. FATF, for instance, has issued special recommendations and published associated interpretive notes and best practices to address the misuse of charities for terrorist financing. Some charities have been designated under various UN Security Council Resolutions for their roles in financing terrorism resulting in having their assets frozen and/or financial transactions with them prohibited. As this terrorist financing avenue has become more constricted and risky, terrorists have had to rely increasingly on cash couriers for their funds. FATF has a special recommendation, interpretive notes, and best practices papers to help countries address this threat also. Meanwhile, the United States has developed a course focused specifically on cash couriers, including

how to find and stop them at borders, and inserted it as a feature in our anti-money laundering/counterterrorist training and technical assistance program.

The Department of State, in collaboration with the Departments of Homeland Security (DHS) and Treasury, began making combating trade based money laundering a key part of its anti-money laundering effort several years ago. Since then, others have picked up on this urgency, including FATF which last year issued a special paper on trade-based money laundering. Trade is the common denominator in many entrenched underground or alternative remittance systems such as hawala, the black market peso exchange, the misuse of the international gold and gem trades, and other value transfer systems. To help address these vulnerabilities, the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL) began providing funding to the Department of Homeland Security in 2005 to establish prototype Trade Transparency Units (TTUs) in the Triborder Area countries of Argentina, Paraguay, and Brazil.

TTUs examine anomalies in trade data that could be indicative of customs fraud and trade-based money laundering. As a result of the 2005 INL/DHS initiative, DHS Immigration and Customs Enforcement (ICE) agents teamed with Brazilian authorities in 2006 to target a scheme involving the under-valuation of U.S. exports to Brazil to evade more than \$200 million in Brazilian customs duties over the past five years. The scheme involved tax evasion, document fraud, public corruption and other illegal activities in Brazil and the United States. In an excellent example of the long reach of law enforcement, more than 128 arrest warrants and numerous search warrants were simultaneously served in 238 locations in Brazil.

The State Department is working with DHS to expand the TTU concept to Southeast Asia. An international TTU network may eventually develop that will promote trade-transparency, combat customs fraud, and be the back door to entrenched informal underground value transfer systems.

Despite the increased awareness and significant progress that has been made on several fronts, much remains to be done in the global effort to combat money laundering. It will remain important to sustain and strengthen these gains because focusing on money laundering is one of the most valuable tools law enforcement has to combat international crime. A focus on money laundering can accomplish what many other law enforcement tools cannot: it can be applied equally effectively to a wide variety of crimes, to any crime that must be financed or is committed for profit. Once in place, anti-money laundering measures can be used without any special tailoring to attack such threats as narcotics trafficking, alien smuggling, intellectual property theft, corruption, terrorism, and more.

Money laundering investigations also take advantage of one of the most important vulnerabilities of sophisticated criminal or terrorist organizations: their risk of exposure. Terrorism and much of organized crime thrive because they take place in the shadows of open society. As long as criminality remains in the underground of aliases, coded messages, false documents, bearer instruments, and clandestine operations, it is often undetectable to even seasoned investigators. When criminal activity breaches this underground, it often provides leads and evidence authorities can use to unravel these cases. The challenge of coping with especially large amounts of money inevitably generates pressure on criminal organizations to take placement, layering, and integration actions involving record keeping, meetings, or other events that eventually surface and expose them for identification and tracking. Full exploitation of these vital breakthroughs can lead investigators, armed with incriminating financial intelligence and evidence, to the financiers and managers of these organizations—to the heart of the syndicates. This is happening in Colombia, as the \$80 million seizure demonstrates. But getting to this desirable outcome in many countries around the world still requires a great deal of training, equipping, and political will.



## **Bilateral Activities**

### *Training and Technical Assistance*

During 2006, a number of U.S. law enforcement and regulatory agencies provided training and technical assistance on money laundering countermeasures and financial investigations to their counterparts around the globe. These courses have been designed to give financial investigators, bank regulators, and prosecutors the necessary tools to recognize, investigate, and prosecute money laundering, financial crimes, terrorist financing, and related criminal activity. Courses have been provided in the United States as well as in the jurisdictions where the programs are targeted.

### *Department of State*

The Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) and the Department's Office of the Coordinator for Counter-Terrorism (SCT) co-chair the interagency Terrorist Finance Working Group, and together are implementing a multi-million dollar training and technical assistance program designed to develop or enhance the capacity of a selected group of more than two dozen countries whose financial sectors have been used or are vulnerable to being used to finance terrorism. As is the case with the more than 100 other countries to which INL-funded training was delivered in 2006, the capacity to thwart the funding of terrorism is dependent on the development of a robust anti-money laundering regime. Supported by and in coordination with the State Department, the Department of Justice, Department of Homeland Security, Treasury Department, the Federal Deposit Insurance Corporation, and various nongovernmental organizations offered law enforcement, regulatory and criminal justice programs worldwide. This integrated approach includes assistance with the drafting of legislation and regulations that comport with international standards, the training of law enforcement, the judiciary and bank regulators, as well as the development of financial intelligence units capable of collecting, analyzing and disseminating financial information to foreign analogs.

Nearly every federal law enforcement agency assisted in this effort by providing basic and advanced training courses in all aspects of financial criminal investigation. Likewise, bank regulatory agencies participated in providing advanced anti-money laundering/counterterrorist financing training to supervisory entities. In addition, INL made funds available for the intermittent or full-time posting of legal and financial advisors at selected overseas locations. These advisors work directly with host governments to assist in the creation, implementation, and enforcement of anti-money laundering and financial crime legislation. INL also provided several federal agencies funding to conduct multi-agency financial crime training assessments and develop specialized training in specific jurisdictions to combat money laundering.

The success of the Brazilian Trade Transparency Unit (TTU) less than nine months after being established in late 2005 augurs well for the nascent TTUs of Argentina and Paraguay. In 2006, INL obligated funds to DHS to establish a TTU in Southeast Asia and will continue to provide funding to DHS for the development of TTUs globally. Similar to the Egmont Group of Financial Intelligence Units that examines and exchanges information gathered through financial transparency reporting requirements, an international network of TTUs would foster the sharing of disparities in trade data between countries and be a potent weapon in combating customs fraud and trade-based money laundering. Trade is the common denominator in most of the world's alternative remittance systems and underground banking systems. Trade-based value transfer systems have also been used in terrorist finance.

The success of the now-concluded Caribbean Anti-Money Laundering Programme (CALP) convinced INL that a similar type of program for small Pacific island jurisdictions had the potential of developing viable anti-money laundering/counterterrorist regimes. Accordingly, INL contributed \$1.5 million to the Pacific Islands Forum to develop the Pacific Island Anti-Money Laundering Program (PALP). The objectives of the PALP are to reduce the laundering of the proceeds of all serious crime and the financing of terrorist financing by facilitating the prevention, investigation, and prosecution of money laundering. The PALP's staff of resident mentors provides regional and bilateral mentoring, training; and technical assistance to the Pacific Islands Forum's fourteen non-FATF member states for the purpose of developing viable regimes that comport with international standards.

In 2005, INL reserved \$900,000 for the United Nations Global Programme against Money Laundering (GPML). In addition to sponsoring money laundering conferences and providing short-term training courses, the GPML instituted a unique longer-term technical assistance initiative through its mentoring program. The mentoring program provides advisors on a yearlong basis to specific countries or regions. GPML mentors provided assistance to the Secretariat of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and to the Horn of Africa countries targeted by the President's East Africa Counterterrorism Initiative. GPML resident mentors provided country-specific assistance to the Philippine FIU and asset forfeiture assistance to Namibia. Regional assistance to Central and Southeast Asia and the Pacific was also provided by other GPML mentors.

INL continues to provide significant financial support for many of the anti-money laundering bodies around the globe. During 2006, INL supported FATF, the international standard setting organization. INL continued to be the sole U.S. Government financial supporter of the FATF-style regional bodies, including the Asia/Pacific Group on Money Laundering (APG), the Council of Europe's MONEYVAL, the Caribbean Financial Action Task Force (CFATF), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and the South American Financial Action Task Force, Grupo de Accion Financiera de Sudamerica Contra el Lavado de Activos (GAFISUD). INL also financially supported the Pacific Islands Forum and the Organization of American States (OAS) Inter-American Drug Abuse Control Commission (CICAD) Experts Group to Control Money Laundering and the OAS Counter-Terrorism Committee.

As in previous years, INL training programs continue to focus on an interagency approach and on bringing together, where possible, foreign law enforcement, judicial and Central Bank authorities. This allows for an extensive dialogue and exchange of information. This approach has been used successfully in Asia, Central and South America, Russia, the Newly Independent States (NIS) of the former Soviet Union, and Central Europe. INL also provides funding for many of the regional training and technical assistance programs offered by the various law enforcement agencies, including assistance to the International Law Enforcement Academies.

### **International Law Enforcement Academies (ILEAs)**

The mission of the regional ILEAs has been to support emerging democracies, help protect U.S. interests through international cooperation, and promote social, political and economic stability by combating crime. To achieve these goals, the ILEA program has provided high-quality training and technical assistance, supported institution building and enforcement capabilities, and fostered relationships of American law enforcement agencies with their counterparts in each region. ILEAs have also encouraged strong partnerships among regional countries to address common problems associated with criminal activity.

The ILEA concept and philosophy is a united effort by all the participants-government agencies and ministries, trainers, managers, and students alike to achieve the common foreign policy goal of international law enforcement. The goal is to train professionals that will craft the future for the rule of law, human dignity, personal safety and global security.

The ILEAs are a progressive concept in the area of international assistance programs. The regional ILEAs offer three different types of programs. The core program, a series of specialized training courses and regional seminars tailored to region-specific needs and emerging global threats, typically includes 50 participants, normally from three or more countries. The specialized courses, comprised of about 30 participants, are normally one or two weeks long and often run simultaneously with the Core program. Topics of the regional seminars include transnational crimes, financial crimes, and counterterrorism.

The ILEAs help develop an extensive network of alumni that exchange information with their U.S. counterparts and assist in transnational investigations. These graduates are also expected to become the leaders and decision-makers in their respective societies. The Department of State works with the Departments of Justice (DOJ), Homeland Security (DHS) and Treasury, and with foreign governments to implement the ILEA programs. To date, the combined ILEAs have trained over 18,000 officials from over 75 countries in Africa, Asia, Europe and Latin America. The ILEA budget averages approximately \$16-18 million annually.

**Africa.** ILEA Gaborone (Botswana) opened in 2001. The main feature of the ILEA is a six-week intensive personal and professional development program, called the Law Enforcement Executive Development Program (LEEDP), for law enforcement mid-level managers. The LEEDP brings together approximately 45 participants from several nations for training on topics such as combating transnational criminal activity, supporting democracy by stressing the rule of law in international and domestic police operations, and by raising the professionalism of officers involved in the fight against crime. ILEA Gaborone also offers specialized courses for police and other criminal justice officials to enhance their capacity to work with U.S. and regional officials to combat international criminal activities. These courses concentrate on specific methods and techniques in a variety of subjects, such as counterterrorism, anticorruption, financial crimes, border security, drug enforcement, firearms and many others.

Instruction is provided to participants from Angola, Botswana, Cameroon, Comoros, Congo, the Democratic Republic of Congo, Djibouti, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

United States and Botswana trainers provide instruction. ILEA Gaborone has offered specialized courses on money laundering/terrorist financing-related topics such as Criminal Investigation (presented by FBI) and International Banking & Money Laundering Program (presented by the DHS Federal Law Enforcement Training Center). ILEA Gaborone trains approximately 500 students annually.

**Asia.** ILEA Bangkok (Thailand) opened in March 1999. The ILEA focuses on enhancing the effectiveness of regional cooperation against the principal transnational crime threats in Southeast Asia—illicit drug-trafficking, financial crimes, and alien smuggling. The ILEA provides a core course (the Supervisory Criminal Investigator Course or SCIC) of management and technical instruction for supervisory criminal investigators and other criminal justice managers. In addition, this ILEA presents one Senior Executive program and approximately 18 specialized courses—lasting one to two weeks—in a variety of criminal justice topics. The principal objectives of the ILEA are the development of effective law enforcement cooperation within the member countries of the Association of Southeast Asian Nations (ASEAN), East Timor and China (including Hong Kong and Macau), and the strengthening of each country's criminal justice institutions to increase their abilities to cooperate in the suppression of transnational crime.

Instruction is provided to participants from Brunei, Cambodia, China, East Timor, Hong Kong, Indonesia, Laos, Macau, Malaysia, Philippines, Singapore, Thailand and Vietnam. Subject matter experts from the United States, Hong Kong, Japan, Netherlands, Philippines, and Thailand provide

instruction. ILEA Bangkok has offered specialized courses on money laundering/terrorist financing-related topics such as Computer Crime Investigations (presented by FBI and DHS/Bureau of Customs and Border Protection (BCBP) and Complex Financial Investigations (presented by IRS, DHS/BCBP, FBI and DEA). Approximately 600 students participate annually.

**Europe.** ILEA Budapest (Hungary) opened in 1995. Its mission has been to support the region's emerging democracies by combating an increase in criminal activity that emerged against the backdrop of economic and political restructuring following the collapse of the Soviet Union. ILEA Budapest offers three different types of programs: an eight-week Core course, Regional Seminars and Specialized courses in a variety of criminal justice topics. Instruction is provided to participants from Albania, Armenia, Azerbaijan, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Trainers from 17 federal agencies and local jurisdictions from the United States and also from Hungary, Canada, Germany, United Kingdom, Netherlands, Ireland, Italy, Russia, Interpol and the Council of Europe provide instruction. ILEA Budapest offered specialized courses on money laundering/terrorist financing-related topics such as Investigating/Prosecuting Organized Crime and Transnational Money Laundering (both presented by DOJ/OPDAT). ILEA Budapest trains approximately 950 students annually.

**Global.** ILEA Roswell (New Mexico) opened in September 2001. This ILEA offers a curriculum comprised of courses similar to those provided at a typical Criminal Justice university/college. These three-week courses have been designed and are taught by academicians for foreign law enforcement officials. This Academy is unique in its format and composition with a strictly academic focus and a worldwide student body. The participants are mid-to-senior level law enforcement and criminal justice officials from Eastern Europe; Russia; the Newly Independent States (NIS); Association of Southeast Asian Nations (ASEAN) member countries; and the People's Republic of China (including the Special Autonomous Regions of Hong Kong and Macau); and member countries of the Southern African Development Community (SADC) plus other East and West African countries; the Caribbean, Central and South American countries. The students are drawn from pools of ILEA graduates from the Academies in Bangkok, Budapest, Gaborone and San Salvador. ILEA Roswell trains approximately 450 students annually.

**Latin America.** ILEA San Salvador was established in 2005. The training program for the newest ILEA is similar to the ILEAs in Bangkok, Budapest and Gaborone and will offer a six-week Law Enforcement Management Development Program (LEMMP) for law enforcement and criminal justice officials as well as specialized courses for police, prosecutors, and judicial officials. In 2007, ILEA San Salvador will deliver three LEMMP sessions and about 10 Specialized courses that will concentrate on attacking international terrorism, illegal trafficking in drugs, alien smuggling, terrorist financing, financial crimes, culture of lawfulness and accountability in government. Components of the six-week LEMMP training session will focus on terrorist financing (presented by the FBI), international money laundering (presented by DHS/ICE) and financial evidence/money laundering application (presented by DHS/FLETC and IRS). The Specialized course schedule will include courses on financial crimes investigations (presented by DHS/ICE) and anti-money laundering training (presented by IRS). Instruction is provided to participants from: Argentina, Barbados, Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela.

The ILEA Regional Training Center located in Peru will officially open in 2007. The center will augment the delivery of region-specific training for Latin America and will concentrate on specialized courses on critical topics for countries in the Southern Cone and Andean Regions.

## ***Board of Governors of the Federal Reserve System (FRB)***

An important component in the United States' efforts to combat and deter money laundering and terrorism financing is to verify that supervised organizations comply with the Bank Secrecy Act and have programs in place to comply with Office of Foreign Assets Control (OFAC) sanctions. The FRB, working with the other bank regulatory agencies, examines banking organizations under its supervision for compliance with these statutes. This task was advanced in 2005 with the issuance of the Federal Financial Institutions Examination Council (FFIEC) Bank Secrecy Act/Anti-Money Laundering Examination Manual, which was revised in 2006.

Internationally, the FRB conducted training and provided technical assistance to bank supervisors and law enforcement officials in anti-money laundering and counterterrorism financing tactics in partnership with regional supervisory groups or multilateral institutions. In 2006, the FRB provided training and/or technical assistance to regulators and bankers in Argentina and Mexico. In addition, the FRB hosted an Anti-Money Laundering Examination Seminar in Washington D.C. for bank supervisors from sixteen countries. Due to the importance that the FRB places on international standards, the FRB anti-money laundering experts participated regularly in the U.S. delegation to the Financial Action Task Force and the Basel Committee's cross-border banking groups. The experts also meet with industry groups to support industry best practices in this area.

The FRB also presented training courses on International Money Movements to domestic law enforcement agencies including the Internal Revenue Service, the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the Department of Homeland Security's Bureau for Immigration and Customs Enforcement, and the Drug Enforcement Administration, as well as at the Federal Law Enforcement Training Center.

## ***Drug Enforcement Administration (DEA), Department of Justice***

The International Training Section of the DEA conducts its International Asset Forfeiture and Money Laundering courses in concert with the Department of Justice (DOJ). In 2006, more than two hundred participants from The Netherlands, Brazil, South Korea, Spain, People's Republic of China, Singapore, and Russia received this training.

A wide range of DEA international courses contain training elements related to countering money laundering and other financial crimes. The basic course curriculum, which was conducted in Brazil, South Korea, China, and Russia addresses money laundering and its relation to asset identification, seizure and forfeiture techniques, financial investigations, the role of intelligence in financial investigations, document exploitation, and case studies with a practical exercise. The curriculum also includes overviews of U.S. asset forfeiture law, country specific forfeiture and customs law, and prosecutorial perspectives. The advanced course, conducted in The Netherlands, Spain, and Singapore included tracing the origin of financial assets, internet/cyber banking, terrorist financing, reverse undercover operations, electronic evidence and data exploitation, role of intelligence in money laundering investigations, and case studies. Additionally, a legal overview of U.S. methods of administrative, civil, and criminal forfeiture, along with asset sharing, liability, and ethical issues was presented.

The DEA training division also delivers training at the International Law Enforcement Academies in Bangkok, Budapest, Gaborone, and San Salvador. In addition, DEA presented a three-week International Narcotics Enforcement Management Seminar for officials from China, Laos, Philippines, New Zealand, Thailand, Indonesia, Fiji, South Korea, Vietnam, Malaysia, Singapore, Japan, Cambodia, Macau, Hong Kong, and Australia. The DEA Chief of Financial Operations presented a

block of training related to the Office of Financial Operations Mission; the stages of drug money flow; the role of U.S. based Financial Investigative Teams; and financial investigative initiatives.

In addition to the financial training described above, the DEA Office of Financial Operations provided anti-money laundering and/or asset forfeiture training in 2006 to officials from Ecuador, the People's Republic of China, Costa Rica, Spain, Mexico, Nicaragua, Latvia, and Canada.

## ***Federal Bureau of Investigation (FBI), Department of Justice***

During 2006, with the assistance of State Department funding, Special Agents and other subject matter experts of the FBI continued their extensive international training in terrorist financing, money laundering, financial fraud, racketeering enterprise investigations, and complex financial crimes. The unit of the FBI responsible for international training, the International Training and Assistance Unit (ITAU), is located at the FBI Academy in Quantico, Virginia. ITAU coordinates with the Terrorist Financing and Operations Section of the FBI's Counterterrorism Division, as well as other divisions within FBI Headquarters and in the field, to provide instructors for these international initiatives. FBI instructors, who are most often intelligence analysts, operational Special Agents or supervisory special agents from headquarters or the field, rely on their experience to relate to the international law enforcement students as peers and partners in the training courses.

The FBI regularly conducts training through International Law Enforcement Academies (ILEA) in Bangkok, Thailand; Budapest, Hungary; Gaborone, Botswana; and San Salvador, El Salvador. In 2006, the FBI delivered training in white collar crime investigations to 240 students from 15 countries at ILEA Budapest. At the ILEA in Bangkok, for the Supervisory Criminal Investigators Course, the FBI trained 45 students from Thailand. Similarly, at the ILEA San Salvador, the FBI provided terrorist financing training to 40 students from El Salvador, Panama, Costa Rica, and Ecuador.

The FBI also provided training to officials in the Bahamas, Thailand, Nigeria, Moldova, Suriname, Bulgaria, Tanzania, Indonesia, Jordan, Chile, Egypt, Czech Republic, Philippines, Pakistan, Malaysia, Bangladesh, Kuwait, and the United Arab Emirates. This training includes FBI participation in financial investigation and organized crime seminars that DOJ's Office of Overseas Prosecutorial Development delivered to 59 students in Suriname and Bulgaria. The FBI also delivered one-week terrorist financing and money laundering training initiatives that the FBI regularly conducts with the assistance of the Internal Revenue Service Criminal Investigative Division. This training was provided to 326 international students in 2006. For the first time, the FBI participated in IRS sponsored Financial Investigations Techniques/Money Laundering courses in Malaysia, Philippines, Bangladesh and Kuwait to 138 participants.

In other FBI training programs, the FBI included blocks of instruction on terrorist financing and/or money laundering for 38 students from 18 Latin American countries participating in the Latin American Law Enforcement Executive Development Seminar and for 24 students from 11 Middle Eastern and Northern African countries participating in the first Arabic Language Law Enforcement Executive Development Seminar. Both seminars were conducted at the FBI Academy. Terrorist Financing instruction was also included in the FBI's Pacific Training Initiative, which served 50 participants from 10 countries, to include Australia, Cambodia, China, Japan, Korea, Micronesia, Pakistan, Philippines, Singapore, and Thailand.

## ***Federal Deposit Insurance Corporation (FDIC)***

In 2006, the FDIC continued to work in partnership with several agencies to combat money laundering and the global flow of terrorist funds. Additionally, the agency planned and conducted missions to

assess vulnerabilities to terrorist financing activity worldwide, and developed and implemented plans to assist foreign governments in their efforts in this regard. To accomplish that objective, the FDIC has 37 individuals available to participate in foreign missions. Periodically, FDIC management and staff meet with supervisory and law enforcement representatives from various countries to discuss anti-money laundering (AML) issues, including examination policies and procedures, the USA PATRIOT Act and its requirements, the FDIC's asset forfeiture programs, suspicious activity reporting requirements, and interagency information sharing mechanisms. In 2006, the FDIC gave such presentations to representatives from Malaysia, Australia, Armenia and India.

In September 2006, in partnership with the Department of State, the FDIC hosted 20 individuals from Iraq, Afghanistan, Yemen, Kenya, and South Africa. The session focused on AML and counter terrorist financing, including the examination process, customer due diligence, and foreign correspondent banking. In December 2006, the FDIC participated in an interagency Financial Systems Assessment Team (FSAT) to Bosnia. The group reviewed the country's AML law and provided information in the areas of customer identification programs, financial intelligence units and the monitoring of nonbank financial institutions.

In December 2006, the FDIC partnered with the Financial Services Volunteer Corp to provide technical assistance to the government of Russia by reviewing its AML legislation and delivering a presentation on the U. S. AML regime from a financial regulatory perspective. FDIC staff reviewed and advised the Russian central bank, financial intelligence unit, and legislature regarding amendments to their AML law. FDIC staff also delivered a presentation at the Eurasian Group seminar in Moscow, Russia in 2006. During 2006, the FDIC also assisted in an interagency assessment of identifying AML/CFT vulnerabilities in South Africa's financial, legal, and law enforcement systems. Additionally FDIC reviewed draft AML legislation for Paraguay in 2006.

### ***Financial Crimes Enforcement Network (FinCEN), Department of Treasury***

FinCEN, the U.S. Financial Intelligence Unit (FIU), a bureau of the U.S. Department of the Treasury, coordinates and provides training and technical assistance to foreign nations seeking to improve their capabilities to combat money laundering, terrorist financing, and other financial crimes. FinCEN's particular focus is the creation and strengthening of FIUs—a valuable component of a country's anti-money laundering/counterterrorism financing (AML/CTF) regime. FinCEN's international training program has two primary focuses: (1) instruction and presentations to a broad range of government officials, financial regulators, law enforcement officers, and others on the subjects of money laundering, terrorist financing, financial crime, and FinCEN's mission and operation; and (2) specific training to FIU counterparts regarding FIU operations and analysis training via personnel exchanges and FIU development seminars. Much of FinCEN's work involves strengthening existing FIUs and the channels of communication used to share information to support anti-money laundering investigations. Participation in personnel exchanges (from the foreign FIU to FinCEN and vice versa), delegation visits to foreign FIUs, and regional and operational workshops are just a few examples of FinCEN activities designed to assist and support FIUs.

In 2006, FinCEN hosted representatives from approximately 60 countries. These visits, typically lasting one to two days, focused on topics such as money laundering trends and patterns, the Bank Secrecy Act, USA PATRIOT Act, communications systems and databases, case processing, and the goals and mission of FinCEN. Representatives from foreign financial and law enforcement sectors generally spend one to two days at FinCEN learning about money laundering, the U.S. AML regime and reporting requirements, the national and international roles of a financial intelligence unit, and various other topics.

Regarding assistance to nascent FIUs that are not yet members of Egmont, FinCEN hosts FIU-orientation visits and provides training and mentoring on FIU development. In 2006, at the invitation of FinCEN's Director, a delegation from India's nascent Financial Intelligence Unit (FIU-IND) and representatives from Jordan's Central Bank were hosted by FinCEN for week-long seminars that included an overview of FinCEN's operations and programs and briefings from various other U.S. agencies brought in by FinCEN (OFAC, IRS-CI, FDIC, Secret Service, and FBI) to discuss the U.S. AML/CFT regime.

For those FIUs that are fully operational, FinCEN's goal is to assist the unit in increasing effectiveness, improving information sharing capabilities, and better understanding the phenomena of money laundering and terrorist financing. As a member of the Egmont Group of FIUs, FinCEN works closely with other member FIUs to provide training and technical assistance to countries and jurisdictions interested in establishing their own FIUs and having those units become candidates for membership in the Egmont Group. Additionally, FinCEN works multilaterally through its representative on the Egmont Technical Assistance Working Group to design, implement, and co-teach Egmont-sponsored regional training programs to both Egmont-FIUs and Egmont candidates.

In addition to hosting delegations for training on FinCEN premises, FinCEN conducts training courses and seminars abroad, both independently and in conjunction with other domestic and foreign agencies, counterpart FIUs, and international organizations. Occasionally, FinCEN's training and technical assistance programming is developed jointly with these other agencies in order to address specific needs of the jurisdiction/country receiving assistance. Topics such as FIU primary and secondary functions; regulatory issues; international case processing procedures; technology infrastructure and security; and terrorist financing and money laundering trends and typologies provide trainees with broader knowledge and a better understanding of the topics of money laundering and terrorism financing. By way of example, as a follow-up to Romania's visit to FinCEN in 2005, FinCEN at the invitation of U.S. Embassy in Bucharest participated in a financial investigations seminar co-sponsored by the Romanian FIU and the Romanian National Anti-Corruption Department. FinCEN also prepared and delivered a training module on money laundering, FIUs and international cooperation in Spanish which was given at the ILEA in San Salvador., involving participants from Ecuador, Costa Rica, El Salvador and Panama.

Core analytical training to counterpart FIUs is conducted both on FinCEN premises and abroad, often in conjunction with other U.S. agencies. FinCEN's analytical training program, typically delivered over the course of one to two weeks, provides foreign analysts with basic skills in critical thinking and analysis; data collection; database research; suspicious transactions analysis; the intelligence cycle; charting; data mining; and case presentation. As Nigeria's sponsor for Egmont membership, FinCEN devoted three analysts to provide two weeks of analytical training to the newly formed FIU in Abuja in August 2006. The training, which consisted of basic analysis theory and charting techniques, was delivered to the FIU as well as other agencies, from intelligence to regulatory to enforcement.

Over the last twelve months, in an effort to reinforce the sharing of information among established Egmont-member FIUs, FinCEN conducted personnel exchanges with a number of Egmont Group members: Albania, Canada, and Chile. These exchanges offer the opportunity for FIU personnel to see first-hand how another FIU operates; develop joint analytical projects and other strategic initiatives; and also to work jointly on on-going financial crimes cases. The participants in these exchanges share ideas, innovations, and insights that lead to improvements in such areas as analysis, information flow, and information security at their home FIUs, in addition to deeper and more sustained operational collaboration.



## ***Immigration and Customs Enforcement, Department of Homeland Security (DHS)***

During 2006, U.S. Immigration and Customs Enforcement (ICE), Financial Investigations Division and the Office of International Affairs delivered money laundering/terrorist financing, and financial investigations training to law enforcement, regulatory, banking and trade officials from more than 100 foreign countries. The training was conducted in both multilateral and bilateral engagements. ICE money laundering and financial investigations training is based on the broad experience achieved while conducting international money laundering and traditional financial investigations techniques as part of the U.S. Customs Service (USCS) legacy.

Using State Department INL funding, ICE provided bilateral training and technical assistance on the interdiction and investigation of bulk cash smuggling, for more than 200 officials in the Philippines, Paraguay, Pakistan, Tanzania, Malaysia, and Indonesia. The training was conducted in furtherance of the Financial Action Task Force (FATF) on Money Laundering, Special Recommendation IX on Cash Couriers.

ICE conducted financial investigation/money laundering training programs for more than 300 participants at the State Department sponsored International Law Enforcement Academy (ILEA) locations in El Salvador, Thailand, and Botswana. The specialized training was given three times each at the ILEAs in El Salvador and Botswana, and once in Thailand.

ICE also provided training to foreign police, judicial, banking and public sector officials at seminars and conferences sponsored by the FATF, the Caribbean Financial Action Task Force and the Asia/Pacific Group on Money Laundering Under the auspices of these multinational organizations, ICE delivered training on money laundering, financial investigations, bulk cash smuggling, and trade based money laundering to officials from more than 100 countries.

With INL funding, ICE worked to expand the network of foreign Trade Transparency Units (TTU) beyond Colombia. With ICE established TTU's in the Tri-border area countries of Brazil and Argentina. ICE also exchanged trade data with the Government of Paraguay and ICE is in the process of establishing a TTU for that nation.

ICE updated the technical capabilities of Colombia's TTU and trained new TTU personnel, to include members of the Financial Intelligence Unit (FIU). Additionally, ICE strengthened its relationship with the Colombian TTU by deploying temporary duty personnel to work onsite and provide training. This action had an immediate, positive impact on information sharing between the U.S. and Colombia and resulted in ongoing joint criminal investigations.

TTUs identify anomalies related to cross-border trade that are indicative of international trade-based money laundering. TTUs generate, initiate and support investigations and prosecutions related to trade-based money laundering, the illegal movement of criminal proceeds across international borders, alternative money remittance systems, and other financial crimes. By sharing trade data, ICE and participating foreign governments are able to see both sides of import and export transactions for commodities entering or exiting their countries. This makes trade transparent and assists in the investigation of international money launderers and money laundering organizations.

## ***Internal Revenue Service (IRS), Criminal Investigative Division (CID) Department of Treasury***

In 2006, the IRS Criminal Investigative Division (IRS-CID) continued its involvement in international training and technical assistance efforts designed to assist international law enforcement officers in

detecting criminal tax, money laundering and terrorism financing. With funding provided by the Department of State, IRS-CID delivered training through agency and multi-agency technical assistance programs to international law enforcement agencies. Training consisted of basic and advanced financial investigative techniques as needed. IRS-CID provided instructor and course delivery support to the International Law Enforcement Academies (ILEAs) in Bangkok, Thailand; Budapest, Hungary; Gaborone, Botswana; and San Salvador, El Salvador.

At ILEA Bangkok, IRS-CID participated in one Supervisory Criminal Investigator Course (SCIC) and was the coordinating agency of the Complex Financial Investigations (CFI) course. CFI is provided to senior, mid-level, and first-line law enforcement supervisors and officers from the countries of Cambodia, Hong Kong, Indonesia, Macau, Malaysia, Republic of China, Philippines, Singapore, Thailand, Timore-Leste, and Vietnam.

At ILEA Budapest, IRS-CID participated in six sessions, ILEA 53-58. For ILEA 58 IRS-CID provided a class coordinator to coordinate and supervise the daily duties and activities of the participants. The countries that participated in these classes are Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Macedonia, Montenegro, Moldova, Romania, Russia, Serbia, Tajikistan, and Ukraine.

IRS-CID participated in five Law Enforcement Executive Development (LEED) programs LEED 17-21 at ILEA Gaborone. Countries that participated in these classes are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Djibouti, Ethiopia, Kenya, Seychelles, Uganda, Nigeria, Cameroon, Comoros, Republic of the Congo, Democratic Republic of Congo (DRC), Gabon, and Madagascar. IRS-CID participated in two Latin America's Law Enforcement Development (LEMED) programs, LEMED 002 and 003 at ILEA San Salvador. LEMED stresses the importance of conducting a financial investigation to further develop a large scale, criminal investigation.

IRS-CID conducted Financial Investigative Techniques (FIT) courses in Malaysia, Peru, and Philippines. These programs focused on Financial Investigative Techniques while investigating criminal tax, money laundering and terrorism financing investigations. The twenty-four participants that attended the week long course included members of the Royal Malaysian Police, Inland Revenue Board, members of the Intelligence and Special Investigative Unit, Central Bank of Malaysia, Ministry of Finance, and Customs. Two one-week classes were presented in Lima, Peru, to forty (40) law enforcement officials, prosecutors and judges from Peru and Brazil. The curriculum was designed to parallel the progress of a simulated case exercise. The week-long course in Manila, Philippines attended by forty-three (43) participants from twenty-five (25) different organizations completed FIT training. The curriculum consisted of techniques focusing on money laundering with attention called to the unlawful activities of drug trafficking, public corruption, terrorism financing and kidnapping for ransom.

In Kuwait, IRS-CID presented a one-week conference with a total of forty seven participants from seventeen different federal agencies and banks. In Dhaka, Bangladesh IRS-CID conducted both a one-week basic and a one-week advanced course, which provided a more in-depth, and comprehensive look at financial investigations. In accordance with the International Criminal Investigative Training Assistance Program (ICITAP) IRS-CID conducted six advanced money laundering classes in Bogotá, Colombia. This training provided along with the Federal Law Enforcement Training Center (FLETC), was the first multi-agency joint effort to develop, coordinate and instruct an advanced money laundering course based on the new accusatory judicial system in Colombia. Along with the participation of the Attaché in Bogotá, approximately 144 judges, magistrates, government attorneys, and law enforcement officers received instruction on financial investigative techniques focusing on working a case from start to completion.

IRS-CID continued to assist the FBI in delivering multiple one-week courses on anti-money laundering and antiterrorism financing. During 2006, the course was successfully delivered to participants in Tanzania, Indonesia, United Arab Emirates, Jordan, Egypt, Philippines, and Pakistan. In conjunction with the Office of Overseas Prosecutorial Development Assistance and Training (OPDAT), IRS-CID presented an Asset Forfeiture Unit course. Participants included 140 participants composed of advocates, investigators and administrative personnel of the National Prosecuting Authority of South Africa.

The National Criminal Investigation Training Academy (NCITA) hosted a delegation of four investigators from Her Majesty's Revenue & Customs (HMRC) of the United Kingdom for a week long Money Laundering Investigations Workshop. The delegates received presentations on money laundering investigative methods. The HMRC delegation also visited the Savannah CID Field Office and met with prosecutors at the U.S. Attorneys Office in Savannah (Southern Judicial District of Georgia).

The IRS-CID Mexico Attaché assisted with the coordination and served as a liaison between Treasury Office of Technical Assistance Representatives and the Mexican Government Attorney Generals Office's (PGR) Money Laundering Unit Director during an Advanced Money Laundering training session for various Mexican Officials, to include prosecutors, judges, attorneys and investigators. In addition, the IRS-CID Mexico Attaché participated in a Money Laundering/Terrorist Financing Awareness Conference sponsored by the Panama Financial Investigative Unit before an audience of approximately 230 law enforcement officials from that country. This conference was sponsored by the Narcotics Affairs Section (NAS) of the U.S. Embassy and the Drug Enforcement Agency (DEA) Office in Panama. IRS-CID Hong Kong Attaché coordinated and supported a Financial Investigative Techniques/Anti-Money Laundering course in Macau in 2006. It was a week long course for approximately 45 law enforcement and regulatory participants from Macau, China.

### ***Office of the Comptroller of the Currency (OCC), Department of Treasury***

The Office of the Comptroller of the Currency charters, regulates and supervises all national banks and federal branches and agencies of foreign banks. The OCC's nationwide staff of examiners conducts on-site reviews of national banks and provides sustained supervision of bank operations. They review, among other things, the bank's internal controls, internal and external audit and compliance with law, including Bank Secrecy Act (BSA) and anti-money laundering (AML) compliance.

The OCC offers three internal courses for examiners that have significant BSA/AML components; these are the Basic Consumer Compliance School, Bank Supervision School and FinCEN Database Training. The OCC also periodically develops and provides other BSA/AML training to examiners as needed, such as the Federal Financial Institutions Examination Council BSA/AML Examination Manual.

In addition to hosting BSA/AML Schools for OCC examiners, the OCC offers its AML School to foreign bank supervisors. The OCC conducted and sponsored a number of anti-money laundering (AML) training initiatives for foreign banking supervisors during 2006. In August 2006, the OCC sponsored an Anti-Money Laundering/Anti Terrorist Financing School in Washington, D.C. The school was designed specifically for foreign banking supervisors to increase their knowledge of money laundering and terrorist financing activities and of how these acts are perpetrated. The course provided a basic overview of AML examination techniques, tools, and case studies. Twenty-two banking supervisors from the following countries were in attendance: Argentina, Bahrain, Canada, Cayman Islands, Croatia, Czech Republic, Mexico, Netherlands, Nigeria, Panama, Philippines, Singapore, Slovenia, Turkey, and United Kingdom.

In October 2006, the OCC provided an instructor to the IMF sponsored Anti-Money Laundering/Combating Terrorist Financing Workshop for the Eastern Caribbean Central Bank in St. Kitts, W.I. The workshop was designed specifically for foreign banking supervisors to increase their knowledge of money laundering and terrorist financing activities and how these acts are perpetrated. The course provided a basic overview of AML examination techniques, tools and case studies. Twenty-one banking supervisors from the Eastern Caribbean Central Bank and off-shore bank regulators attended the workshop. The ECCB is the monetary authority for a group of eight islands—Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines.

OCC officials participated in numerous international conferences on combating money laundering. For example, in February and March of 2006, OCC officials were part of a body of U.S. regulators presenting to the international audiences at the Florida International Bankers Association and the Money Laundering Alert's International Conference on Combating Money Laundering. In addition, the OCC's senior compliance official was a guest speaker at the Inaugural Conference on Combating Money Laundering and Terrorist Financing by the U.S.-Middle East/North Africa Private Sector Dialogue group that was held in Cairo Egypt with over 300 participants from 23 countries.

***Office of Overseas Prosecutorial Development, Assistance and Training, the Asset Forfeiture and Money Laundering Section, & Counterterrorism Section (OPDAT, AFMLS, and CTS)), Department of Justice***

**Training and Technical Assistance**

The Office of Overseas Prosecutorial Development, Assistance and Training (OPDAT) section is the office within the Justice Department that assesses, designs and implements training and technical assistance programs for our criminal justice sector counterparts overseas. OPDAT draws upon components within the Department, such as the Asset Forfeiture and Money Laundering Section (AFMLS) and the Counterterrorism Section (CTS), to provide programmatic expertise and to develop good partners abroad. Much of the training provided by OPDAT and AFMLS is provided with the assistance of the Department of State's funding.

In 2006, OPDAT provided technical assistance in the areas outlined below. In addition to programs that are targeted to each country's specific needs, OPDAT also provides long term, in-country assistance through Resident Legal Advisors (RLAs). RLAs are federal prosecutors who provide in-country technical assistance to improve the skills, efficiency and professionalism of foreign criminal justice systems. RLAs normally live in a country for one or two years to work with counterparts such as ministries of justice, prosecutors and the courts. To promote reforms in the criminal justice system, RLAs provide assistance in legislative drafting, modernizing institutional policies and practices, and training criminal justice sector components. For all programs, OPDAT draws on the expertise of the Department of Justice's Criminal Division, National Security Division, and other components as needed. OPDAT works closely with AFMLS, the lead Justice section that provides countries with technical assistance in the drafting of money laundering and asset forfeiture statutes compliant with international standards.

## Money Laundering/Asset Forfeiture

During 2006, the Justice Department's OPDAT and AFMLS continued to provide training to foreign prosecutors, judges and law enforcement, and assistance in drafting anti-money laundering statutes compliant with international standards. The assistance provided by OPDAT and AFMLS enhances the ability of participating countries to prevent, detect, investigate, and prosecute money laundering, and to make appropriate and effective use of asset forfeiture. The content of individual technical assistance varies depending on the specific needs of the participants, but topics addressed in 2006 included developments in money laundering legislation and investigations, complying with international standards for anti-money laundering/counterterrorist financing regimes, illustrations of the methods and techniques to effectively investigate and prosecute money laundering, inter-agency cooperation and communication, criminal and civil forfeiture systems, the importance of international cooperation, and the role of prosecutors.

AFMLS provides technical assistance directly in connection with legislative drafting on all matters involving money laundering, asset forfeiture and the financing of terrorism. During 2006, AFMLS provided such assistance to 16 countries and actively participated in the drafting of the forfeiture provisions for the OAS/CICAD Model Regulations. AFMLS continues to participate in the UN Working Group to draft a model nonconviction based asset forfeiture law and the G-8 working groups on corruption and asset sharing and the CARIN Group on asset recovery.

AFMLS provided training to government officials concerned with money laundering and asset forfeiture issues in Azerbaijan, Andorra; Bangladesh, Brazil; Bulgaria; Estonia; Kosovo, Macedonia, Peru, the Republic of Korea, Sri Lanka, and Turkey. These officials attended in-depth sessions on money laundering and international asset forfeiture. Additionally, in 2006, AFMLS provided technical assistance to Afghanistan, Albania, Bangladesh, Brazil, Bulgaria, Pakistan, Indonesia, Iraq, Kenya, Kosovo, Malawi; Sri Lanka, the Republic of Korea, Tanzania, Thailand, and Turkey.

In an effort to improve international cooperation, AFMLS, in conjunction with the Italian Ministry of Justice, co-hosted a conference in Rome, Italy, April 4-6, 2006, on International Forfeiture Cooperation for prosecutors and investigators to discuss "What Works? What doesn't and Why?" Practitioners and other experienced government officials from Austria, Brazil, Canada, Denmark, Estonia, France, Guernsey, Hong Kong, Isle of Man, Ireland, Israel, Luxembourg, the Netherlands, South Africa, Sweden, United Kingdom and the United States participated. This conference brought practitioners and international experts, including representatives from Egmont, Eurojust and the private sector, together to share experiences and ideas to provide practical tools to further international cooperation in forfeiture.

With the assistance of Department of State funding, in 2006 OPDAT provided training to government officials on money laundering and financial crime related issues in more than eleven countries, including Romania, Slovenia, Nigeria, South Africa, Suriname, Malawi, Azerbaijan, and Albania. OPDAT RLAs in these countries organized in-country seminars on money laundering, asset forfeiture, terrorist financing and financial crime investigations and prosecutions.

In February 2006, OPDAT conducted a three-day conference on financial crimes, asset forfeiture and money laundering in Abuja, Nigeria, for approximately 50 Nigerian prosecutors and police. Topics included money laundering, asset forfeiture, financial investigations, prosecuting complex financial cases, and offshore banking and electronic funds transfer systems.

In February and March 2006, OPDAT organized a series of three anti-money laundering/counterterrorist financing workshops conducted by AFMLS in Ankara, Antalya, and Istanbul, Turkey, for approximately 100 Turkish prosecutors and investigators. The workshops focused on providing an interactive platform for participants to examine the tools (legislative, investigative, prosecutorial) available in financial crime cases.

In April 2006, OPDAT RLA to Bosnia and Herzegovina organized two financial crimes training seminars in Sarajevo, Bosnia and Herzegovina. Each of the two-day sessions included an in depth examination of current issues regarding financial and transnational crimes. The seminars explored various investigative techniques (money laundering detection, asset forfeiture) and the roles of different agencies (prosecutors, finance police, financial intelligence units, bank regulators).

In May 2006, OPDAT conducted an intensive three-day workshop in Paramaribo, Suriname, on best practices for financial investigations and prosecutions. The OPDAT training team, consisting of a U.S. federal prosecutor and an FBI special agent, presented the course to an audience of Surinamese prosecutors, investigators, and a legislative expert.

In July 2006, OPDAT deployed its new RLA to Azerbaijan. The RLA placed renewed emphasis on establishing a legal framework in Azerbaijan to investigate and prosecute money laundering, terrorist financing and financial crimes, including pushing for the passage of the draft AML/CFT law and the creation of a financial intelligence unit (FIU). Passage of a comprehensive AML/CFT (Anti-Money Laundering/Counter-Financing Terrorism) law and the development of an FIU that complies with international standards are significant USG priorities for Azerbaijan. OPDAT and AFMLS have provided detailed technical assistance on the draft AML/CFT law for the last year, but the draft appeared stalled. In late 2006, the RLA identified several specific obstacles to passage of this law and strategies to overcome them, with the goal of seeing the AML/CFT law passed by the end of the first quarter of 2007. These steps included engaging the government of Azerbaijan (GOAJ) at multiple levels, and creating opportunities to substantively assist the GOAJ in areas that were holding up the passage of the law. In furtherance of this strategy, the RLA took a delegation of Azerbaijani officials to an anti-money laundering conference sponsored by the SECI Center held in Moldova in September 2006. This conference impressed the Azerbaijani delegation with the progress being made by many other countries in the region and stressed the need to move forward with their own legislation in a timely manner. The RLA also coordinated with the President's Office and the Council of Europe to organize a comprehensive conference on the creation of a FIU in Azerbaijan—an issue that is significantly delaying the passage of the AML/CFT. In October 2006, the OPDAT RLA, in collaboration with AFMLS, organized the aforementioned FIU conference in Baku, Azerbaijan, for an audience of over 50 participants from a dozen different ministries and agencies, including the National Bank, the Prosecutors Office and the President's Office.

In July 2006, OPDAT RLA to South Africa coordinated a training session with participation by AFMLS for all the members of the South African Asset Forfeiture Unit (AFU). In August 2006, the RLA also arranged for three financial investigators from the AFU to attend a U.S.-based financial investigation training in New York City provided by AFMLS. All reports point to the fact that the training was substantive and very relevant to the work of an AFU investigator. These three talented investigators are now positioned as resources on financial investigation techniques for the rest of the AFU investigators and the core financial investigation competency of the AFU has increased. Of particular note during this period was the OPDAT conference on organized crime (August 28-September 1) that was attended by the National Prosecution Service and the Scorpions. For the first time and at the direction of the OPDAT RLA, attorneys from the AFU helped plan the conference and participated in the program. As a result, the conference educated South African prosecutors on the importance of prosecution components (National Prosecution Service and the Scorpions) calling upon the expertise and involvement of the AFU in the early stages of important investigations. This will help meet the AFU goal of increasing the amount of illicit proceeds that are recovered by the AFU in conjunction with significant criminal prosecutions. According to the Chief of the Pretoria Division of the AFU, the OPDAT program finally made the AFU a full law enforcement partner.

As part of Plan Colombia, in 2006, OPDAT continued to provide assistance to enhance the capability of Colombia's National Asset Forfeiture and Money Laundering Task Force to investigate and prosecute money laundering and other complex financial crimes, and to execute the forfeiture of

profits from illegal narcotics trafficking and other crimes. These efforts are complemented by a comprehensive long-range program to assist the country's judges, prosecutors and investigators in making the transition from the inquisitorial to the accusatory system

In October-November 2006, OPDAT in cooperation with the Federal Bureau of Investigation organized a week-long anti-money laundering U.S.-based study tour in Washington, DC, for a 15-person, senior-level Malaysian delegation headed by the Solicitor General of Malaysia and the Inspector General of the Royal Malaysia Police. The delegation consisted of officials from the Attorney General's Chambers, Royal Malaysia Police, Anti-Corruption Agency, Central Bank of Malaysia, Ministry of Finance, as well as representatives from other law enforcement and legal agencies. The program focused on the legal aspects surrounding money laundering investigations and prosecutions, as well as asset forfeiture and the management and disposal of forfeited properties.

### **Organized Crime**

During 2006, OPDAT organized a number of programs for foreign officials on transnational or organized crime, which included such topics as corruption, money laundering, implementing complex financial investigations and special investigative techniques within a task force environment, international standards, legislation, mutual legal assistance, and effective investigation techniques.

OPDAT RLAs continued to support Bosnia's Organized Crime Anti-Human Trafficking Strike Force and the Strike Force's working relationship with officials in Albania, Bulgaria, Kosovo, Macedonia, Montenegro, and Serbia—through mentoring and training programs on investigating and developing organized crime case strategies.

In February 2006, OPDAT RLA to Albania organized training for 40 prosecutors on the organized crime amendments to the Albanian Criminal Procedure Code. This training was part of a series of trainings for all 250 prosecutors in the nation, addressing the host of new anti-organized crime laws and Code amendments that were enacted in 2004.

Also in February 2006, OPDAT conducted a three-day conference on investigating and prosecuting terrorism and other organized crimes in Manila, Philippines. The program focused on familiarizing 22 Filipino judges, prosecutors, and investigators with methods of combating transnational organized crime and terrorism offenses, including effective investigative and prosecutorial techniques.

In March 2006, an OPDAT RLA to Macedonia organized a two-week U.S.-based study tour program on combating organized crime for a ten-member delegation from Macedonia, which consisted of seven prosecutors and three judges. The program focused on familiarizing the Macedonians with collecting evidence and building organized crime cases, especially in cases relating to trafficking in persons, corruption, narcotics, financial crime and money laundering, as well as related asset forfeiture.

In June 2006, OPDAT conducted a week-long program on combating prosecuting organized crime in Hanoi, Vietnam, for an audience of 35 Vietnamese judges, prosecutors and investigators. The program focused on the methods of combating transnational organized crime, including effective investigative and prosecutorial techniques.

In July 2006, OPDAT's RLA to Serbia organized a three-day seminar for 30 Serbian prosecutors and police officials focused on the task force approach to combating organized crime and corruption.

In September 2006, OPDAT deployed an Intermittent Legal Advisor (ILA) to Pretoria, South Africa, for a three-month assignment that focuses on assisting the South African prosecution authority in its efforts to combat organized crime. The same ILA has already completed several previous three to six-month tours of duty in South Africa. Throughout these tours of duty, the ILA developed and began implementing several iterations of a training program for prosecutors on combating organized crime and racketeering. The ILA has already trained nearly 500 prosecutors at several sessions all over the

country. In addition, the ILA is meeting with prosecutors and investigators throughout the country and conducting case audits. During this process the potential use of the South African racketeering statute is discussed. The statute is the South African equivalent of the U.S. RICO statute that has been so effective in combating organized crime in the U.S. As a result of these consultations the prosecutorial use of the racketeering statute in charging crimes has increased dramatically. Much of this increase can be attributed directly to the ILA's work in South Africa.

### **Fraud/Anticorruption**

In 2005, OPDAT placed two RLAs overseas in Indonesia and Nicaragua to provide technical assistance on a long-term basis specifically on corruption cases. In 2006, both RLAs continued to provide technical assistance on anticorruption matters for prosecutors and investigators to improve their investigative and prosecutorial abilities to combat public corruption. In Nicaragua, OPDAT RLA supported the creation of a vetted Anti-Corruption and Money Laundering Unit ("Task Force") that consists of members of the Nicaraguan National Police and the Attorney General's Office who are tasked with investigating money laundering and other corruption-related crimes. The RLA is helping train the Nicaraguan anticorruption specialists, making the Task Force a cornerstone in the U.S.-Nicaragua cooperation in the fight against corruption. The RLA is providing technical assistance and training to the Task Force and serves as a conduit of information between the unit and U.S. law enforcement agencies.

In May 2006, OPDAT in collaboration with AFMLS and the General Secretariat of the Organization of American States (OAS), held a seminar on the recovery of the proceeds of the acts of corruption in Miami, Florida. The workshop was in line with the G-8 and Summit of the Americas commitments to deny safe haven and assets to those who are corrupt and to those who corrupt them.

Also in May 2006, the OPDAT RLA to Indonesia organized a one-day workshop on investigating and prosecuting corruption cases in Bogor, Indonesia. The assembled 59 participants included police investigators, prosecutors, and auditors from the state auditing agency. The one-day workshop focused on familiarizing the participants with investigative and prosecutorial strategies for public corruption cases, which are not commonly used in Indonesia.

In May-June 2006, the OPDAT RLA to Bosnia and Herzegovina sponsored a three-day seminar on tax fraud cases for prosecutors and tax administrators in Sarajevo, Bosnia & Herzegovina. The 60 participants in the program included prosecutors and tax administrators from the various districts and regions of the country. The seminar taught the participants the basics of investigating and prosecuting tax fraud cases. In addition, it promoted cooperation and communication between the two groups.

### **Terrorism/Terrorist Financing**

Since 2001 OPDAT, the DOJ's Counterterrorism Section (CTS), and AFMLS have intensified their efforts to assist countries in developing their legal infrastructure to combat terrorism and terrorist financing. OPDAT, CTS, and AFMLS, with the assistance of other Department of Justice (DOJ) components, play a central role in providing technical assistance to foreign counterparts both to attack the financial underpinnings of terrorism and to build legal infrastructures to combat it. In this effort, OPDAT, CTS, and AFMLS work as integral parts of the U.S. Interagency Terrorist Financing Working Group (TFWG) in partnership with the Departments of State, Treasury, Homeland Security's ICE, and several other DOJ components.

OPDAT currently has seven RLAs assigned overseas who are supported by the interagency Terrorist Financing Working Group (TFWG), co-chaired by State INL and S/CT. The RLAs are located in Bangladesh, Indonesia, Kenya, Pakistan, Paraguay, Turkey, and the United Arab Emirates. Working in countries where governments are vulnerable to or may even be complicit in terrorist financing, these



RLAs focus on money laundering and financial crimes and developing counterterrorism legislation that criminalizes terrorist acts, terrorist financing, and the provision of material support or resources to terrorist organizations. The RLAs also develop technical assistance programs for prosecutors, judges and, in collaboration with DOJ's International Criminal Investigative Training Assistance Program (ICITAP), police investigators, to assist in the implementation of new anti-money laundering and counterterrorist financing procedures.

In August 2003, OPDAT dispatched its first counterterrorism RLA to Asuncion, Paraguay, part of the Tri-Border area (with Brazil and Argentina) where the rather porous borders facilitate money laundering and bulk cash smuggling. The second counterterrorism RLA arrived in Nairobi, Kenya, in December 2004, to assist with terrorism legislation, training in complex financial crimes and, in general, to bolster the capacity of the prosecutor's office. Both RLAs have conducted significant legislative reform and/or training programs during their tenure. The Paraguay RLA in 2006 continued his focus on needed reforms to the Paraguayan Criminal Procedure Code, providing counsel and technical assistance to the legislative commission assigned with the task of reform.

In January 2006, OPDAT organized a trial advocacy course in Nairobi, Kenya, following the successful trial advocacy training provided by the OPDAT RLA in August 2005. In addition to U.S. prosecutors, U.S. judges and FBI agents, presenters included two prosecutorial trainers from the U.K. Crown Prosecution Service who provided a British perspective on Kenyan legal practice. After the first OPDAT RLA to Kenya departed Nairobi in November 2005, OPDAT sent out its second RLA to Kenya in May 2006. During his first few months in country, the RLA met with all the regional offices of the Department of Public Prosecutions, setting the stage for a country-wide prosecutorial training program. The RLA also monitored the progress of the pending Kenyan counterterrorism legislation, offering DOJ expertise in guiding the development of the counterterrorism strategy for Kenya and the region as needed.

In July 2006, OPDAT sent a new counterterrorism RLA to the United Arab Emirates (UAE) to work on financial crimes, terrorist financing, and money laundering issues. The RLA immediately engaged local officials responsible for money laundering and terror finance issues. The RLA held meetings with the Anti-Money Laundering and Financial Crimes Unit (AMLFCU) of the Dubai Police Department, Criminal Investigation Division, to discuss future training and collaboration. OPDAT expanded the UAE RLA portfolio to include assistance to other states in the Gulf Region in combating money laundering and terrorist financing. In September 2006, the RLA traveled to Kuwait and Jordan to meet with the key players in the Anti-Money Laundering/Terrorist Financing (AML/TF) field in the Kuwaiti and Jordanian governments. In November 2006, the RLA again traveled to Kuwait to discuss the possibility of providing training that would strengthen the Kuwaiti FIU and the capacity of Kuwaiti prosecutors and judges to combat financial crimes. As a result, the RLA is currently in the process of planning AML/CTF trainings in both Kuwait and Jordan, set to take place in early 2007.

In December 2006, OPDAT's RLA to the UAE also engaged with Saudi Arabian officials. The RLA was a member of the U.S. delegation to the U.S.-Saudi Arabia Strategic Dialogue Working Group sessions that took place December 3-5, 2006, in Riyadh. These consultations were focused on a bilateral exchange of ideas regarding possible future technical assistance programs involving the Saudi justice sector. The results were positive and future programs in Saudi Arabia on money laundering/counter terrorism financing (including perhaps charities regulation) are anticipated.

In March 2005, OPDAT placed its first RLA in South Asia at Embassy Dhaka with the goal of assisting the Government of Bangladesh in strengthening its anti-money laundering/terrorist financing regime, and improving the capability of Bangladeshi law enforcement to investigate and prosecute complex financial and organized crimes. During 2006, the RLA continued to provide assistance to Bangladeshi officials in their efforts to establish an effective anti-money laundering and terrorist financing regime. Specifically, the RLA continued her work on forming a financial crimes task force

and a Financial Intelligence Unit (FIU) to be housed in the central bank. The RLA achieved a major step forward on task force development when she facilitated the signing, by five relevant government agencies, of an inter-agency agreement promoting the creation of a task force for money laundering and terrorist financing cases. The signing came at the end of a two day retreat organized in September for just this purpose, bringing together the key figures at each relevant agency. The group consisted of the Bank of Bangladesh (the central bank), the Attorney General's Office, the Finance Ministry (the tax authority), Criminal Investigation Division CID), and the Home Affairs Ministry. The agreement sets forth the process by which anti-money laundering cases initiated by the central bank will be investigated and prepared for trial. Among the critically important agreed upon provisos: CID will designate 6 officers to work anti-money laundering/terrorist financing (AML/TF) cases and will also work with prosecutors throughout the investigation. The September retreat represented the culmination of six months of work by the RLA.

In October 2006, the Bangladeshi Law Minister (the country's lead prosecutor) designated four attorneys to handle money laundering and terrorist financing cases on the task force. The first money laundering investigations by the task force commenced in November, based on Bank of Bangladesh referrals to the CID of suspicious transaction reports. Training for the task force members continued throughout the quarter and into the second quarter of FY2007. In November, the RLA worked with a team from the IRS to provide two weeks of interactive training for officials from four agencies on accounting methods used to detect money laundering. In December, the prosecutors dedicated to the task force participated in a workshop with DOJ Asset Forfeiture and Money Laundering Section (AFMLS) Deputy Chief Linda Samuel; particular emphasis was given to working with these prosecutors on how to anticipate defense arguments in pre-trial and trial proceedings and prepare counter arguments.

OPDAT placed its first RLA in Indonesia in June 2005. In 2006, the RLA continued his work in providing assistance to the Indonesian Counter Terrorism Task Force (CTTF) to augment their advanced criminal procedures, criminal laws, and prosecutor skills to prepare and try complex terrorism and other organized crime cases. He also assisted the general prosecutors with skill-building and integrity development to ultimately enlarge the cadre of counterterrorism prosecutors. The RLA provided legislative drafting assistance and skills development seminars, and invited experts from other components of DOJ to demonstrate techniques for effective mutual legal assistance. Upon the departure of the first RLA in June 2006, OPDAT deployed its second Indonesia RLA to Jakarta in July 2006. The new RLA helped establish the Attorney General's Terrorism and Transnational Crime Task Force as an operational unit. He negotiated and arranged for the procurement and delivery approximately \$80,000 in office supplies and computers to the Task Force. As a result, the Task Force is now actively supervising cases against 21 defendants. The RLA also spoke at a regional counterterrorism conference in Makassar, Indonesia, on police/prosecutor cooperation—a major obstacle in Indonesia.

In September 2006, OPDAT deployed its first-ever RLA to Ankara, Turkey, with the goal of assisting Turkey to amend and implement effective money laundering legislation, and other related and potentially affected criminal statutes, codes, laws and regulations. In the same month, OPDAT also deployed its first ever RLA to Pakistan. The RLA spent his first month in country appraising the capacity of Pakistan's criminal justice system to function effectively. Since then, the Ambassador asked the RLA to place a heavy emphasis on laying the foundation with Pakistani prosecutors and investigators for future trainings on financial crimes.

In addition to the programs organized by the seven counterterrorism RLAs, in 2006 OPDAT conducted both bilateral and regional counterterrorism training programs. In June-July 2006, OPDAT RLA to Bosnia and Herzegovina conducted a nine-day study tour to the United States for thirteen members of the Counter-Terrorism Task Force (CTTF) of Bosnia and Herzegovina. The program introduced the delegation to the working procedures of U.S. inter-agency task forces, thereby

promoting cooperation and information sharing between and among Bosnian prosecutors and police agencies.

In April 2006, OPDAT conducted a South Asia regional seminar in Colombo, Sri Lanka, on safeguarding charities from abuse. Law enforcement officers, prosecutors, and financial sector officials from Sri Lanka, Afghanistan, Bangladesh, the Maldives, and Pakistan participated in the event. The conference stressed the importance of mutual cooperation in preventing the ability of terrorists to generate and disperse terrorist funds.

### **Justice Sector Reform**

In 2006 DOJ's Justice Sector Reform Program in Colombia focused on four specific areas: (1) continued assistance in implementation of accusatory system, (2) assistance in specialized areas of criminal law, (3) implementation of justice and peace law, and (4) security and protection programs. In 2006, DOJ trained over 1,000 prosecutors; 6,000 police; 300 judges; and 100 forensic scientists in the accusatory system and implementation of the new Colombian Criminal Procedure Code, most of who will be implementing the new Code in their respective judicial districts in 2007 as part of the gradual, region by region implementation of the new law. This training involved intensive, practical training in the concepts and legal underpinnings of an accusatory system and the new Code, as well as the technical skills and practical application necessary for implementation—crime scene management, forensic development and presentation of forensic evidence, witness interview, trial preparation, chain of custody and presentation of evidence at trial, trial techniques, investigation and prosecution strategy, police/prosecutor cooperation. DOJ also provided equipment to facilitate the implementation of the new Code. DOJ's assistance in specialized areas of criminal law included training for prosecutors, investigators, and forensic scientists in money laundering, antiskidnapping, sex crimes, anticorruption, forensic anthropology, intellectual property, and human rights. DOJ also provided equipment and operational funds to specialized units within the Prosecutor General's Office. DOJ initiated training and technical assistance as well as providing equipment, office and court facilities development, and operational funds for the Prosecutor General's Justice and Peace Unit tasked with the investigation, interviewing and prosecution of demobilized paramilitary members under the Justice and Peace law. DOJ also provided similar assistance to the Colombian magistrates who will be involved in the court proceedings under this law. In the area of protection, DOJ continued to provide judicial protection training to Colombian protection details and began a shift in this protection training and assistance to courtroom and courthouse security. Over 200 protection personnel were trained in 2006. In addition, DOJ placed a U.S. Marshals Service (USMS) official in the Embassy in Bogota to assist the Colombian Prosecutor General's Office to develop a viable witness protection program. The goal is to train over 100 protection personnel as well as to enhance the structure for a protection program.

OPDAT currently has eight Resident Legal Advisors (RLAs) in Iraq assisting the Iraqi justice sector in enhancing sustainable institutions built on rule of law principles, with plans to expand the program in the near future. Presently, two RLAs are stationed at the Embassy in Baghdad and six RLAs are deployed as Rule of Law Coordinators to Provincial Reconstruction Teams (PRTs) in Iraqi provinces, one each in Ninewa (Mosul), Tamim (Kirkuk), Babil (Hillah), Salah ad Din (Tikrit), and Baghdad. As members of the interdisciplinary reconstruction effort, OPDAT RLAs work with local police and judges to identify and overcome obstacles to effective, fair prosecutions. The RLAs stationed at the Embassy in Baghdad advise the Multi-National Corps—Iraq, the U.S. Embassy, the Central Criminal Court of Iraq, the Iraq Ministry of Justice, and the Iraqi Higher Juridical Council on criminal justice, rule of law, and judicial capacity building.

## ***Office of Technical Assistance (OTA), Treasury Department***

The Treasury Department's Office of Technical Assistance is located within the Office of the Assistant Secretary for International Affairs. OTA has five training and technical assistance programs: tax reform, government debt issuance and management, budget policy and management, financial institution reform, and, more recently, financial enforcement reform related to money laundering, and other financial crimes.

Sixty-three highly experienced intermittent and resident advisors comprise the Financial Enforcement Team. These advisors provide diverse expertise in the development of anti-money laundering/combating terrorist financing (AML/CTF) regimes, and the investigation and prosecution of complex financial crimes. The Financial Enforcement Team is divided into three regional areas: Europe and Asia; Africa and the Middle East; and the Americas. Each region is managed by a full-time regional director.

OTA receives funding from USAID country missions and direct appropriations from the U.S. Congress. OTA has been designated as the recipient of Millennium Challenge Corporation funding to provide assistance to a number of Threshold Countries to enhance their capacity to address corruption and related financial crimes.

### **Assessing Training and Technical Assistance Needs**

The goal of OTA's Financial Enforcement program is to build the capacity of host countries to prevent, detect, investigate, and prosecute complex international financial crimes by providing technical assistance in three primary areas: money laundering, terrorist financing, and other financial crimes; organized crime and corruption; and capacity building for financial law enforcement entities.

Before initiating any training or technical assistance to a host government, the OTA Enforcement team conducts a comprehensive assessment to identify needs and to formulate a responsive assistance program. These needs assessments address the legislative, regulatory, law enforcement, and judicial components of the various regimes, and include the development of technical assistance work plans to enhance a country's efforts to fight money laundering, terrorist financing, organized crime, and corruption. In 2006, such assessments were carried out in Ethiopia, Nigeria, Namibia, Mauritius, Seychelles, Kuwait, and Maldives.

### **Anti-Money Laundering and Antiterrorism Financing Training**

OTA specialists delivered anti-money laundering and antiterrorism financing courses to government and private sector stakeholders in a number of countries. These course components, included an overview of money laundering and financial crimes investigations; identifying and developing local and international sources of information; how banks and nonbank financial institutions operate, how they are regulated, and what records they keep and in what form; investigative techniques, including electronic surveillance and undercover operations; forensic evidence, including fingerprints, and ink and paper analysis; computer assistance; interviewing; case development, planning, and organization; report writing; and, with the assistance of local legal experts, rules of evidence, search, and seizure, as well as asset seizure and forfeiture procedures. OTA delivered such courses in several African countries, including Ethiopia, Lesotho, Malawi, Namibia, Senegal and Zambia. In Asia, OTA conducted financial investigative techniques training in Macau. OTA has also conducted several training sessions for Philippine border control agencies on bulk cash smuggling.

In Europe, OTA teams delivered a variety of technical assistance products, including financial investigation training programs in Bulgaria; anti-money laundering and antifraud training for the insurance and gaming industries in Romania; a "train-the-trainer" program on auditing techniques for

concerned officials in Armenia; assistance to develop the criminal tax enforcement capability of Croatia; investigative training for the financial police in Georgia; and anti-money laundering seminars for investigative agencies in Montenegro.

In the Caribbean, OTA delivered Phases II and III of a train-the-trainers initiative, begun in 2005 and centered on the Financial Investigative Techniques (FIT) course. Advisors presented the Phase I two-week course, comprising state-of-the-art techniques, to financial crimes investigators from Antigua and Barbuda, Bahamas, Barbados, Bermuda, Cayman Islands, Grenada, Guyana, Jamaica, St. Kitts & Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos. Brazil also attended this first phase training course at the REDTRAC training facility in New Kingston, Jamaica. In 2006, OTA met again with students it trained at REDTRAC in 2005, and provided them with Basic Instructor Training (BIT) to prepare them to teach the FIT course on their own. Following this training, OTA advisors mentored REDTRAC trainers as they delivered the FIT course to students drawn from Caribbean law enforcement agencies charged with the investigation and prosecution of financial crimes. To ensure continued sustainability of this training effort, OTA will meet periodically with REDTRAC trainers to provide them with updates to FIT materials, thus ensuring REDTRAC's continued ability to provide the latest FIT training to Caribbean law enforcement authorities.

### **Support for Financial Intelligence Units**

In Afghanistan, OTA assisted in the establishment and development of a FIU as a semi-autonomous unit within Da Afghanistan Bank. In Sri Lanka, OTA's resident advisor helped to stand up an operational FIU. Resident advisors in Albania, Bulgaria, Montenegro, and Serbia continued efforts to streamline and enhance host governments' FIU's. In Senegal, OTA continued to assist the FIU in achieving operational status and begin receiving suspicious transaction reports and training its staff. In Namibia and Jordan, advisors were engaged to the respective Central Banks. In Malawi, OTA assigned a resident advisor under the Millennium Challenge Corporation Threshold Program to assist in the passage of AML/CFT laws, establish an FIU, and work to improve the capacity of the government to combat financial crimes.

### **Casino Gaming**

In the Casino Gaming Group, OTA combines experts from its Tax and Financial Enforcement Teams and has been providing technical assistance to the international community in the areas of Gaming Industry Regulation since 2000. The program provides assistance in the drafting of gaming legislation, and in drafting the regulations required to implement the laws. The program also includes the provision of technical training to gaming industry regulators, including FIU personnel, to provide the capacity for auditing and inspecting casino operations and all games of chance. In addition, advanced technical workshops have been conducted in Las Vegas involving regulators from participating countries. The program has been well received by host country officials who see it as both a valuable revenue-producing project and an anticorruption measure. They also view the assistance as very beneficial in fostering the host country's compliance efforts with the FATF 40 Recommendations as they relate to casinos. In 2006, the OTA Casino Gaming Group conducted an assessment in the Philippines, a follow-up assessment in Panama, and conducted technical assistance and training as described above in Antigua and Barbuda, El Salvador, Panama, Nicaragua, Chile, Montenegro and Romania. Also during 2006, the Casino Gaming Group participated in conferences in Macau and Argentina to highlight the FATF 40 Recommendations for casinos, and their obligations pursuant to the specific FATF Recommendations.

## **Money Services Businesses**

Money services businesses (MSB's) offer several types of services (check cashing, money transmissions, currency exchange, etc.). Because of the high volume of their cash transactions, and because account relationships with related customer identification procedures are absent, resulting in an uncertain audit trail, MSB's are vulnerable to abuse for the purpose of money laundering and terrorist financing. FATF Recommendations call upon governments to regulate MSB's.

OTA collaborated with the Caribbean Group and the Central American Council of Bank Supervisors in the organization and presentation of two workshops for the oversight, regulation, and examination of MSB's. The first, in June 2006, was a workshop hosted by the Bank of Jamaica and was presented to regulators from fifteen of its English speaking member countries. The second workshop, presented in October, was hosted by the Superintendent of Banks, Santo Domingo, Dominican Republic, in collaboration with the Central American Council of Bank Supervisors for regulators from its seven member countries.

## **Insurance**

In May 2006, OTA began its program to provide technical assistance relating to insurance enforcement. Compromise of an insurance system weakens an economy and provides avenues for money laundering. Since inception of the program, insurance assistance has been provided in all three OTA geographic regions. In Paraguay, OTA completed an assessment for AML assistance to establish regulation, inspection procedures, and manuals and training. In Jordan, assessment for fraud and AML purposes has been completed to establish an antifraud investigation unit; amend legislation; and establish electronic reporting and case management systems, public awareness campaigns, training and other related activities. Internal company fraud inspection procedures have been prepared for Romania. Participation in training covering both AML and fraud subjects was provided for a number of countries including Romania, Ukraine, Jordan, Jamaica, Turks and Caicos, and Anguilla. OTA also gave assistance to the National Association of Insurance Commissioners relative to international AML programs for its training efforts.

## **Regional and Resident Advisors**

OTA resident advisors continued international support in the areas of money laundering and terrorist financing. In April 2006, OTA placed a regional advisor in Pretoria, South Africa with regional responsibilities for Africa and the Middle East. In September 2006, OTA posted an advisor to the Africa Development Bank in Tunis, Tunisia to provide assistance in the development and implementation of an anticorruption strategy for the Bank and its member countries.

As noted, the resident advisors in Albania, Bulgaria, Montenegro, and Serbia continued efforts to streamline and enhance host governments' FIU's. Supporting national efforts against financial crimes was the focus of the resident advisors in Albania and Zambia. Resident advisors for the Caribbean focused on national efforts against financial crimes as well as on bank regulatory compliance. OTA resident advisors in Armenia and Albania provided technical assistance on internal audit. OTA continued to work with the Secretariat of the Eurasian Group to Combat Money Laundering and Terrorist Financing. OTA placed a resident advisor in Kabul, Afghanistan, in March 2006, and assisted in the establishment and development of a FIU as a semi-autonomous unit within Da Afghanistan Bank. OTA also placed a resident advisor in Colombo, Sri Lanka in August 2006. This advisor has been assisting in the development of an effective anti-money laundering and counterterrorism financing regime, to include the establishment of an FIU that meets international standards. An OTA resident advisor posted to the Asian Development Bank (ADB) at its Manila headquarters provided guidance and operational support to the financial and governance sector

operations of ADB Regional Departments relative to anti-money laundering and border controls, including the use of wireless value transfers. The advisor also provided assistance to the Philippines' Anti-Money Laundering Council that resulted in charges being filed in several high-profile money laundering cases.

Under the auspices of the Millennium Challenge Corporation Threshold Program established for Paraguay, OTA placed a resident advisor there to continue work begun in 2003 that culminated in the establishment, by Presidential Decrees, of an internal affairs unit within the Ministry of Finance, and criminal investigation units in the Customs and Tax Administrations. OTA worked with counterparts in the Ministry of Finance towards the establishment of these units; the identification, vetting, and training of personnel; and the provision of workplaces. Each of these units has made significant progress in identifying and investigating matters under its jurisdiction.

## **Treaties and Agreements**

### *Treaties*

Mutual Legal Assistance Treaties (MLATs) allow generally for the exchange of evidence and information in criminal and ancillary matters. In money laundering cases, they can be extremely useful as a means of obtaining banking and other financial records from our treaty partners. MLATs, which are negotiated by the Department of State in cooperation with the Department of Justice to facilitate cooperation in criminal matters, including money laundering and asset forfeiture, are in force with the following countries: Antigua and Barbuda, Argentina, Australia, Austria, the Bahamas, Barbados, Belgium, Belize, Brazil, Canada, Cyprus, Czech Republic, Dominica, Egypt, Estonia, France, Grenada, Greece, Hong Kong (SAR), Hungary, India, Israel, Italy, Jamaica, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Mexico, Morocco, the Netherlands, the Netherlands with respect to its Caribbean overseas territories (Aruba and the Netherlands Antilles), Nigeria, Panama, the Philippines, Poland, Romania, Russia, South Africa, South Korea, Spain, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Switzerland, Thailand, Trinidad and Tobago, Turkey, Ukraine, the United Kingdom, the United Kingdom with respect to its Caribbean overseas territories (Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat, and the Turks and Caicos Islands) and Uruguay. MLATs have been signed by the United States but not yet brought into force with the European Union and the following countries: Colombia, Germany, Ireland, Japan, Sweden and Venezuela. The United States has also signed and ratified the Inter-American Convention on Mutual Legal Assistance of the Organization of American States. The United States is actively engaged in negotiating additional MLATs with countries around the world. The United States has also signed executive agreements for cooperation in criminal matters with the Peoples Republic of China (PRC) and Nigeria. In addition, the United States recently ratified the United Nations Convention against Corruption (UNCAC).

### *Agreements*

In addition, the United States has entered into executive agreements on forfeiture cooperation, including: (1) an agreement with the United Kingdom providing for forfeiture assistance and asset sharing in narcotics cases; (2) a forfeiture cooperation and asset sharing agreement with the Kingdom of the Netherlands; and (3) a drug forfeiture agreement with Singapore. The United States has asset sharing agreements with Canada, the Cayman Islands (which was extended to Anguilla, British Virgin Islands, Montserrat, and the Turks and Caicos Islands), Colombia, Ecuador, Jamaica, Mexico and the United Kingdom.

Treasury's Financial Crimes Enforcement Network (FinCEN) has a Memorandum of Understanding (MOU) or an exchange of letters in place with other FIUs to facilitate the exchange of information between FinCEN and the respective country's FIU. FinCEN has an MOU or an exchange of letters with the FIUs in Argentina, Australia, Belgium, Canada, Cayman Islands, France, Guatemala, Italy, Japan, Netherlands, Netherlands Antilles, Panama, Poland, Russia, Singapore, Slovenia, South Korea, Spain, and the United Kingdom.

### ***Asset Sharing***

Pursuant to the provisions of U.S. law, including 18 U.S.C. § 981(i), 21 U.S.C. § 881(e)(1)(E), and 31 U.S.C. § 9703(h)(2), the Departments of Justice, State and Treasury have aggressively sought to encourage foreign governments to cooperate in joint investigations of narcotics trafficking and money laundering, offering the possibility of sharing in forfeited assets. A parallel goal has been to encourage spending of these assets to improve narcotics-related law enforcement. The long-term goal has been to encourage governments to improve asset forfeiture laws and procedures so they will be able to conduct investigations and prosecutions of narcotics trafficking and money laundering, which include asset forfeiture. The United States and its partners in the G-8 are currently pursuing a program to strengthen asset forfeiture and sharing regimes. To date, Canada, Cayman Islands, Hong Kong, Jersey, Liechtenstein, Luxembourg, Switzerland, and the United Kingdom have shared forfeited assets with the United States.

From 1989 through December 2006, the international asset sharing program, administered by the Department of Justice, shared \$228,371,464.04 with foreign governments which cooperated and assisted in the investigations. In 2006, the Department of Justice transferred \$26,921.94 to the Dominican Republic. Prior recipients of shared assets include: Anguilla, Antigua and Barbuda, Argentina, the Bahamas, Barbados, British Virgin Islands, Canada, Cayman Islands, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, Greece, Guatemala, Guernsey, Hong Kong (SAR), Hungary, Indonesia, Isle of Man, Israel, Jordan, Liechtenstein, Luxembourg, Netherlands Antilles, Paraguay, Peru, Romania, South Africa, Switzerland, Thailand, Turkey, the United Kingdom, and Venezuela.

From Fiscal Year (FY) 1994 through FY 2006, the international asset-sharing program administered by the Department of Treasury shared \$27,493,927.00 with foreign governments which cooperated and assisted in successful forfeiture investigations. In FY 2006, the Department of Treasury transferred \$85,895 in forfeited proceeds to Canada (\$8,850) and St. Vincent & the Grenadines (\$77,045). Prior recipients of shared assets include: Aruba, Australia, the Bahamas, Cayman Islands, Canada, China, Dominican Republic, Egypt, Guernsey, Honduras, Isle of Man, Jersey, Mexico, Netherlands, Nicaragua, Panama, Portugal, Qatar, Switzerland, and the United Kingdom.

## **Multi-Lateral Organizations & Programs**

### ***The Financial Action Task Force (FATF) and FATF-Style Regional Bodies(FSRBs)***

**The Financial Action Task Force (FATF)** is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FATF was created in 1989 and works to generate legislative and regulatory reforms in these areas. The FATF currently has 33 members, comprising 31 member countries and territories and two regional organizations, as follows: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan,



Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, the United States, the European Commission and the Gulf Cooperation Council.

There are also a number of FATF-style regional bodies, which, in conjunction with the FATF, constitute an affiliated global network to combat money laundering and the financing of terrorism.

**The Asia Pacific Group (APG)** was officially established in February 1997 at the Fourth (and last) Asia/Pacific Money Laundering Symposium in Bangkok as an autonomous regional anti-money laundering body. The 32 APG members are as follows: Afghanistan, Australia, Bangladesh, Brunei Darussalam, Burma, Cambodia, Canada Chinese Taipei, Cook Islands, Fiji, Hong Kong India, Indonesia, Japan, Macau Malaysia, Marshall Islands, Mongolia, Nepal, New Zealand, Niue, Pakistan, Republic of Korea, Palau, Philippines, Samoa, Singapore, Sri Lanka, Thailand, Tonga, United States, and Vanuatu. Afghanistan, Burma and Canada became members at the APG July 2006 plenary in Manila.

**The Caribbean Financial Action Task Force (CFATF)** was established in 1992. CFATF has thirty members: Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, Turks & Caicos Islands, and Venezuela.

**The Eastern and South African Anti Money Laundering Group (ESAAMLG)** was established in 1999. Fourteen countries comprise its membership: Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

**The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)** was established on October 6, 2004 and has seven members: Belarus, China, Kazakhstan, Kyrgyzstan, the Russian Federation, Uzbekistan, and Tajikistan.

**The Financial Action Task Force on Money Laundering in South America (GAFISUD)** was formally established on 8 December 2000 by the nine member states of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay. Mexico became the tenth member of GAFISUD in July, 2006.

**The Groupe Inter-gouvernemental d'Action contre le Blanchiment en Afrique (GIABA)** consists of 15 countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea Bissau, Guinea Conakry, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

**The Middle East and North Africa Financial Action Task Force (MENAFATF)** consists of 16 members: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

### ***The Egmont Group of Financial Intelligence Units***

The Egmont Group began in 1995 as a collection of a small handful of entities, today referred to as financial intelligence units (FIUs), seeking to explore ways of cooperation among themselves. The FIU concept has grown over the years and is now an important component of the international community's approach to combating money laundering and terrorist financing. To meet the standards of Egmont membership an FIU must be a centralized unit within a nation or jurisdiction to detect criminal financial activity and ensure adherence to laws against financial crimes, including terrorist financing and money laundering. Since its inception in 1995 the Egmont Group has grown dramatically from 14 units to a recognized membership of 100 FIUs. The Egmont Group now has

passed its first decade, and it is evolving toward a structure of independent units working closely together to strengthen not only their own countries' AML/CFT regime, but to strengthen the global firewall of economic resistance to money launderers and terrorist financiers.

The Egmont Group is an international network designed to improve interaction among FIUs in the areas of communications, information sharing, and training coordination. The goal of the Egmont Group is to provide a forum for FIUs around the world to improve support to their respective governments in the fight against money laundering, terrorist financing and other financial crimes. This support includes expanding and systematizing the exchange of financial intelligence information, improving expertise and capabilities of personnel employed by such organizations, and fostering better and more secure communication among FIUs through the application of technology. The Egmont Group's secure Internet system permits members to communicate with one another via secure e-mail, requesting and sharing case information as well as posting and assessing information regarding trends, analytical tools and technological developments. FinCEN, on behalf of the Egmont Group, maintains the Egmont Secure Web (ESW). Currently, there are 98 FIUs connected to the ESW.

The Egmont Group is organizationally structured to meet the challenges of the volume of membership and its workload. The Egmont Committee, a group of 14 members, is an intermediary group between the 100 Heads of member FIUs and the five Egmont Working Groups. This Committee addresses the administrative and operational issues facing Egmont and is comprised of seven permanent members and seven regional representatives based on continental groupings (i.e., Asia, Europe, the Americas, Africa and Oceania). In addition to the Committee there are five Working Groups: Legal, Operational, Training, Information Technology and Outreach. The Legal Working Group reviews the candidacy of potential members and handles all legal aspects and matters of principle within the Egmont Group. The Training Working Group looks at ways to communicate more effectively, identifies training opportunities for FIU personnel and examines new software applications that might facilitate analytical work. The Outreach Working Group concentrates on expanding and developing the FIU global network by identifying countries that have established or are establishing FIUs. Outreach is responsible for making initial contact with potential candidate FIUs, and conducts assessments to determine if an FIU is ready for Egmont membership. The Operational Working Group is designed to foster increased cooperation among the operational divisions of the member FIUs and coordinate the development of studies and typologies—using data collected by the FIUs—on a variety of subjects useful to law enforcement. The Information Technology (IT) Working Group promotes collaboration and information sharing on IT matters among the Egmont membership, in particular looking to increase the efficiency in the allocation of resources and technical assistance regarding IT systems. The Committee and the Working Groups meet at a minimum three times per year, including the annual plenary session.

To meet an ever-growing demand in terms of volume and complexity, the Egmont Group decided in June 2005 that a change was necessary to allow Egmont to meet its objectives and continue to grow and adapt to emerging trends. Consensual agreement by all Egmont members was reached for the creation of an Egmont Secretariat, the first step for Egmont to sustain, and more importantly enhance, its role in the global fight against money laundering and terrorist financing. With Egmont's input and expertise in increasing demand by other players on the global stage, the creation of the Secretariat will allow for consistent and active collaboration with other international organizations. The new Egmont Secretariat, to be located in Toronto, Canada, will begin setup and staffing by mid-2007, and is expected to be fully operational by 2008.

As of December 2006, the 100 members of the Egmont Group are Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Bolivia, Bosnia and Herzegovina, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, Colombia, Cook Islands, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Gibraltar,

Greece, Grenada, Guatemala, Guernsey, Honduras, Hong Kong, Hungary, Iceland, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Monaco, Montenegro, Netherlands, Netherlands Antilles, New Zealand, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Russia, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, St. Kitts & Nevis, St. Vincent & the Grenadines, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Vanuatu and Venezuela.

### ***The Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD) Group of Experts to Control Money Laundering***

The Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD) is responsible for combating illicit drugs and related crimes, including money laundering. In 2006, the commission carried out a variety of anti-money laundering and counterterrorist financing initiatives. These included amending model regulations for the hemisphere to include techniques to combat terrorist financing, developing a variety of associated training initiatives, and participating in a number of anti-money laundering/counterterrorism meetings. This work in the area of money laundering and financial crimes also figures prominently in CICAD's Multilateral Evaluation Mechanism (MEM), which involves the participation of all 34 member states; beginning this year, however, the mechanism will use reports from the Financial Action Task Force (FATF), Caribbean Action Task Force (CFATF), and Financial Action Task Force of South America (GAFISUD) to prepare its evaluation.

CICAD's Group of Experts on Money Laundering met twice in 2006, first in Washington in May and later in El Salvador in November. This year's agenda included three primary themes—seizures, international funds, and financial remittances—and included special presentations by the OAS Secretary General, as well as by representatives of the United Nations, the Inter-American Development Bank (IDB), GAFISUD, the Government of Spain, the OAS Office of Legal Cooperation, and the Inter-American Committee against Terrorism (CICTE).

In his opening remarks during the first meeting the Secretary General proposed a CICAD assistance program to help member states provide funds to the Commission by each member state setting aside a small percentage (less than one percent) of revenue from seized assets. This revenue would support CICAD activities, such as specialized training. He reiterated the proposal at the OAS General Assembly in the Dominican Republic. The proposal will need to be considered further in terms of its voluntary nature and member states will need to consider whether they have legal authority to use seized assets in this manner.

### **Training and Technical Assistance**

The Department of State Bureau of International Narcotics and Law Enforcement provided full or partial funding for many of the CICAD training programs conducted in 2006. Training efforts in money laundering control focused on judges, prosecutors, police officers, customs agents, the financial analysts and computer specialists of the financial intelligence units (FIUs), and compliance officers of financial institutions. Workshops for judges and prosecutors were held in the Dominican Republic, Honduras, Panama, Guatemala and Nicaragua. The courses were led by four international specialists (from Spain and Chile) as well as national experts. Subjects included, among others, money laundering doctrine, proof, international cooperation and special investigative techniques.

In a joint initiative with the United Nations and recently the IDB, mock trials were held in the Dominican Republic, El Salvador, Costa Rica and Chile. These exercises are based on real cases of money laundering and are aimed at judges, prosecutors and public defenders, as well as experts from financial intelligence units and the police who participated as witnesses in many cases.

“Train the trainer” training was also provided to law enforcement agents (police, customs, prosecutors) from Honduras, El Salvador, Nicaragua, Guatemala, Costa Rica, Panama, the Dominican Republic and Brazil. As part of the follow-up to the program, memoranda of understanding were signed with Uruguay, Bolivia, Paraguay and Peru, through which computer hardware was acquired so that the course could be replicated in each country.

With the assistance of the government of Spain and the participation of the United Nations Office on Drugs and Crime, CICAD carried out a pilot project to promote operations coordination among the police, financial intelligence units and prosecutors. A workshop, attended by Honduras, El Salvador, Nicaragua, Guatemala, Costa Rica, Panama, and the Dominican Republic, consisted of a mock investigation, based on real cases, during which agents from the institutions involved resolved a case of money laundering, and prepared the case for trial.

Technical assistance was focused on the establishment and development of financial intelligence units (FIUs) project. Beneficiaries were Costa Rica, El Salvador, Nicaragua, Panama, Honduras, the Dominican Republic, Uruguay, Ecuador and Colombia. The program, which was completed in December, provided assistance in the areas of staff training, organizational design, information system design, and technology acquisition. Staff participated in two regional workshops on basic tools for the analysis of financial information. In each of the countries, workshops included practical exercises in information analysis using computer software. In one of the sessions of these workshops, compliance officers from national financial institutions received special training to improve reports they submit to FIUs.

In the second half of 2006, the CICAD Anti-Money Laundering section began an ambitious new project for law enforcement agencies and prosecutors to develop a database classifying the many different types of money laundering, standardizing the terminology for describing each and cataloguing the real and potential law enforcement responses to detect, investigate and prosecute each type of money laundering. The database is being tested in workshops to explain its application. The first of these was held in Mexico on November 21-23, 2006

### **Other Activities**

Representatives participated in the following seminars, conferences and forums: GAFISUD, the first Meeting on Information Technology of the Financial Intelligence Units of South America, and the INTERPOL Group of Experts on Money Laundering. At the same time, contact was maintained with GAFISUD, CFATF, and the IMF to establish coordination for the programs and projects administered by these organizations.

### ***Pacific Anti-Money Laundering Program (PALP)***

The Pacific Islands Forum (PIF) was formed in 1971, and includes the 16 independent and self-governing Pacific Island countries: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The United States cooperates closely with the PIF and participates in the annual Post-Forum Dialogue with the PIF and member-states.

The U.S. State Department’s Bureau for International Narcotics and Law Enforcement Affairs contributed \$1.5 million to the PIF to fund the first year of the Pacific Anti-Money Laundering

Program (PALP)- a four-year program designed to develop viable anti-money laundering/counterterrorist finance regimes in the fourteen non-FATF member states of the PIF. Full-time and intermittent residential mentors provide regional and bilateral training in all elements required to establish viable anti-money laundering/counterterrorist financing regimes that comport with international standards. PALP is committed to maximizing the institution-building benefits of its assistance by delivering it in both sequential and parallel steps. The steps, while tailored to each country's unique needs, include assistance in the following areas:

- Drafting and enacting comprehensive anti-money laundering and counterterrorist financing laws that have measures that enable states to freeze and seize assets and comply with the FATF's "40+9" recommendations on money laundering and terrorist financing;
- Establishing a regulatory regime to oversee compliance of the formal and informal financial sectors with international standards;
- Creating, equipping, and enhancing existing FIUs so that they can collect, analyze, collate, and disseminate suspicious transactions reports and other forms of financial intelligence to both help develop cases domestically and share information internationally through FIUs in other countries as part of transnational investigations; and
- Training law enforcement agents, prosecutors, and judges so that they have the skills to successfully investigate and prosecute financial crimes including the financing of terrorism.

### ***United Nations Global Programme Against Money Laundering***

The United Nations is one of the most experienced global providers of anti-money laundering (AML) training and technical assistance and, since 9-11, counterterrorist financing, training, and technical assistance. The United Nations Global Programme against Money Laundering (GPML), part of the United Nations Office on Drugs and Crime (UNODC), was established in 1997 to assist Member States to comply with the UN Conventions and other instruments that deal with money laundering and terrorist financing. These now include the United Nations Convention against Trafficking in Narcotics and Psychotropic Substances (the Vienna Convention), the United Nations International Convention for the Suppression of the Financing of Terrorism, the United Nations Convention against Transnational Organized Crime (the Palermo Convention), and the United Nations Convention against Corruption (the Merida Convention). On September 2006, the UN General Assembly adopted the United Nations Global Counter-Terrorism Strategy. The Plan of Action contained in the Strategy encourages the UNODC to help countries comply with international norms and standards and to enhance international cooperation in these areas. The GPML is the focal point for anti-money laundering within the UN system and a key player in strengthening efforts to counter the financing of terrorism efforts. The Programme provides technical assistance and training in the development of related legislation, infrastructure and skills, directly assisting Member States in the detection, seizure and confiscation of illicit proceeds. Since 2001, GPML's technical assistance work on countering the financing of terrorism has in fact also received priority. The GPML now incorporates a focus on counterterrorist financing (CTF) in all its technical assistance work. In 2006, the GPML provided training and long-term assistance in the development of viable anti-money laundering/counterterrorism regimes to more than fifty countries.

## The Mentoring Programme

The GPML's Mentor Programme is one of the most successful and well-known activities of international AML/CTF technical assistance and training, and is increasingly serving as a model for other organizations' initiatives. It is one of the core activities of the GPML technical assistance program and is highly regarded by the AML/CTF community. The GPML's Mentor Programme has key advantages over more traditional forms of technical assistance. First, Mentors serve as residential advisors in a country or region for as long as one to four years and offer sustained skills and knowledge transfer. Second, mentoring constitutes a unique form of flexible, ongoing needs assessment, where the mentor can pinpoint specific needs over a period of months, and adjust his/her work plan to target assistance that responds to those needs. Third, the Member State has access to an "on-call" resource to provide advice on real cases and problems as they arise. Fourth, a mentor can facilitate access to foreign counterparts for international cooperation and mutual legal assistance at the operational level by using his/her contacts to act as a bridge to the international community.

The GPML Mentoring Programme provides targeted on-the-job training that adapts international standards to specific local/national situations, rather than the traditional training seminar. The concept originated in response to repeated requests from Member States for longer-term international assistance in this technically demanding and rapidly evolving field. The GPML provides experienced prosecutors and law enforcement personnel who work side-by-side with their counterparts in a target country for several months at a time on daily operational matters to help develop capacity. Some advise governments on legislation and policy, while others focus on operating procedures, either with law enforcement or with issues relating to country's FIU. By giving in-depth support upon request, the mentors have gained the confidence of the recipient institutions, which enables the achievement of concrete and significant outputs.

In 2006, a GPML prosecutorial mentor was placed in the Prosecutor General's Office of Namibia, providing assistance for the development of asset forfeiture mechanisms in Botswana, Namibia, Zambia and Zimbabwe. The Mentor provided legal inputs to amend relevant legislation in each country, specifically the AML regulations pursuant to the Proceeds of Crime Act of Namibia and the Proceeds of Serious Crime Act 1990 in Botswana. He also completed analysis of respective asset confiscation programmes.

The UN mentor based in Tanzania with the Secretariat of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) delivered training to 14 countries and assisted the ESAAMLG Secretariat in conducting the first ESAAMLG Developmental Strategic Implementation (DSI), a technical assistance needs analysis exercise in Lesotho in July. GPML placed a dedicated law enforcement advisor in Kenya to assist building financial investigation capacity for Ethiopia, Eritrea, Kenya, Tanzania and Uganda. A capacity enhancement workshop on financial investigations techniques for Kenyan law enforcement officials was conducted in November 2006. The Advisor together with the UN Mentor to ESAAMLG also delivered an AML/CFT awareness-raising seminar for the financial sector in Ethiopia and completed an AML/CFT needs assessment mission in that country. In collaboration with the World Bank and the U.S. Department of State, the GPML extended the appointment for a regional mentor for Central Asia in Almaty, Kazakhstan focusing on legislative assistance and FIU development, as well as an AML/CFT mentor in Hanoi, Vietnam to provide assistance to Vietnam, Lao PDR and Cambodia in the field of financial investigations and the overall development of viable AML/CTF regimes. In January, a law enforcement advisor for the Middle East and North Africa based in UNODC Field Office in Cairo started to provide technical assistance including legislative drafting and to conduct needs assessment missions. Mentors and experts supported the development of the legal, administrative, analytical and international co-operation capacity of other national governments. In addition, the GPML assisted in legislative drafting for many countries, including Yemen, Ghana, Kazakhstan, Kyrgyzstan, Tajikistan and the countries of the

West African Economic and Monetary Union. The GPML conducted a workshop on AML/CTF for prosecutors in Central and Eastern Europe, jointly organized with the OSCE in September.

### **Mentoring & Financial Intelligence Units**

The GPML was among the first technical assistance providers to recognize the importance of countries' creating a financial intelligence capacity, and GPML mentors worked extensively with the development and the implementation phases of FIUs in several countries in the Eastern Caribbean, the Pacific and, most recently southeast Asia. Mentors working with FIUs, upon request of a Member State, will return to provide additional assistance to a country's FIU, as will likely occur for a six-month period in 2007 or 2008 with the FIU in Manila. The development of FIUs in the Eastern Caribbean played a key role in the removal of many of the jurisdictions being removed from the FATF Non-Cooperative and Countries and Territories list.

An FIU intermittent mentor provided assistance to emerging FIUs in Africa and the Caucasus, including a "train-the-trainers" program for law enforcement, the FIU, and prosecutors in Armenia.

A major initiative that may have global implications for many FIUs, is an ongoing initiative with UNODC IT Section that with the GPML has been working towards the development of a suspicious transactions reporting software package, GoAML, for potential deployment in FIUs that will soon be field-tested with the Nigerian FIU.

### **Computer Based Training**

Other highlights of GPML's work in 2006 included the ongoing development of its global computer-based training (CBT) initiative. The program provides 12 hours of interactive basic AML training for global delivery. Delivery continued in the Pacific, Central American, and Western Africa regions. CBT training classrooms were established in Dakar, Senegal at the financial intelligence unit (CENTIF) and the Police College as well as in classrooms in ten Caribbean jurisdictions. The GPML piloted CBT in multiple locations throughout Africa, Middle East and North Africa, Central Asia, and Latin America, and developed and piloted new language versions including Spanish, Amharic, Arabic and Russian.

The training program has flexibility in terms of language, level of expertise, target audience, and theme. Computer-based training is particularly applicable in countries and regions with limited resources and law enforcement skills as it can be used for a sustained period of time. As an approach, CBT lends itself well to the GPML's global technical assistance operations.

In response to countries' concerns about the difficulties of implementing AML/CTF policies in cash-based economies, and the prevalence in some regions of cash couriers, the GPML is working toward the development of CBT modules to address AML/CFT requirements in a cash-based context.

### **Other GPML Initiatives**

GPML contributed to the delivery of mock trials in Central and South America. This tailor-made activity was developed in response to repeated requests from Member States for practical realistic AML training. It combines training and practical aspects of the judicial work into one capacity building exercise. In 2006, the GPML, in a collaborative effort with the IMF, completed the revision of a model law on AML/CFT for civil law countries, encompassing worldwide AML/CFT standards and taking into account best legal practices. The GPML continued to work closely with the U.S. Department of Justice, U.S Treasury's Office of Technical Assistance (OTA) and the Organization for Security and Cooperation in Europe (OSCE) to deliver CTF training, particularly in the regions of Central Asia region, Southern Europe and Africa.

The GPML administers the Anti-Money Laundering International Database (AMLID) on the International Money Laundering Information Network (IMoLIN), an online, password-restricted analytical database of national AML/CFT legislation that is available only to public officials. The GPML also maintains an online AML/CTF legal library. IMoLIN ([www.imolin.org](http://www.imolin.org)) is a practical tool in daily use by government officials, law enforcement and lawyers. The Programme manages and constantly updates this database on behalf of the UN and ten major international partners in the field of anti-money laundering/countering the financing of terrorism: the Asia/Pacific Group on Money Laundering (APG), the Caribbean Financial Action Task Force (CFATF), the Commonwealth Secretariat, the Council of Europe-MONEYVAL- the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Eurasian Group (EAG), the Financial Action Task Force (FATF), Interpol, The Financial Action Task Force of South America (GAFISUD) and the Organization of American States (OAS). In February 2006, the GPML launched the second round of legal analysis utilizing the recently revised AMLID questionnaire. In this regard, the database currently reflects thirty-six revised questionnaires under the second round of legal analysis and an additional fifteen questionnaires are in various stages of being finalized. The updated AMLID questionnaire reflects new money laundering trends and standards, and takes provisions related to terrorist financing and other new developments in to account, including the revised FATF recommendations.

## **Major Money Laundering Countries**

Every year, U.S. officials from agencies with anti-money laundering responsibilities meet to assess the money laundering situations in 200 jurisdictions. The review includes an assessment of the significance of financial transactions in the country's financial institutions that involve proceeds of serious crime, steps taken or not taken to address financial crime and money laundering, each jurisdiction's vulnerability to money laundering, the conformance of its laws and policies to international standards, the effectiveness with which the government has acted, and the government's political will to take needed actions.

The 2007 INCSR assigned priorities to jurisdictions using a classification system consisting of three differential categories titled Jurisdictions of Primary Concern, Jurisdictions of Concern, and Other Jurisdictions Monitored.

The "Jurisdictions of Primary Concern" are those jurisdictions that are identified pursuant to the INCSR reporting requirements as "major money laundering countries." A major money laundering country is defined by statute as one "whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking." However, the complex nature of money laundering transactions today makes it difficult in many cases to distinguish the proceeds of narcotics trafficking from the proceeds of other serious crime. Moreover, financial institutions engaging in transactions involving significant amounts of proceeds of other serious crime are vulnerable to narcotics-related money laundering. The category "Jurisdiction of Primary Concern" recognizes this relationship by including all countries and other jurisdictions whose financial institutions engage in transactions involving significant amounts of proceeds from all serious crime. Thus, the focus of analysis in considering whether a country or jurisdiction should be included in this category is on the significance of the amount of proceeds laundered, not of the anti-money laundering measures taken. This is a different approach taken than that of the FATF Non-Cooperative Countries and Territories (NCCT) exercise, which focuses on a jurisdiction's compliance with stated criteria regarding its legal and regulatory framework, international cooperation, and resource allocations.

All other countries and jurisdictions evaluated in the INCSR are separated into the two remaining groups, "Jurisdictions of Concern" and "Other Jurisdictions Monitored," on the basis of a number of



factors that may include: (1) whether the country's financial institutions engage in transactions involving significant amounts of proceeds from serious crime; (2) the extent to which the jurisdiction is or remains vulnerable to money laundering, notwithstanding its money laundering countermeasures, if any (an illustrative list of factors that may indicate vulnerability is provided below); (3) the nature and extent of the money laundering situation in each jurisdiction (for example, whether it involves drugs or other contraband); (4) the ways in which the United States regards the situation as having international ramifications; (5) the situation's impact on U.S. interests; (6) whether the jurisdiction has taken appropriate legislative actions to address specific problems; (7) whether there is a lack of licensing and oversight of offshore financial centers and businesses; (8) whether the jurisdiction's laws are being effectively implemented; and (9) where U.S. interests are involved, the degree of cooperation between the foreign government and U.S. government agencies. Additionally, given concerns about the increasing interrelationship between inadequate money laundering legislation and terrorist financing, terrorist financing is an additional factor considered in making a determination as to whether a country should be considered an "Other Jurisdiction Monitored" or a "Jurisdiction of Concern". A government (e.g., the United States or the United Kingdom) can have comprehensive anti-money laundering laws on its books and conduct aggressive anti-money laundering enforcement efforts but still be classified a "Primary Concern" jurisdiction. In some cases, this classification may simply or largely be a function of the size of the jurisdiction's economy. In such jurisdictions quick, continuous and effective anti-money laundering efforts by the government are critical. While the actual money laundering problem in jurisdictions classified "Concern" is not as acute, they too must undertake efforts to develop or enhance their anti-money laundering regimes. Finally, while jurisdictions in the "Other" category do not pose an immediate concern, it will nevertheless be important to monitor their money laundering situations because, under certain circumstances, virtually any jurisdiction of any size can develop into a significant money laundering center.

### ***Vulnerability Factors***

The current ability of money launderers to penetrate virtually any financial system makes every jurisdiction a potential money laundering center. There is no precise measure of vulnerability for any financial system, and not every vulnerable financial system will, in fact, be host to large volumes of laundered proceeds, but a checklist of what drug money managers reportedly look for provides a basic guide. The checklist includes:

- Failure to criminalize money laundering for all serious crimes or limiting the offense to narrow predicates.
- Rigid bank secrecy rules that obstruct law enforcement investigations or that prohibit or inhibit large value and/or suspicious or unusual transaction reporting by both banks and nonbank financial institutions.
- Lack of or inadequate "know-your-client" requirements to open accounts or conduct financial transactions, including the permitted use of anonymous, nominee, numbered or trustee accounts.
- No requirement to disclose the beneficial owner of an account or the true beneficiary of a transaction.
- Lack of effective monitoring of cross-border currency movements.
- No reporting requirements for large cash transactions.
- No requirement to maintain financial records over a specific period of time.

- No mandatory requirement to report suspicious transactions or a pattern of inconsistent reporting under a voluntary system; lack of uniform guidelines for identifying suspicious transactions.
- Use of bearer monetary instruments.
- Well-established nonbank financial systems, especially where regulation, supervision, and monitoring are absent or lax.
- Patterns of evasion of exchange controls by legitimate businesses.
- Ease of incorporation, in particular where ownership can be held through nominees or bearer shares, or where off-the-shelf corporations can be acquired.
- No central reporting unit for receiving, analyzing and disseminating to the competent authorities information on large value, suspicious or unusual financial transactions that might identify possible money laundering activity.
- Lack of or weak bank regulatory controls, or failure to adopt or adhere to Basel Committee's "Core Principles for Effective Banking Supervision", especially in jurisdictions where the monetary or bank supervisory authority is understaffed, under-skilled or uncommitted.
- Well-established offshore financial centers or tax-haven banking systems, especially jurisdictions where such banks and accounts can be readily established with minimal background investigations.
- Extensive foreign banking operations, especially where there is significant wire transfer activity or multiple branches of foreign banks, or limited audit authority over foreign-owned banks or institutions.
- Jurisdictions where charitable organizations or alternate remittance systems, because of their unregulated and unsupervised nature, are used as avenues for money laundering or terrorist financing.
- Limited asset seizure or confiscation authority.
- Limited narcotics, money laundering, and financial crime enforcement and lack of trained investigators or regulators.
- Jurisdictions with free trade zones where there is little government presence or other supervisory authority.
- Patterns of official corruption or a laissez-faire attitude toward the business and banking communities.
- Jurisdictions where the U.S. dollar is readily accepted, especially jurisdictions where banks and other financial institutions allow dollar deposits.
- Well-established access to international bullion trading centers in New York, Istanbul, Zurich, Dubai and Mumbai.
- Jurisdictions where there is significant trade in or export of gold, diamonds and other gems.
- Jurisdictions with large parallel or black market economies.
- Limited or no ability to share financial information with foreign law enforcement authorities.

## ***Changes in INCSR Priorities for 2006***

Jurisdiction moving from the Primary Concern Column to the Concern column: *Hungary*.

Jurisdictions moving from the Concern Column to the Primary Concern Column: *Iran, Kenya*.

Jurisdictions moving from the Other Column to the Concern Column: *Iraq, Moldova, Senegal*.

In the Country/Jurisdiction Table on the following page, “major money laundering countries” that are in the “Jurisdictions of Primary Concern” column are identified for purposes of statutory INCSR reporting requirements. Identification as a “major money laundering country” is based on whether the country or jurisdiction’s financial institutions engage in transactions involving significant amounts of proceeds from serious crime. It is not based on an assessment of the country or jurisdiction’s legal framework to combat money laundering; its role in the terrorist financing problem; or the degree of its cooperation in the international fight against money laundering, including terrorist financing. These factors, however, are included among the vulnerability factors when deciding whether to place a country in the “concern” or “other” column. This year, the movement of Iraq from the Other Column to the Concern Column was based on its vulnerability to terrorist financing.

Note: Country reports are provided for only those countries listed in the “Other/Monitored” column that have received training or technical assistance funded directly or indirectly by INL in 2006. A report on Kosovo and the newly independent country of Montenegro also appears in this year’s INCSR but a decision regarding their placement on the County/Jurisdiction Table has been postponed until next year.

# Country/Jurisdiction Table

Countries/Jurisdictions of Primary Concern		Countries/Jurisdictions of Concern		Other Countries/Jurisdictions Monitored	
Afghanistan	Paraguay	Albania	Poland	Andorra	Mali
Antigua and Barbuda	Philippines	Algeria	Portugal	Anguilla	Malta
Australia	Russia	Angola	Qatar	Armenia	Marshall Islands
Austria	Singapore	Argentina	Romania	Azerbaijan	Mauritania
Bahamas	Spain	Aruba	Samoa	Benin	Mauritius
Belize	St. Kitts & Nevis	Bahrain	Saudi Arabia	Bermuda	Micronesia FS
Bosnia and Herzegovina	Switzerland	Bangladesh	Senegal	Botswana	Mongolia
Brazil	Taiwan	Barbados	Serbia	Brunei	Montserrat
Burma	Thailand	Belarus	Seychelles	Burkina Faso	Mozambique
Cambodia	Turkey	Belgium	Sierra Leone	Burundi	Namibia
Canada	Ukraine	Bolivia	Slovakia	Cameroon	Nauru
Cayman Islands	United Arab Emirates	British Virgin Islands	South Africa	Cape Verde	Nepal
China, People Rep	United Kingdom	Bulgaria	St. Lucia	Central African Republic	New Zealand
Colombia	United States	Chile	St. Vincent	Chad	Niger
Costa Rica	Uruguay	Comoros	Syria	Congo, Dem Rep of	Niue
Cyprus	Venezuela	Cook Islands	Tanzania	Congo, Rep of	Norway
Dominican Republic		Cote d'Ivoire	Turks and Caicos	Croatia	Oman
France		Czech Rep	Uzbekistan	Cuba	Papua New Guinea
Germany		Dominica	Vanuatu	Denmark	Rwanda
Greece		Ecuador	Vietnam	Djibouti	San Marino
Guatemala		Egypt	Yemen	East Timor	Sao Tome & Principe
Guernsey		El Salvador	Zimbabwe	Equatorial Guinea	Slovenia
Haiti		Gibraltar		Eritrea	Solomon Islands
Hong Kong		Grenada		Estonia	Sri Lanka
India		Guyana		Ethiopia	Suriname
Indonesia		Honduras		Fiji	Swaziland
Iran		Hungary		Finland	Sweden
Isle of Man		Iraq		Gabon	Tajikistan
Israel		Ireland		Gambia	Togo
Italy		Jamaica		Georgia	Tonga
Japan		Jordan		Ghana	Trinida and Tobago
Jersey		Korea, North		Guinea	Tunisia
Kenya		Korea, South		Guinea-Bissau	Turkmenistan
Latvia		Kuwait		Iceland	Uganda
Lebanon		Laos		Kazakhstan	Zambia
Liechtenstein		Malaysia		Kyrgyz Republic	
Luxembourg		Moldova		Lesotho	
Macau		Monaco		Liberia	
Mexico		Morocco		Lithuania	
Netherlands		Netherlands Antilles		Macedonia	
Nigeria		Nicaragua		Madagascar	
Pakistan		Palau		Malawi	
Panama		Peru		Maldives	

## *Introduction to Comparative Table*

The comparative table that follows the Glossary of Terms below identifies the broad range of actions, effective as of December 31, 2006 that jurisdictions have, or have not, taken to combat money laundering. This reference table provides a comparison of elements that define legislative activity and identify other characteristics that can have a relationship to money laundering vulnerability.

### ***Glossary of Terms***

1. “Criminalized Drug Money Laundering”: The jurisdiction has enacted laws criminalizing the offense of money laundering related to drug trafficking.
2. “Criminalized Beyond Drugs”: The jurisdiction has extended anti-money laundering statutes and regulations to include nondrug-related money laundering.
3. “Record Large Transactions”: By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.
4. “Maintain Records Over Time”: By law or regulation, banks are required to keep records, especially of large or unusual transactions, for a specified period of time, e.g., five years.
5. “Report Suspicious Transactions”: By law or regulation, banks are required to record and report suspicious or unusual transactions to designated authorities. On the Comparative Table the letter “M” signifies mandatory reporting; “P” signifies permissible reporting.
6. “Financial Intelligence Unit”: The jurisdiction has established an operative central, national agency responsible for receiving (and, as permitted, requesting), analyzing, and disseminating to the competent authorities disclosures of financial information concerning suspected proceeds of crime, or required by national legislation or regulation, in order to counter money laundering. These reflect those jurisdictions that are members of the Egmont Group.
7. “System for Identifying and Forfeiting Assets”: The jurisdiction has enacted laws authorizing the tracing, freezing, seizure and forfeiture of assets identified as relating to or generated by money laundering activities.
8. “Arrangements for Asset Sharing”: By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions which assisted in the conduct of the underlying investigation.
9. “Cooperates w/International Law Enforcement”: By law or regulation, banks are permitted/required to cooperate with authorized investigations involving or initiated by third party jurisdictions, including sharing of records or other financial data.
10. “International Transportation of Currency”: By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary instruments crossing its borders. Of critical weight here are the presence or absence of wire transfer regulations and use of reports completed by each person transiting the jurisdiction and reports of monetary instrument transmitters.
11. “Mutual Legal Assistance”: By law or through treaty, the jurisdiction has agreed to provide and receive mutual legal assistance, including the sharing of records and data.
12. “Non-Bank Financial Institutions”: By law or regulation, the jurisdiction requires nonbank financial institutions to meet the same customer identification standards and adhere to the same reporting requirements that it imposes on banks.

13. “Disclosure Protection Safe Harbor”: By law, the jurisdiction provides a “safe harbor” defense to banks or other financial institutions and their employees who provide otherwise confidential banking data to authorities in pursuit of authorized investigations.
14. “States Parties to 1988 UN Drug Convention”: As of December 31, 2006, a party to the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.<sup>1</sup>
15. “Criminalized the Financing of Terrorism.” The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.
16. “States Party to the UN International Convention for the Suppression of the Financing of Terrorism.” As of December 31, 2006, a party to the International Convention for the Suppression of the Financing of Terrorism, or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

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<sup>1</sup> The United Kingdom extended its application of the 1988 Convention and the United Kingdom Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Gibraltar, Montserrat, Turks and Caicos, Isle of Man, Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.

## Comparative Table

Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
Government/Jurisdiction																
Afghanistan	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Albania	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Algeria	Y	Y	N	Y	M	N	Y	N	Y	Y	N	Y	Y	Y	Y	Y
Andorra	Y	Y	Y	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	N	N
Angola	Y	N	N	N	N	N	N	N	N	N	Y	N	N	Y	N	N
Anguilla <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N
Antigua & Barbuda	Y	Y	N	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Argentina	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Armenia	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Aruba	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Australia	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Austria	Y	Y	N	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Azerbaijan	Y	N	N	Y	N	N	N	N	N	Y	Y	N	Y	Y	Y	Y
Bahamas	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Bahrain	Y	Y	N	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Bangladesh	Y	Y	N	Y	M	N	N	N	N	Y	Y	N	N	Y	N	Y
Barbados	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Belarus	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Belgium	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Belize	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Benin	Y	N	Y	N	M	N	Y	N	Y	Y	N	N	Y	Y	N	Y

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.

Actions by Governments	Criminalized Drug Money Laundering															
	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
Bermuda <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Bolivia	Y	Y	N	Y	M	Y	Y	N	N	N	Y	N	Y	Y	N	Y
Bosnia & Herzegovina	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Botswana	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	N	Y	Y	N	Y
Brazil	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
British Virgin Islands <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
Brunei Darussalam	Y	Y	N	Y	M	N	Y	N		N	Y	Y	N	Y	Y	Y
Bulgaria	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Burkina Faso	N	N	Y	N	N	N	N	N	N	N	N	N	N	Y	N	Y
Burma	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	N	Y
Burundi	N	N	N	Y	N	N	N	N	Y	N	N	N	N	Y	N	N
Cambodia	Y	N	Y	Y	M	N	N	N	Y	Y	N	N	N	Y	N	Y
Cameroon	Y	Y	Y	Y	M	N	Y	N	N	N	N	N	N	Y	N	N
Canada	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cape Verde	Y	Y		Y	M	N	Y	N	Y		Y			Y	N	Y
Cayman Islands <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Chad	Y	Y	Y	Y	M	N	Y	N	N	Y	N	N	N	Y	N	N
Chile	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y		Y	Y	Y
China (PRC)	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	N	Y	Y	Y
Colombia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Comoros	Y	Y	N	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	N	Y

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.



## Money Laundering and Financial Crimes

Congo (Dem. Republic)	Y	Y	Y	Y	M	N	Y	N	N	N	N	Y	Y	N	Y	N
Congo (Republic)	Y	Y	Y	Y	M	N	N	N	N	Y	Y	Y	Y	Y	N	N
Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
Cook Islands	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Costa Rica	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Cote D'Ivoire	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Croatia	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cuba	Y	Y	N	N	P	N	Y	N	N	Y	N	N	N	Y	Y	Y
Cyprus	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Czech Republic	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Denmark	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Djibouti	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	Y	N
Dominica	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Dominican Republic	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
East Timor	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Ecuador	Y	Y	Y	Y	M	N	Y	Y	N	Y	Y	Y	N	Y	N	Y
Egypt	Y	Y	N	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
El Salvador	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Equatorial Guinea	Y	Y	Y	Y	M	N	N	N	N	N	N	N	N	N	N	Y
Eritrea	Y	Y	Y	Y	N	N	N	N	Y	Y	N	N	N	Y	N	N
Estonia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Ethiopia	Y	Y	Y	Y	M	N	Y	N	N	N	N	N	N	Y	N	N
Fiji	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
Finland	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
France	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Gabon	N	N	Y	Y	M	N	N	N	N	N	N	N	N	N	N	N
Gambia	Y	Y	Y	Y	M	N	Y	N	N	N	N	Y	Y	Y	N	N

	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Georgia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Germany	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
	Ghana	Y	N	N	Y	N	N	Y	N	Y	Y	Y	Y	Y	Y	N
Gibraltar <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	N	Y	N
Greece	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Grenada	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Guatemala	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Guernsey <sup>1</sup>	Y	Y	N	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N
Guinea	Y	N	Y	N	N	N	N	N	N	Y	N	N	N	Y	N	Y
Guinea-Bissau	Y	Y	N	Y	Y	N	N	N	N	Y	N	Y	Y	Y	N	N
Guyana	Y	Y	N	Y	M	N	Y	N	N	Y	Y	N	Y	Y	N	N
Haiti	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
Honduras	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Hong Kong	Y	Y	N	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Hungary	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Iceland	Y	Y	Y	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
India	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Indonesia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Iran	Y	Y	N	Y	M	Y	N	N	N	N	Y	N	N	Y	N	N
Iraq	Y	Y	N	Y	M	N	Y	N	N	Y	N	Y	Y	Y	Y	N
Ireland	Y	Y	Y	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Isle of Man <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Israel	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.

## Money Laundering and Financial Crimes

	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
	Italy	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Jamaica	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Japan	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Jersey <sup>1</sup>	Y	Y	N	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N
Jordan	Y	Y	N	Y	M	N	N	Y	N	N	Y	Y	Y	Y	Y	Y
Kazakhstan	Y	N	N	Y	P	N	N	N	N	Y	Y	N	N	Y	N	Y
Kenya	Y	N	Y	Y	P	N	Y	N	Y	Y	Y	N	N	Y	N	Y
Korea (DPRK)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
Korea (Republic of)	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Kosovo <sup>2</sup>	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	NA	N	NA
Kuwait	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
Kyrgyzstan	N	N	N	N	P	N	Y	N	N	N	N	N	Y	Y	N	Y
Laos	Y	Y	N	N	N	N	N	N	N	Y	N	N	N	Y	N	N
Latvia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Lebanon	Y	Y	Y	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	N
Lesotho	N	N	Y	Y	M	N	N	N	Y	N	Y	N	Y	Y	N	Y
Liberia	Y	Y	Y	Y	M	N	N	N	N	Y	N	N	N	Y	N	Y
Libya	Y	Y	N	Y	M	N	N	N	Y	Y	N	Y	Y	Y	N	Y
Liechtenstein	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Y
Lithuania	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Luxembourg	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Macau	Y	Y	N	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.

<sup>2</sup> Kosovo is under the supervision of the UN and is not a sovereign state.

	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
	Y	Y	N	Y	N	N	Y	N		N	Y	Y	Y	Y	N	Y
Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
	Malawi	Y	Y	Y	Y	P	N	N	N		N	N	N	N	Y	N
Malaysia	Y	Y	N	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	N
Maldives	Y	N	N	N	M	N	Y	N		N		N	N	Y	Y	Y
Mali	Y	Y	N	Y	M	N	Y	N	Y	N	Y	Y	N	Y	N	Y
Malta	Y	Y	N	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Marshall Islands	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Y
Mauritania	Y	Y	Y	Y	P	N	Y	N	Y	N	Y	N	Y	Y	N	Y
Mauritius	Y	Y	N	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Mexico	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Micronesia	Y	Y	N	Y	N	N	Y	N	Y	N	Y	N	Y	Y	N	Y
Moldova	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Monaco	Y	Y	N	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Mongolia	Y	Y	Y	Y	N	N	Y	N	N	Y	N	Y	Y	Y	N	Y
Montenegro	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N
Montserrat <sup>1</sup>	Y	Y	N	Y	M	N	Y	Y	Y	N	Y	Y	Y	Y	Y	N
Morocco	N	N	N	Y	M	N	N	N	N	Y	Y	N	Y	Y	Y	Y
Mozambique	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Namibia	Y	Y	Y	Y	M	N	N	N	N	N	N	Y	N	Y	N	N
Nauru	Y	Y	N	Y	M	N	Y	Y	Y	N	Y	Y	Y	N	Y	N
Nepal	N	N	N	Y	N	N	Y	N	Y	N	N	N	N	Y	N	N
Netherlands	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.

## Money Laundering and Financial Crimes

Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
Netherlands Antilles	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	N
New Zealand	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Nicaragua	Y	N	Y	Y	M	N	Y	N	Y	Y	Y	N	N	Y	N	Y
Niger	Y	Y	Y	Y	M	N	Y	N	Y	N	N	Y	N	Y	N	Y
Nigeria	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Niue <sup>1</sup>	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	Y	Y	NA	N	NA
Norway	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Oman	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	N	N
Pakistan	Y	N	N	Y	M	N	Y	N	N	Y	Y	Y	N	Y	Y	N
Palau	Y	Y	Y	Y	M	N	Y	Y	Y	N	Y	Y	N	N	N	Y
Panama	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Papua New Guinea	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y
Paraguay	Y	Y	Y	Y	M	Y	N	N	Y	Y	Y	Y	Y	Y	N	Y
Peru	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Philippines	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Poland	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Portugal	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Qatar	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N
Romania	Y	Y	Y	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Russia	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Rwanda	N	N	N	N	M	N	N	N	Y	N	N	N	N	Y	N	Y
Samoa	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
San Marino	Y	Y	N	Y	M	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Sao Tome & Principe	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N

<sup>1</sup> Niueans are citizens of New Zealand; Niue is not a member of the UN.

Saudi Arabia	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	N
Senegal	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	Y
<b>Actions by Governments</b>	<b>Criminalized Drug Money Laundering</b>	<b>Criminalized Beyond Drugs</b>	<b>Record Large Transactions</b>	<b>Maintain Records Over Time</b>	<b>Report Suspicious Transactions (NMP)</b>	<b>Financial Intelligence Unit</b>	<b>System for Identifying/Forfeiting Assets</b>	<b>Arrangements for Asset Sharing</b>	<b>Cooperates w/International Law Enf.</b>	<b>Int'l. Transportation of Currency</b>	<b>Mutual Legal Assistance</b>	<b>Non-Bank Financial Institutions</b>	<b>Disclosure Protection "Safe Harbor"</b>	<b>States Party to 1988 UN Convention</b>	<b>Criminalized Financing of Terrorism</b>	<b>Internat'l Terrorism Financing Convention</b>
Serbia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Seychelles	Y	Y	N	Y	M	N	Y	N	Y	N	Y	Y	Y	Y	Y	Y
Sierra Leone	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	Y
Singapore	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Slovakia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Slovenia	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Solomon Islands	Y	Y	N	Y	N	N	N	N	N	N	N	N	N	N	N	N
South Africa	Y	Y	N	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Spain	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Sri Lanka	N	N	N	N	N	N	N	N	N	N	Y	N	Y	Y	Y	Y
St Kitts & Nevis	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
St. Lucia	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
St. Vincent/Grenadines	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Suriname	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	N	N
Swaziland	Y	Y	Y	Y	M	N	Y	N	Y	N	Y	N	Y	Y	N	Y
Sweden	Y	Y	Y	Y	M	Y	Y		Y	N	Y	Y	Y	Y	Y	Y
Switzerland	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Syria	Y	Y	Y	Y	M	N	Y	N	N	N	Y	Y	N	Y	N	Y
Taiwan <sup>1</sup>	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	NA	N	NA
Tajikistan	Y	Y	N	N	N	N	N	N	N	Y	Y	N	N	Y	Y	Y
Tanzania	Y	N	Y	Y	P	N	Y	N	Y	N	Y	N	Y	Y	Y	Y
Thailand	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y

<sup>1</sup> Taiwan is not a member of the UN.

## Money Laundering and Financial Crimes

Togo	Y	N	Y	Y	N	N	Y	N	Y	N	Y	N	Y	Y	N	Y
Tonga	Y	Y	Y	Y	M	N	Y	N	Y	Y	N	N	N	Y	N	Y
Actions by Governments	Criminalized Drug Money Laundering	Criminalized Beyond Drugs	Record Large Transactions	Maintain Records Over Time	Report Suspicious Transactions (NMP)	Financial Intelligence Unit	System for Identifying/Forfeiting Assets	Arrangements for Asset Sharing	Cooperates w/International Law Enf.	Int'l. Transportation of Currency	Mutual Legal Assistance	Non-Bank Financial Institutions	Disclosure Protection "Safe Harbor"	States Party to 1988 UN Convention	Criminalized Financing of Terrorism	Internat'l Terrorism Financing Convention
Trinidad & Tobago	Y	Y	Y	Y	M	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Tunisia	Y	Y	Y	Y	M	N	Y	N	N	Y	N	N	Y	Y	Y	Y
Turkey	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Turkmenistan	Y	Y	N	Y	M	N	Y	N	Y	Y	Y	N	N	Y	Y	Y
Turks & Caicos <sup>1</sup>	Y	Y	Y	Y	M	N	Y	Y	Y	N	Y	Y	Y	Y	N	N
Uganda	Y	N	N	N	N	N	N	N	Y	N	N	N	Y	Y	Y	Y
Ukraine	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
United Arab Emirates	Y	Y	Y	Y	M	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
United Kingdom	Y	Y	Y	Y	M	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
United States	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Uruguay	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Uzbekistan	Y	Y	Y	Y	M	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y
Vanuatu	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N
Venezuela	Y	Y	Y	Y	M	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Vietnam	Y	Y	Y	Y	M	N	Y	N	N	Y	Y	Y	N	Y	N	Y
Yemen	Y	Y	N	Y	M	N	N	N	Y	N	Y	Y	Y	Y	N	N
Zambia	Y	Y	N	Y	M	N	Y	N	Y	N	Y	N		Y	N	N
Zimbabwe	Y	Y	N	Y	M	N	Y	N	N	Y	N	Y	N	Y	Y	N

<sup>1</sup> The UK extended its application of the 1988 Convention and the UK Terrorism Order 2001 to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat, the Turks and Caicos, Isle of Man, Bailiwick of Jersey, and Guernsey. The International Convention for the Suppression of the Financing of Terrorism has not yet been so extended.