

# **International Narcotics Control Strategy Report**

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

### ***Caribbean Anti-Money Laundering Programme***

The U.S. Government, in partnership with the European Union and the UK Government, launched the Caribbean Anti-Money Laundering Programme (CALP) on March 1, 1999. The Programme was designed as a four-year project to assist the 21 Caribbean Basin member countries of CARIFORUM (the representative organization for Caribbean countries) to develop their anti-money laundering procedures. In actuality, the CALP ran for five years, terminating in December 2004.

The two primary objectives of the CALP were:

- To reduce the incidence of the laundering of the proceeds of all serious crime by facilitating the prevention, investigation, and prosecution of money laundering and the seizure and forfeiture of property connected to such laundering activity.
- To develop a sustainable institutional capacity in the Caribbean region to address the issues related to anti-money laundering efforts at a local, regional and international level, by strengthening existing institutional capacity at the regional level, and developing new, or enhancing existing, institutional capacity at the local level.

The Programme consisted of three separate, yet interlinked, sub-programs:

### ***Legal/Judicial***

After conducting worldwide research of anti-money laundering laws, regulations and working practices, the legal/judicial advisor made appropriate recommendations to the respective member countries to ensure they have the necessary legal structures in place to combat money laundering. Countries with very limited facilities were also provided legislative drafting assistance. Training was given to prosecutors, magistrates and judges. Awareness training also was given to other organizations within the financial and law enforcement sectors. In 2002, the CALP legal advisor developed a Model Terrorist Financing Law for use by the common law countries covered by the CALP. This model legislation is being considered for adoption by other Commonwealth countries, and particularly by member countries of the Eastern and Southern African Anti-Money Laundering Group.

### ***Financial Sector***

Experience has shown that much of the intelligence and evidence related to money laundering comes from various financial organizations, in particular, banks, casinos and insurance companies. This sub-program was developed to train staff at all levels within such organizations to identify suspicious financial activity and unusual business transactions. Staff members were made aware of the legal requirements

and protection in their respective countries. Particular targets were compliance officers within the financial industry who are normally responsible for some staff training. Most such individuals have anti-money laundering issues as part of their responsibilities, so a "train the trainer" theme was encouraged in an effort to ensure that this aspect of training is sustainable.

### ***Law Enforcement***

The Law Enforcement expert was principally concerned with the development of training to enable Caribbean law enforcement officers to effectively investigate offenses brought to their attention. The training, from basic to advanced level, was developed in association with Caribbean law enforcement training establishments. The objective was for such establishments to continue training once the CALP ended. A further objective of this sub-program was to encourage all member countries to form their own Financial Intelligence Units (FIUs), with staff trained to liaise with the financial sector, analyze reported suspicious financial activity and prepare intelligence reports to assist the law enforcement officers to investigate suspected offenses.

All experts employed within the overall program were always available to advise investigators, prosecutors and judges on any aspect of anti-money laundering issues.

When the Programme commenced, very few Caribbean countries had any form of anti-money laundering legislation. None had used laws to pursue anti-money laundering cases to completion. As a consequence, most investigators, prosecutors and judges had no experience with such cases.

The CALP's major thrust was to assist countries of the Eastern Caribbean to improve their anti-money laundering systems and working practices so as to allow them to be removed from the FATF Non Cooperating Countries and Territories (NCCT) list. As of June 2003, this objective was accomplished.

Throughout its life, the CALP undertook a variety of regulatory, law enforcement and legal/judicial training initiatives in accordance with its primary objective of helping to ensure program sustainability in the region. Jamaica has accepted full responsibility for basic training for financial investigators at its Regional Drug Law Enforcement Training Center (REDTRAC), and the Regional Police Training School in Barbados has taken over the Advanced Investigators Training courses. Moreover, "train the trainer" initiatives in the financial sector have been amplified with the updating and distribution of the CALP's five training videos/CDs so that relevant financial organizations in the region may undertake their own training in the future.

In the legal/judicial sector, the University of the West Indies and the University of Florida have developed a legal faculty in anti-money laundering laws and practices. Via Internet on-line course work, aimed at lawyers, police officers and bankers, successful students will be awarded a diploma, which they may then apply to further study for a university degree.

The holistic approach undertaken by the CALP proved to be very successful. The combination of training and mentoring, using resident advisors, allowed for consistent assistance to the regional jurisdictions on a timely basis and helped to effect the sustainability of the individual regimes. The design of the CALP will serve as a model for future regional programs.

### ***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 2004, 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, and in 2004, included the updating and revision of some 80 questionnaire indicators through which the countries mutually evaluate regional efforts and projects.

CICAD's Group of Experts on Money Laundering met in July and October 2004 and developed modifications to the model money laundering legislation, which were approved by the 36th session of the CICAD Plenary. The new legislative guidelines include language on the autonomy of the offense, special investigative techniques and measures for effective asset forfeiture. At the two meetings, the money laundering group also reviewed a variety of case studies from the Hemisphere involving, for example, the use of remittance services and exchange houses by money launderers and international cooperation in transnational investigations and forfeiture matters.

In other activity, CICAD worked with the International Development Bank (IDB) and with the Government of France to carry out training for a variety of countries on combating money laundering, conducting effective financial investigations, and recovering financial and other assets diverted through corrupt practices. For example, training seminars for prosecutors and judges focused on new trends in prosecution, in particular, the autonomy of the offense, evidence and judicial cooperation, were held in Colombia, Chile and Uruguay in 2004, and are still ongoing in Brazil. Similarly, the first stage course work on financial investigations was completed. It focused on investigating the assets of criminal organizations and was provided to law enforcement officials from Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela. The second stage is still ongoing. In Uruguay, CICAD, IDB and the South American Financial Action Task Force (GAFISUD) co-sponsored a seminar for Attorneys, Notaries Public and Accountants focused on raising awareness among professionals who have an obligation to prevent and report money laundering.

Based upon an agreement for nearly \$2 million concluded in 2002 with the Inter-American Development Bank (IADB), CICAD is currently conducting a two-year project to strengthen Financial Intelligence Units (FIUs) in Argentina, Bolivia, Brazil, Chile, Ecuador, Peru, Uruguay and Venezuela. In 2004, activities included evaluation of strategic plans for the various FIUs, development of training modules based upon local circumstances, and execution of specific technical assistance in Bolivia, Argentina, Peru and Venezuela. Upon its request, Colombia is being included in the project.

CICAD participated in a variety of meetings and conferences in 2004, focused on money laundering and financial crimes. These included conferences sponsored by the Colombian FIU and the UN Global Programme Against Money Laundering; two CFATF meetings in Trinidad and Tobago and Panama; the Andean Seminar on Money Laundering and Drug Trafficking in Bogotá, Colombia; and GAFISUD meetings in Buenos Aires and Lima. At the invitation of the UN Global Programme Against Money Laundering, the head of CICAD's Anti-Money Laundering Unit participated in the drafting of the UN, World Bank and IMF Model Law at sessions in Vienna, Brussels and Washington.

In other activity in 2004, CICAD advised Paraguay on the technical design of its FIU and provided equipment to the agency, and published an international assessment of the judiciary's participation in enforcing anti-money laundering laws.

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

An important component of the international community's approach to combating money laundering and terrorist financing is the global network of financial intelligence units (FIUs). An FIU is a centralized unit formed by a nation or jurisdiction to detect criminal activity, and ensure adherence to laws against financial crimes, including terrorist financing and money laundering. Since 1995, FIUs have been working together in an informal organization known as the Egmont Group (named for the location of the first meeting at the Egmont-Arenberg Palace in Brussels). Since the first meeting, the number of established FIUs has grown dramatically. At the first Egmont Group meeting in 1995, 20 units met in Brussels; today there are 94 recognized members of the Egmont Group. The following FIUs joined the Egmont Group in 2004: Belize,

Cook Islands, Egypt, Georgia, Gibraltar, Grenada, Indonesia, Macedonia, St. Kitts & Nevis, and Ukraine. 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 87 FIUs connected to the ESW.

In response to the rapid growth of the Egmont Group, in 2002 at the Plenary in Monte Carlo, the group established the "Egmont Committee." The Committee addresses the administrative and operational issues facing Egmont and is comprised of 13 members: six permanent members and seven regional representatives based on continental groupings (i.e., Asia, Europe, the Americas, Africa and Oceania). The Egmont Committee usually meets three times a year; however, additional meetings may be organized if needed.

Within the Egmont Group, there are five working groups (Legal, Operational, Training/Communications, Information Technology (IT), 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/Communications 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. These include such topics as trafficking in women, money laundering using precious metals, and detecting financial activity generated from efforts to procure, transport, or produce weapons of mass destruction (WMD). The fifth and newest working group, the IT Working Group, was established in 2004 at the Egmont Group Plenary in Guernsey. The IT Working Group is designed to promote collaboration and information sharing on IT matters among the Egmont membership. Egmont's leadership is confident this new working group will increase the efficiency in the allocation of resources and technical assistance regarding IT systems.

In 2004, the Egmont Group continued its efforts to educate the public about its important programs and its role in the global fight against financial crimes via the Egmont web site (<http://www.egmontgroup.org/>), which has been on-line since September 2003. Over the past year, a significant amount of general public documents and information about upcoming meetings of the Egmont Group has been placed on the public site and the site continues to serve as an effective forum for public dialogue on the functions and operations of FIUs.

As of December 2004, the members of the Egmont Group are Albania, Andorra, Anguilla, Antigua and Barbuda, Argentina, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Bolivia, Brazil, British Virgin Islands, Bulgaria, Canada, Cayman Islands, Chile, Colombia, Cook Islands, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominica, Dominican Republic, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Gibraltar, Greece, Grenada, Guatemala, Guernsey, 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, Netherlands, Netherlands Antilles, New Zealand, Norway, Panama,

Paraguay, Poland, Portugal, Romania, Russia, 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.

### ***Pacific Islands Forum***

The Pacific Islands Forum (PIF) was formed in 1971 and includes all the independent and self-governing Pacific Island countries, Australia and New Zealand. The 16 members are: 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 heads of member governments hold annual meetings, followed by dialogue at the ministerial level with partners Canada, China, European Union, France, Indonesia, Japan, Korea, Malaysia, Philippines, United Kingdom and United States.

The PIF's mission is to work in support of PIF member governments to enhance the economic and social well being of the people of the South Pacific by fostering cooperation between governments and international agencies, and by representing the interests of PIF members. Senior government officials from these jurisdictions meet periodically to discuss mutual concerns and regional issues. Meetings have focused heavily on regional trade and economic development issues and, in recent years, the environment. Acting under the Honiara Declaration, PIF members have developed model legislation on extradition, mutual assistance in criminal matters and forfeiture of the proceeds of crime. In 1994, PIF achieved observer status at the UN. It also is an observer at APEC and APG meetings.

Because many of the PIF members are hampered by a lack of resources, the UN Global Programme against Money Laundering, the United States, Australia, New Zealand and France are providing assistance to the PIF members through the PIF Secretariat. In 2003, border control training sessions were held for the member jurisdictions. In addition, a program was initiated to help maintain stability in the region by promoting regional cooperation through the development of laws and procedures to prevent terrorism and transnational crime, and to comply with the provisions of UNSCR 1373 and the FATF Nine Special Recommendations on Terrorist Financing. A multi-lateral legal experts working group was established to achieve these goals. The group discussed a regional framework, including model legislation, to address terrorism and organized crime. The draft model law was endorsed at the Forum Leaders meeting in August 2003, and member jurisdictions were urged to enact the legislation as soon as it was finalized. Australia, New Zealand and Samoa criminalized terrorist financing prior to 2004. In 2004, the Cook Islands and Nauru did so.

### ***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, terrorist financing. 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 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 GPML is the focal point for AML within the UN system and 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 and the funding of terrorism.

Since 2001, the GPML has broadened this work to help Member States counter the financing of terrorism. The GPML now incorporates a focus on counterterrorist financing (CTF) in all its technical assistance work. In 2004, the GPML completed model CTF legislative provisions for common law systems, and

continued to work closely with the U.S. Department of Justice and the Organization for Security and Cooperation in Europe (OSCE) to deliver CTF training, particularly in the Central Asia region and Africa.

Highlights of GPML's work in the first half of 2004 included the extensive development of its global computer-based training (CBT) initiative. The initiative, based in Bangkok, provided 12 hours of interactive AML/CTF training for global delivery in 2004. Delivery in the Pacific Region includes training to several thousand officials, including law enforcement, legal, and financial personnel, in seven jurisdictions, including Fiji, the Cook Islands and Vanuatu. In the first half of 2004, the GPML produced a French-language version for use in French-speaking Africa, and elsewhere. The pilot was completed in July 2004 in Dakar, Senegal.

In 2004, GPML assigned a staff member to the UNODC Regional Centre, East Asia and the Pacific (RCEAP) in Bangkok to establish and implement the Programme's CBT strategy. During the year, the staff member piloted and implemented CBT for the GPML in multiple locations throughout Africa, Asia, and the Pacific, and assisted in the development of new products.

In October 2004, the GPML produced AML/CTF versions of the CBT in both Spanish and Russian. The GPML entered into a partnership with OAS-CICAD for joint delivery of the Spanish version in Latin America. 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.

The GPML provided technical assistance and training to more than 50 countries and jurisdictions throughout the world in 2004. The UN mentor based in the Pacific region, a joint initiative with the Commonwealth Secretariat, the Pacific Islands Forum Secretariat (PIFS) and the United States, gave technical assistance directed towards improving financial investigations to a number of offshore financial center jurisdictions at high risk for abuse by money launderers, including the Cook Islands, Marshall Islands, Fiji, and Vanuatu. He also organized a successful series of workshops on financial investigations, in partnership with PIFS. In August, Fiji made the largest ever drug seizure in the Southern Hemisphere, with the GPML mentor's technical assistance in financial investigations playing a key role in the operation.

The UN mentor based in Tanzania, with the Secretariat of the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), provided training to 14 countries and assisted the Secretariat and Member States in preparing for FATF-style mutual evaluations. The mentor also participates with U.S. interagency training teams in providing assistance to the President's East Africa Counter-Terrorism Initiative. In collaboration with the World Bank, the GPML also placed a regional mentor for Central Asia in Almaty, Kazakhstan. At the national level, a GPML mentor began work in the financial intelligence unit of the Government of the Philippines. Mentors and experts also gave support to 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 Kyrgyz Republic, Kazakhstan, Azerbaijan and South Africa, and conducted a two-day workshop on AML/CTF compliance for Israeli banking, insurance and securities supervisors and regulators.

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. In 2004, the GPML consolidated the program, providing on-the-job training that adapts international standards to specific local/national situations, rather than traditional, generic training seminars. 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.

The GPML's Mentor Programme has key advantages over more traditional forms of technical assistance. First, the mentor offers 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 was among the first technical assistance providers to recognize the importance of countries' creating a financial intelligence capacity, and the program's mentors worked extensively with the development and the implementation phases of Financial Intelligence Units (FIUs) in several countries in the Eastern Caribbean and the Pacific regions. Both the Mentor Programme and the CBT program make a priority of technical assistance and training to FIUs, among other institutions. In 2004, the GPML also continued its support of the Egmont Group of FIUs, co-organizing the Egmont Group/GPML Training Workshop for FIU personnel and hosting, with the Egmont Group, a workshop on FIU strategic analysis.

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 organized an informal expert working group entitled: Back to Basics: Targeting Proceeds of Crime in Cash Economies. The group met for the first time in Vienna to work out approaches to identifying, seizing and confiscating criminal proceeds in countries where use of the formal financial system is minimal. The outcome of the deliberations will form the basis of technical assistance planning and delivery options for such countries.

The GPML runs the Anti-Money Laundering International Database (AMLID) on the International Money Laundering Information Network (IMoLIN), an online, password-restricted analytical database of national AML legislation that is available only to public officials. The GPML also maintains an online AML/CTF legal library. IMoLIN (<http://www.imolin.org/>) is a practical tool in daily use by government officials, law enforcement and lawyers. The Programme runs this database on behalf of the UN and eight major international partners in the field of anti-money laundering: the Asia/Pacific Group on Money Laundering (APG), the Caribbean Financial Action Task Force (CFATF), the Commonwealth Secretariat, the Council of Europe, the Financial Action Task Force (FATF), Interpol, the Organization of American States (OAS) and the World Customs Organization. The GPML is constantly updating the relevant information on national and international measures, conventions and legislation.